PHS Bidco Limited

Annual report
for the period ended 30 June 2024

Registered no: 9213465

phs Group

PHS Bidco Limited

Annual report
for the period ended 30 June 2024

PHS Bidco Limited

Directors and advisors

Directors

M Brabin
C J Thomas
T G Scruse
A Fainman

Secretary and registered office

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Strategic report
for the period ended 30 June 2024

The Directors present the Strategic report of PHS Bidco Limited for the 53-week period ended 30 June 2024. The results of the prior period are for the 52-week period ended 25 June 2023 and are therefore not directly comparable.

Business overview

An analysis of the Group's turnover and operating profit, by class of business, for the 53-week period ended 30 June 2024, is set out below:

Hygiene

53-week period ended 30 June 2024:
£283.3m turnover (+6.7%)

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;
- 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.

2,040 employees

Specialist

53-week period ended 30 June 2024:
£67.5m turnover (-1.5%)

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 and fire 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.

786 employees

Strategic report
for the period ended 30 June 2024 (continued)

Business overview (continued)

Hygiene

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

Turnover for the Hygiene division for the period increased by 6.7% to £283.3m (2023: £265.5m). The acquisition of OSS Contracts, Principal Hygiene Systems Limited and Synergy Waste Solutions Limited contributed £2.2m to the Group's turnover for the period. See note 19 for further details regarding the acquisitions during the period.

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 period decreased by 1.6% to £67.5m (2023: £68.6m).

Financial review

Overview

During the period, Group turnover increased by 5.0% to £350.9m (2023: £334.1m). Operating profit increased by 2.0% to £53.9m (2023: £52.9m).

After net finance charges for the financial period of £15.0m (2023: £14.4m), which includes foreign exchange charges of less than £0.1m (2023: less than £0.1m credits), the pre-tax profit increased to £38.9m (2023: £38.5m).

The tax charge for the period was £8.4m (2023: £5.0m), resulting in a profit after interest and tax for the period of £30.5m (2023: £33.5m).

Total assets less current liabilities, at 30 June 2024, totalled £207.6m (2023: £243.4m).

Re-organisation costs and one-off items

Exceptional expenses totalling £1.4m were incurred during the period (2023: £0.1m income) including internal restructuring (totalling £1.0m), fees incurred in relation to acquisitions (£0.3m), costs associated with onerous properties (less than £0.1m) and impairments of fixed assets (less than £0.1m).

Statement of financial position

Cash and cash equivalents decreased by £24.8m to £46.9m (2023: £71.8m) and is discussed in more detail below.

Strategic report
for the period ended 30 June 2024 (continued)

Financial review (continued)

Cash flow and liabilities arising from financing activities

Net cash generated from operating activities, as shown in the 'Consolidated statement of cash flows', decreased by 7.5% to £79.2m (2023: £85.6m) due to higher corporation tax payments of £6.9m (2023: £1.2m). Net cash inflow from operating activities after capital expenditure of £18.0m (2023: £19.2m) decreased by 7.9% to £61.1m (2023: £66.4m).

During the period the Group acquired OSS Contracts, Principal Hygiene Systems Limited and Synergy Waste Solutions Limited for a total consideration of £5.0m, net of cash acquired. In addition, deferred consideration of £0.2m was settled in respect of acquisitions from prior periods. See note 19 for further details regarding the acquisition of OSS Contracts, Principal Hygiene Systems Limited and Synergy Waste Solutions Limited.

Despite strong operating cash flows the cash balance decreased by £24.8m (2023: increased by £25.6m) mainly due to the payment of dividends totalling £50.1m (2023: nil) and the repayment of intercompany loans totalling £3.4m (2023: £12.3m). Non-current financial liabilities increased by £0.3m to £290.8m (2023: £290.5m) due to the addition of new lease liabilities. See note 25 for more details on the Group's financial liabilities.

Liabilities arising from financing activities increased by £13.9m to £556.3m (2023: £542.4m) mainly due to dividends payable to Bidvest Services (UK) Limited totalling £15.5m settled via a corresponding increase to the loan balance. See note 33 for further details on liabilities arising from financing activities.

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.

Key performance indicators

The following financial key performance indicators are used to judge performance towards those strategic objectives listed above.

	2024	2023	Change
Financial KPIs			
Change in turnover	+5.0%	+10.4%	n/a
EBITA before exceptional items	£55.8m	£53.1m	+5.1%
EBITDA before exceptional items	£85.8m	£82.7m	+3.7%
Net cash inflow from operating activities less capital expenditure	£61.1m	£66.4m	-7.9%

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

Strategic report
for the period ended 30 June 2024 (continued)

Key performance indicators (continued)

"EBITA before exceptional items" is operating profit before amortisation and exceptional items.

"EBITDA before exceptional items" is operating profit before 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.

PHS has a unique culture that has been built up over 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.

- **Integrity** – we do the right thing for each other, our customers and our planet
- **Performance** – we strive to deliver an excellent customer experience
- **Expertise** – we are industry experts and we share our knowledge
- **Innovation** – we aren't afraid to try new things to be the best we can be
- **Teamwork** – we work together and we look out for each other
- **Ownership** – we take responsibility and get stuff done

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, Ireland and Spain. We believe 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 several years ago. This requires all members of the executive and senior management teams spend at least one day per 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.

Strategic report
for the period ended 30 June 2024 (continued)

Section 172(1) statement (continued)

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

PHS is committed to developing its employees and offers a comprehensive range of training and development and apprenticeship programmes to employees both online and face-to-face. During the period, 79 people started work-based learning programmes; 61 started an apprenticeship, 8 started a supported internship via Project Search to help young people with special needs find full time employment, 2 people completed a course funded through the Northern Ireland "SKILL UP" programme, 2 people started courses funded through the Wales Personal Learning Accounts programme, and 6 people started courses funded through England Skills Bootcamps.

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

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

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

Business relationships

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. We encourage customer feedback and use this information to continually improve our customers' experience with us.

PHS has strong links with organisations such as Logistics UK, Chartered Institute of Waste Management ("CIWM"), Scottish Qualifications Authority ("SQA") and the Healthcare Waste Management Association ("HWMA"). 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

Our mission is to improve the lives of people by enhancing business and community spaces with the best value products and services, whilst always respecting the environment.

PHS supports the community with diverse employment and training opportunities including supported internships in collaboration with Project Search, which helps young people with disabilities or autism move towards and into work. We also support our colleagues to give something back to their communities through fundraising, volunteering and awareness schemes for good causes.

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.

Section 172(1) statement (continued)

As a significant supplier to many of the UK's leading companies, PHS recognises its critical role as a service provider and is committed to improving the management of its own environmental impact within these broad supply chains. PHS has made 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 the majority of PHS's direct carbon emissions (scope 1) and as such is a key environmental factor. PHS continues to work hard to manage the financial and environmental impacts associated with fuel use and all new vehicles meet Euro 6 standards. PHS is working closely with manufacturers to identify new solutions and has introduced a total of 82 commercial Electric Vehicles ("EV") and 29 non-commercial Plug-in Hybrid Electric Vehicles ("PHEV"). We have installed 78 electric vehicle charge points at PHS sites and utilise lamp post-powered electric vehicle charging points to facilitate our electric vehicle routes in central London. PHS has also continued to invest in both route optimisation and enhanced vehicle telematics to ensure that route and fuel efficiency are maximised. During the period we replaced the last of our larger box body vehicles with smaller panel vans. This replacement programme has been achieved using route optimisation aligned with operational changes and has enabled over 600 of the smaller panel vans to enter service. This change has given a 20% improvement in fuel economy.

To support PHS's focus on carbon emissions, we have implemented a revised company car scheme which includes PHEVs and a salary sacrifice scheme to enable employees to obtain either an EV or PHEV.

Furthermore, following a successful trial of an e-cargo bike, we are introducing these to deliver services in Ultra-Low Emissions Zones ("ULEZ") to complement our EV routes in the London area.

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.

During the period, we have built on our approach to waste disposal, diverting 92.4% (2023: 88.8%) of our offensive waste into sustainable waste disposal methods; our target is 95%. Contracting with national Energy from Waste ("EfW") suppliers enables a better solution for customers and demonstrates our 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 board believes governance of the Company is best achieved by delegation of its authority for the executive management of the Company, subject to defined limits and monitoring by the board. The board routinely monitors the delegation of authority, ensuring that it is regularly updated, while retaining ultimate responsibility.

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

Strategic report
for the period ended 30 June 2024 (continued)

Outlook and future development

In September 2024, the Group acquired the entire share capital of Countrywide Healthcare Supplies Holdings Limited ("Countrywide Healthcare") for consideration of £35.2m. Countrywide Healthcare is a specialist supplier to the care sector and complements and strengthens our existing Hygiene offerings.

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 period. 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

C J Thomas
Chief Financial Officer
20 December 2024

Directors' report
for the period ended 30 June 2024 (continued)

The Directors present their report and the audited consolidated financial statements for PHS Bidco Limited (the "Company") for the 53-week period ended 30 June 2024. The results of the prior period are for the 52-week period ended 25 June 2023 and are therefore not directly comparable.

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 period. 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 period amounted to £30.5m (2023: £33.5m).

The Directors do not recommend the payment of a final dividend for the period (2023: £nil). Dividends totalling £65.6m were paid during the period (2023: £nil). See note 32 for further details on dividends paid during the period.

Dividends of £18.0m were paid after the reporting date.

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. We do not expect any significant changes to the group during the foreseeable future. Please refer to note 35 for details of post balance sheet events.

Financial risk management

The Group'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 Group is financed by parent companies that have access to sufficient external borrowings that are made available via intercompany loans, with a floating interest rate, for the Group's use as necessary. The exposure of the Group to any adverse effect on its financial performance resulting from interest rate changes is not considered significant.

The Board have assessed the risk of exchange rate movements having 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 and the relative stability of the currencies involved.

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

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

Directors' report
for the period ended 30 June 2024 (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

During the period, PHS appointed a Head of Sustainability to drive our sustainability strategy going forward. As a result of this we have increased staff education on Environment, Social and Governance (ESG) and have improved reporting, including the offer of bespoke reports on fuel use and waste collected to our customers. We have implemented decarbonisation plans across our estate including the replacement of conventional lighting with low energy LED lighting and are exploring fitting solar panels on to the roof of suitable buildings and the possibility of installing wind turbines at some of our sites.

We have set a Net Zero target date of 2040 and are working toward this by initiating an Artificial Intelligence ("AI") solution for determining our carbon footprints as well as improving data collection across the business, improving internal communication and training on ESG and releasing a new comprehensive ESG report.

PHS has committed to science-based emissions targets through the Science Based Targets Initiative ("SBTi") and appear on the SBTi website as a committed company.

PHS is also nearing the end of a two-year project to replace Data Centre equipment with 'state of the art' energy efficient equipment. This will improve our environmental impact by reducing power consumption requirements and in turn reduce the amount of cooling needed, leading to even more energy savings.

PHS's highest emission annually is motive fuel. This period PHS completed the project to replace our entire washroom vehicle fleet with smaller more fuel-efficient panel vans which are either Euro 6 compliant or Electric Vehicles ("EV"), reducing Nitrogen Oxide ("NO") and carbon emissions. Our ongoing fleet optimisation programme, including the addition of more EVs and the continued use of route optimisation has resulted in a reduction in motive fuel intensity (see Intensity Measure table below).

Since our base year in 2019/20, we have seen a reduction in tCO_2e, achieved by a combination of UK Government investment into renewable energy, greener waste collection options including electric bikes, walking collection routes and EV vans. Our electricity comes from renewable resources and is Renewable Energy Guarantees of Origin ("REGO") certified.

Key points in this reporting period:

- Introduction of more electric vehicles bringing total EV fleet (Battery Electric Vehicles ("BEV") and Plug-in Hybrid Vehicles ("PHEV") to 111.
- PHS has fitted 78 electric charging points at our UK operations centres and will continue to roll this out until all operations centres have EV charging facilities.
- The fleet team have continued their focus on efficient driving by monitoring and reducing harsh braking, acceleration, cornering and speeding events. Whilst we are unable to accurately determine the savings from these changes, improved scheduling, increased revenue generation by trip and efficient driving have had a significant impact on our emissions.

Directors' report
for the period ended 30 June 2024 (continued)

Streamlined Energy and Carbon Reporting (continued)

Quantification and reporting methodology

This report uses data collected during 26 June 2023 to 30 June 2024 in line with our current reporting period. It should be noted that the current reporting period covers 53 weeks, whereas the prior reporting period covers 52 weeks.

This report covers Personnel Hygiene Services Limited and its UK subsidiaries. Acquisitions made by Personnel Hygiene Services Limited and its subsidiaries during the period are incorporated from the date of acquisition. Principal Hygiene Systems Limited was acquired in October 2023 and Synergy Waste Solutions Limited was acquired by Direct365online Limited, a subsidiary company, in February 2024. 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.

For the purposes of converting energy figures into kWh and tCO_2e we have utilised the UK Government 2023 GHG Conversion Factors for Company Reporting.

Emissions data

Emission data for the current and prior period is shown below:

					Restated	
			2024 (53 weeks)		2023 (52 weeks)	
Emission type	**Note**	**Scope**	**Consumption (kWh)**	**Emissions (tCO_2e)**	**Consumption (kWh)**	**Emissions (tCO_2e)**
Natural gas	1	1	11,172,035	2,264	13,881,723	2,813
Vehicle fuel (diesel)	2	1	60,135,315	15,280	59,214,240	15,046
Vehicle fuel (petrol)	2	1	1,976,592	462	939,512	220
Electricity	3	2	3,444,673	713	3,571,929	740
Electricity (transmission and distribution)	4	3	-	62	-	64
Higher risk waste – mandated	5	3	-	134	-	130
Lower risk waste - energy recovery	5	3	-	1,355	-	1,183
Lower risk waste - landfill	5	3	-	2,733	-	3,641
Travel and accommodation	6	3	-	460	-	243
Scope 1 Total			**73,283,942**	**18,006**	**74,035,475**	**18,079**
Scope 2 Total			**3,444,673**	**713**	**3,571,929**	**740**
Scope 3 Total			**-**	**4,744**	**-**	**5,261**
Grand Total			**76,728,615**	**23,463**	**77,607,404**	**24,080**

All prior period figures have been restated using 2023 GHG Conversion Factors. In addition to this, statistics relating to the following metrics (both kWh and tCO_2e) were incorrectly calculated last period: natural gas; vehicle fuel (diesel); and electricity.

PHS currently only measure 2 out of the 15 Scope 3 GHG categories: waste generation in operations and business travel. Some of the unmeasured categories do not apply to our business and data required to accurately measure the others is difficult to obtain. We have put a project in place to allow us to compile further information on the carbon impact of our activities and for the products we buy and sell. This AI driven project will allow us to measure more of our Scope 3 emissions in future periods.

The overall increase in vehicle fuel emissions is a result of organic growth, acquisitions and the extra week in current reporting period. The higher relative increase in petrol emission is due to the introduction of more hybrid vehicles which have replaced vehicles that were 100% diesel.

Despite the organic growth, acquisitions and the extra week in current period, we have seen a reduction in natural gas and electricity emissions due to our ongoing carbon reduction strategies.

Directors' report
for the period ended 30 June 2024 (continued)

Streamlined Energy and Carbon Reporting (continued)

PHS's commitment to divert waste away from landfill to energy recovery plants has resulted in corresponding reduction and increases, respectively, in these emission types.

The increase in in travel and accommodation emissions is primarily due to an increase in the amount of international and long-haul flights during the period.

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 motive fuels in our vehicle fleet and grounds maintenance equipment.
3. Consumption of electrical energy supplied from national grid for lighting, heating (air-conditioning) and powering of electrical and electronic equipment.
4. Emissions derived from losses experienced during the transmission and distribution of electrical energy.
5. The nature of the waste collected from our customer sites determines the disposal method(s) available. Whereas the disposal method of higher risk waste types (e.g. infectious, pharmaceutical and sharps waste) is mandated by regulation, for lower risk waste types (e.g. sanitary, nappy and incontinence waste) a range of disposal methods is available. We strive to maximise the amount of lower risk waste disposed of via energy recovery plants, generating electricity for the national grid, but due to a lack of capacity in the network a small proportion of such waste is still disposed of via landfill.
6. Includes public transport and hotels.

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 tCO_2e/£m, i.e. the tonnes of CO_2e per £m 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 period was £324,092,060 (2023: £309,140,721).

This period we reduced our tCO^2e/£m from 77.90 to 72.40 which represents a 7.1% reduction from the prior period.

		2024 (53 weeks)	2023 (52 weeks)
Emission type	**Scope**	**tCO_2e/£m**	**tCO_2e/£m**
Natural gas	1	6.99	9.10
Vehicle fuel (diesel)	1	47.15	48.67
Vehicle fuel (petrol)	1	1.43	0.71
Electricity	2	2.20	2.39
Electricity (transmission and distribution)	3	0.19	0.21
Higher risk waste - mandated	3	0.41	0.42
Lower risk waste - energy recovery	3	4.18	3.83
Lower risk waste - landfill	3	8.43	11.78
Travel and accommodation	3	1.42	0.79
Total		**72.40**	**77.90**

Directors' report
for the period ended 30 June 2024 (continued)

Streamlined Energy and Carbon Reporting (continued)

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.

Replacement of equipment and infrastructure - Whole life emissions are considered when installing and replacing equipment and/or infrastructure and energy efficient alternatives utilised where a business case supports it. For example, the replacement of conventional lighting with low energy LED lighting coupled with passive infrared motion sensors, which reduces energy usage and has a typical payback time of 2-3 years. We have successfully completed a project to do this at our Caerphilly HQ and will continue to look at opportunities to repeat this across our estate. We are also looking at introducing Building Management Systems ("BMS") to better control energy use across the estate. We are looking at better insulation of buildings to minimise heat loss and we are also evaluating the Heating, Ventilation and Air Conditioning ("HVAC") systems within our buildings to determine whether they can be replaced with more efficient heating and cooling systems.

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 daily so that non-conformances and identified negative trends can be dealt with immediately.

Vehicle downgrade scheme - We operate a company car downgrade scheme which allows employees to switch to a car with lower emissions in return for an increased cash allowance. We also run a car scheme giving colleagues significant discounts on leasing of electric and hybrid vehicles.

Company cars – We have introduced PHEV options for Company Car users this period and colleagues also have the option of procuring an EV car.

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

Climate change agreements - Currently two of our laundries are in a climate change agreement which incentivises them to generate energy efficiency improvements.

Laundries - Our Drysafe infrared drying process saves energy by carefully monitoring moisture within the garments that we launder. As soon as moisture is removed, the dryers instantly cool down. The infra-red dryers use much less energy and generate less heat than conventional models. This technology has halved drying times, helps protect the life of the garment and reduces energy use by 50%. We also use heat exchanging washing machines (which save energy by extracting heat from wastewater) and water recovery tanks to reduce water use.

Walking and e-bike collection rounds - Removing the need for fossil fuel use in congested areas, we have now employed colleagues who use a trolley or electric bike to collect waste in busy cities. This reduces congestion and removes emissions. In the coming years, we aim to have 80 colleagues on Net Zero rounds.

Directors' report
for the period ended 30 June 2024 (continued)

Streamlined Energy and Carbon Reporting (continued)

Increase in electric vehicle fleet – we have now increased our EV fleet (BEVs and PHEVs) to 111 up from 78 last period.

Waste diversion from landfill – we are proud to report that 92.4% (2023: 88.8%) of lower risk waste (i.e. waste which can legally be landfilled) has been diverted away from landfill to energy recovery plants, an increase of 3.6%. This period's landfill diversion activity has saved 31,767 tCO_2e (2023: 27,747 tCO_2e) and generated enough energy to meet the average electricity needs of more than 14,000 UK homes.

Statement on engagement with suppliers, customers and others in a business relationship with the **Group**

The Group's engagement with suppliers, customers and others in a business relationship is discussed in the Strategic report.

Employee involvement

It is Group 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 Group's performance, are consulted wherever necessary and are encouraged generally to be involved in the Group's overall performance.

It is established Group 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 Group.

Going concern

The Group and Company are in a net current liabilities position of £259.1m (2023: £216.6m) and £0.2m (£2023: £0.1m), respectively, at the reporting date as a result of amounts totalling £252.6m 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.

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. Multiple scenarios, including a severe but plausible downside scenario, are considered when considering the Group's and Company's ability to continue as a going concern.

The Bidvest Group Limited provides 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 and 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.

Directors' report
for the period ended 30 June 2024 (continued)

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial 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.

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.

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 period and is currently in force. The Company also purchased and maintained throughout the period Directors' and Officers' liability insurance in respect of itself and its Directors.

Disclosure of information to auditors

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

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

Directors' report
for the period ended 30 June 2024 (continued)

Independent auditors

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

Approved and signed on behalf of the board

Colin Thomas

C J Thomas
Director
20 December 2024

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 2024 and of the group's profit and the group's cash flows for the 53 week period then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including 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: Consolidated and Company statements of financial position as at 30 June 2024; Consolidated statement of comprehensive income, Consolidated and Company statements of changes in equity and Consolidated statement of cash flows for the period then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

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, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

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

Reporting on other information

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

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

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

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

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the period ended 30 June 2024 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 environmental 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 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 regulations and fraud;
- Review of minutes of meetings of those charged with governance;
- Challenging assumptions and judgements made by management in their significant accounting estimates; and
- Identifying and testing journal entries, in particular any journal entries considered to have unusual account combinations.

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.

Mark Skedgel (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff
20 December 2024

Consolidated Statement of comprehensive income for the period ended 30 June 2024

	Note	53-week period ended 30 June 2024 £'000	52-week period ended 25 June 2023 £'000
Revenue	4	**350,857**	334,117
EBITDA before exceptional items		**85,796**	82,739
Depreciation (excluding exceptional items)		**(30,004)**	(29,622)
EBITA before exceptional items		**55,792**	53,117
Amortisation of intangible assets	18	**(475)**	(335)
Exceptional items – other	10	**(1,389)**	82
Operating profit	6	**53,928**	52,864
Finance income	12	**1,501**	540
Finance costs	13	**(16,519)**	(14,917)
Profit before taxation		**38,910**	38,487
Tax on profit	14	**(8,372)**	(5,014)
Profit for the period		**30,538**	33,473
Other comprehensive (expense) / income:			
Items that will not be reclassified to profit or loss			
Currency translation differences net of tax		**(204)**	(15)
Actuarial loss on defined benefit schemes net of tax	30	**(59)**	-
Movement on pension surplus not recognised net of tax	30	**59**	-
Other comprehensive expenses for the period		**(204)**	(15)
Total comprehensive income for the period		**30,334**	33,458

All results are in respect of continuing operations.

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 2024

	Note	**30 June 2024 £'000**	25 June 2023 £'000
Non-current assets			
Property, plant and equipment	15	**46,611**	46,555
Right-of-use assets	16	**40,442**	38,410
Intangible assets	18	**379,661**	374,948
		466,714	459,913
Current assets			
Inventories	20	**8,942**	8,748
Trade and other receivables	21	**88,567**	92,324
Cash and cash equivalents	22	**46,876**	71,827
		144,385	172,899
Total Assets		**611,099**	632,812
Current liabilities			
Trade and other payables	23	**387,181**	374,436
Short-term portion of provisions	27	**833**	2,643
Corporation taxation liability		**3,740**	1,713
Short-term portion of lease liabilities	16	**11,778**	10,657
		403,532	389,449
Non-current liabilities			
Inter-group loans	24	**268,000**	268,000
Deferred taxation	26	**669**	1,474
Long-term portion of provisions	27	**9,044**	9,104
Long-term portion of lease liabilities	16	**22,816**	22,460
		300,529	301,038
Equity			
Called up share capital	28	**11**	11
Share premium account	29	**1,967**	1,967
Share-based payment reserve	29	**1,655**	1,675
Accumulated losses	29	**(96,595)**	(61,328)
Total equity		**(92,962)**	(57,675)
Total Equity and Liabilities		**611,099**	632,812

The financial statements on pages 20 to 63 were approved and authorised for issue by the Board of Directors on 20 December 2024 and were signed on its behalf by:

C J Thomas
Director

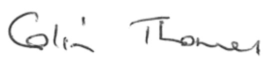
The notes on pages 26 to 63 form part of these financial statements.

PHS Bidco Limited (Registered no: 9213465)

Company statement of financial position
as at 30 June 2024

	Note	30 June 2024 £'000	25 June 2023 £'000
Non-current assets			
Investments	17	**219,505**	219,505
		219,505	219,505
Current assets			
Inter-group receivables		**89,907**	143,109
Cash and cash equivalents	22	**1**	1
		89,908	143,110
Total Assets		**309,413**	362,615
Current liabilities			
Inter-group payables		**252,595**	240,195
		252,595	240,195
Equity			
Called up share capital	28	**11**	11
Share premium account	29	**1,967**	1,967
Retained earnings	29		
At beginning of the period		**120,442**	120,695
Loss for the period		**(1)**	(253)
Dividends paid		**(65,601)**	-
At end of the period		**54,840**	120,442
Total equity		**56,818**	122,420
Total Equity and Liabilities		**309,413**	362,615

The financial statements on pages 20 to 63 were approved and authorised for issue by the Board of Directors on 20 December 2024 and were signed on its behalf by:



C J Thomas
Director

The notes on pages 26 to 63 form part of these financial statements.

Consolidated statement of changes in equity

	Called up share capital £'000	Share premium account £'000	Share-based payment reserve £'000	Accumulated losses £'000	Total equity £'000
At 27 June 2022	11	1,967	885	(94,786)	(91,923)
Profit for the period	-	-	-	33,473	33,473
Other comprehensive expense	-	-	-	(15)	(15)
Total comprehensive income for the period	-	-	-	33,458	33,458
Credit relating to equity-settled share-based payments	-	-	790	-	790
Transactions with owners	-	-	790	-	790
At 25 June 2023	11	1,967	1,675	(61,328)	(57,675)
Profit for the period	**-**	**-**	**-**	**30,538**	**30,538**
Other comprehensive expense	**-**	**-**	**-**	**(204)**	**(204)**
Total comprehensive income for the period	**-**	**-**	**-**	**30,334**	**30,334**
Charge relating to equity-settled share-based payments	**-**	**-**	**(20)**	**-**	**(20)**
Dividends paid	**-**	**-**	**-**	**(65,601)**	**(65,601)**
Transactions with owners	**-**	**-**	**(20)**	**(65,601)**	**(65,621)**
At 30 June 2024	**11**	**1,967**	**1,655**	**(96,595)**	**(92,962)**

The notes on pages 26 to 63 form part of these financial statements.

Company statement of changes in equity

	Note	Called up share capital £'000	Share premium account £'000	Retained earnings £'000	Total equity £'000
At 27 June 2022		11	1,967	120,695	122,673
Loss for the period		-	-	(253)	(253)
Total comprehensive expense for the period		-	-	(253)	(253)
At 25 June 2023		11	1,967	120,442	122,420
Loss for the period		-	-	(1)	(1)
Total comprehensive expense for the period		**-**	**-**	**(1)**	**(1)**
Dividends paid	32	-	-	(65,601)	(65,601)
Transactions with owners		-	-	(65,601)	(65,601)
At 30 June 2024		**11**	**1,967**	**54,840**	**56,818**

The notes on pages 26 to 63 form part of these financial statements.

Consolidated statement of cash flows

	Notes	53-week period ended 30 June 2024 £'000	52-week period ended 25 June 2023 £'000
Cash flows from operating activities			
Profit before taxation		**38,910**	38,487
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation of property, plant and equipment and right-of-use assets	6	**30,035**	29,622
Reversal of impairment of right-of-use assets		**(654)**	-
Amortisation of intangible assets	6	**475**	335
(Profit) / Loss on disposal of property, plant and equipment		**(14)**	15
Finance income		**(1,501)**	(540)
Finance costs		**16,519**	14,917
Decrease / (Increase) in trade and other receivables		**4,134**	(8,843)
(Increase) / Decrease in inventories		**(168)**	69
(Decrease) / Increase in trade and other payables and provisions		**(1,621)**	12,762
Corporation tax paid		**(6,917)**	(1,238)
Net cash generated from operating activities		**79,198**	85,586
Investing activities			
Purchase of property, plant and equipment	15	**(18,070)**	(19,179)
Proceeds from sale of property, plant and equipment		**369**	112
Payments for acquisition of subsidiaries, net of cash acquired	19	**(5,152)**	(1,785)
Interest receivable		**1,501**	540
Net cash used in investing activities		**(21,352)**	(20,312)
Financing activities			
Repayment of intercompany loan	24	**(3,366)**	(12,341)
Payment of principal portion of lease liabilities	16	**(12,864)**	(12,588)
Payment of interest element of lease liabilities	16	**(2,796)**	(2,368)
Other finance costs		**(13,590)**	(12,422)
Dividends paid to shareholders	32	**(50,099)**	-
Net cash used in financing activities	33	**(82,715)**	(39,719)
Net (decrease) / increase in cash and cash equivalents		**(24,869)**	25,555
Cash and cash equivalents at beginning of period	22	**71,827**	46,229
Foreign exchange difference		**(82)**	43
Cash and cash equivalents at the end of the period	22	**46,876**	71,827
Cash and cash equivalents at the end of the period comprise:			
Cash at bank and in hand	22	**46,876**	71,827

Notes to the financial statements for the period ended 30 June 2024

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

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.

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 current period is for the 53-week period ended 30 June 2024 and the prior period is for the 52-weeks ended 25 June 2023.

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.

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);

Notes to the financial statements for the period ended 30 June 2024 (continued)

- 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 current period and have not been early adopted by the Company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Going concern

The Group and Company are in a net current liabilities position of £259.1m (2023: £216.6m) and £0.2m (£2023: £0.1m), respectively, at the reporting date as a result of amounts totalling £252.6m 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.

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. Multiple scenarios, including a severe but plausible downside scenario, are considered when considering the Group's and Company's ability to continue as a going concern.

The Bidvest Group Limited provides 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 and 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.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and all subsidiary undertaking as of 30 June 2024. 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.

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.

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.

Notes to the financial statements
for the period ended 30 June 2024 (continued)

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.

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.

Notes to the financial statements for the period ended 30 June 2024 (continued)

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.

Notes to the financial statements for the period ended 30 June 2024 (continued)

Trade and other receivables (continued)

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.

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.

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.

Notes to the financial statements
for the period ended 30 June 2024 (continued)

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 period, 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.

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.

Notes to the financial statements for the period ended 30 June 2024 (continued)

Borrowing costs

All borrowing costs are recognised in the statement of comprehensive income in the period 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 period 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 period 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.

Notes to the financial statements for the period ended 30 June 2024 (continued)

Share-based payments (continued)

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.

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

The Group and Company make 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 period are addressed below:

Critical judgements in applying the Group's and Company's accounting policies

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

Key accounting estimates and assumptions

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 £1,770,000 (2023: £963,000).

Notes to the financial statements for the period ended 30 June 2024 (continued)

4. Revenue

An analysis of the Group's revenue by class is as follows:

	53-week period ended 30 June 2024 £'000	52-week period ended 25 June 2023 £'000
Hygiene	**283,331**	265,541
Specialist	**67,526**	68,576
	350,857	334,117

An analysis of the Group's turnover by type is as follows:

	53-week period ended 30 June 2024 £'000	52-week period ended 25 June 2023 £'000
Contractual	**249,149**	233,482
Non-contractual	**101,708**	100,635
	350,857	334,117

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

5. Net operating expense (including exceptional items)

Group	53-week period ended 30 June 2024 £'000	52-week period ended 25 June 2023 £'000
(Decrease) / Increase in inventory	**(88)**	200
Own work capitalised	**(2,909)**	(2,904)
Raw materials and consumables	**51,915**	49,597
Employee costs (note 8)	**129,163**	120,498
Depreciation	**30,035**	29,622
Net reversal of impairment of receivables	**(2,320)**	(1,886)
Other external charges	**91,133**	86,126
	296,929	281,253

Notes to the financial statements
for the period ended 30 June 2024 (continued)

6. Operating profit

Group

Operating profit is stated after charging / (crediting):	**53-week period ended 30 June 2024 £'000**	52-week period ended 25 June 2023 £'000
Depreciation charge on right-of-use assets	**12,443**	11,695
Depreciation charge on property, plant and equipment	**17,561**	17,927
Exceptional accelerated depreciation	**31**	-
Amortisation of intangibles	**475**	335
Reversal of impairment of trade receivables	**(2,320)**	(1,886)
Exceptional items	**1,389**	(82)
Inventory recognised as an expense	**42,404**	39,556
Short-term and low value leases	**2,237**	1,615

7. Auditors' remuneration

Group	**53-week period ended 30 June 2024 £'000**	52-week period ended 25 June 2023 £'000
Fees payable to the Group's auditors and their associates for the audit of the Group's annual financial statements	**44**	34
Fees payable to the Group's auditors and their associates in respect of:		
The audit of the Group's subsidiaries	**203**	196
	247	230

8. Employees

Group

Staff costs, including Directors' remuneration, for the Group were as follows:	**53-week period ended 30 June 2024 £'000**	52-week period ended 30 June 2023 £'000
Wages and salaries	**109,501**	102,411
Social security costs	**13,075**	12,215
Other pension costs	**5,669**	5,271
Share-based payments	**918**	601
	129,163	120,498

Notes to the financial statements for the period ended 30 June 2024 (continued)

8. Employees

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

	53-week period ended 30 June 2024 No.	52-week period ended 25 June 2023 No.
Administration	**669**	701
Sales	**387**	409
Service	**2,238**	2,215
	3,294	3,325

Company
The Company had no employees during the current or prior period other than the Directors.

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 319,043 (2023: 326,477) of the 386,862 (2023: 351,050) 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 period is R233.93 (2023: R181.44) per share. No conditional share awards were forfeited as a result of resignation (2023: 34,500).

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

Group	**53-week period ended 30 June 2024 Number**	52-week Period ended 25 June 2023 Number
Beginning of the period	**351,050**	264,550
Granted during the period	**123,600**	121,000
Awarded during the period	**(87,788)**	-
Forfeited during the period	**-**	(34,500)
End of the period	**386,862**	351,050

Notes to the financial statements
for the period ended 30 June 2024 (continued)

9. Directors' remuneration

Group	**53-week period ended 30 June 2024 £'000**	52-week period ended 25 June 2023 £'000
Aggregate emoluments	**1,503**	1,401
Benefit arising from share-based incentives	**449**	-
Company contributions to defined contribution pension schemes	**8**	5
	1,960	1,406

During the period post-employment benefits were accruing to 1 Director (2023: 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £787,000 (2023: £734,000) and received benefits from share-based incentives totalling £231,000 (2023: £nil).

No contributions were paid by the Company to defined contribution pension schemes in respect of the highest paid Director during the period (2023: £nil).

No Directors exercised share options during the period (2023: nil).

The emoluments A Fainman and T G Scruse are borne by a parent company, Bidvest Services (Pty) Limited which make no recharge to the Company (2023: £nil). A Fainman and T G Scruse served as directors of Bidvest Services (Pty) Limited during the period and a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments for each of the subsidiaries.

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

10. Exceptional items

In the current period, exceptional items include internal restructuring exceptional items (totalling £985,000), fees incurred in relation to acquisitions (£323,000), costs associated with onerous properties (£50,000) and impairment of assets (£31,000).

In the prior period, exceptional items include fees incurred in relation to acquisitions (£291,000) and internal restructuring exceptional items (totalling £141,000) offset by credits associated with onerous properties (£514,000).

11. Parent Company loss for the period

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 loss for the period of the parent Company was less than £1,000 (2023: £253,000 loss).

Notes to the financial statements
for the period ended 30 June 2024 (continued)

12. Finance income

Group	**53-week period ended 30 June 2024 £'000**	52-week period ended 25 June 2023 £'000
Other interest receivable	**1,501**	540
	1,501	540

Other interest receivable includes £nil (2023: £22,000) in respect of foreign exchange differences arising on financing activities.

13. Finance costs

Group	**53-week period ended 30 June 2024 £'000**	52-week period ended 25 June 2023 £'000
Bank loans	**197**	185
Loans from group undertakings	**13,485**	12,358
Lease liabilities	**2,796**	2,368
Other interest payable	**41**	6
	16,519	14,917

Other interest payable includes £29,000 (2023: £nil) in respect of foreign exchange differences arising on financing activities.

Notes to the financial statements for the period ended 30 June 2024 (continued)

14. Tax on profit

Group	53-week period ended 30 June 2024 £'000	52-week period ended 25 June 2023 £'000
Corporation tax		
Current tax on UK profits for the period	**8,391**	2,674
Group relief	**263**	83
Adjustments in respect of prior periods	**237**	(416)
Overseas tax	**124**	90
Total current tax	**9,015**	2,431
Deferred tax		
UK in respect of the current period	**(3)**	3,204
Adjustments in respect of prior periods	**757**	(413)
Effect of change in tax rate	**-**	(199)
Overseas tax	**(1,397)**	(9)
Total deferred tax	**(643)**	2,583
Taxation on profit	**8,372**	5,014

Factors affecting the tax charge for the period

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

	53-week period ended 30 June 2024 £'000	52-week period ended 25 June 2023 £'000
Profit before taxation	**38,910**	38,487
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 25% (2023: 20.5%)	**9,728**	7,890
Effects of:		
Adjustments in respect of prior periods	**994**	(829)
Income not subject to tax	**-**	(227)
Expenses not deductible for tax purposes	**872**	842
Transfer pricing adjustments	**(3,099)**	(2,462)
Effect of change in tax rate	**-**	(199)
Different tax rates on overseas profits	**(123)**	(1)
Total tax charge for the period	**8,372**	5,014

Notes to the financial statements
for the period ended 30 June 2024 (continued)

14. Tax on profit (continued)

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 remained at 19% but the rate from 1 April 2023 increased to 25%. In the prior period, income taxes in the income statement were measured at 20.5% (blended average) and deferred taxes at the balance sheet date were measured at 25%, where applicable. Deferred taxes at the reporting date have been measured using these enacted tax rates and reflected in these financial statements.

OECD Pillar Two model rules

The Group is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was enacted in the United Kingdom, the jurisdiction in which the entity is incorporated, and comes into effect for reporting periods that begin on or after 31 December 2023.

Since the Pillar Two legislation was not effective at the reporting date, the Group has no related current tax exposure. The Group applies the exemption to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

Under the legislation, the group is liable to pay a top-up tax for the difference between the GloBE effective tax rate for each jurisdiction and the 15% minimum rate. Most countries in which the Group operates are expected to report an effective rate in excess of 15% and therefore qualify for a safe harbour exemption such that no top-up tax should apply. In countries where this is not the case there is potential for Pillar Two taxes to apply, but these are not expected to be material.

Notes to the financial statements
for the period ended 30 June 2024 (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 27 June 2022	391	4,881	84,980	36,341	1,588	128,181
Additions	-	300	15,590	3,201	88	19,179
Adjustment in respect of prior period acquisitions	-	-	-	(324)	-	(324)
Disposals	-	-	(10,643)	(3,448)	-	(14,091)
Foreign exchange movements	-	-	(10)	(5)	-	(15)
At 25 June 2023	391	5,181	89,917	35,765	1,676	132,930
Additions	-	124	15,380	2,441	125	18,070
Acquisition of subsidiary (note 19)	-	-	-	27	-	27
Disposals	-	(139)	(12,898)	(3,310)	-	(16,347)
Foreign exchange movements	-	-	(184)	(102)	-	(286)
At 30 June 2024	**391**	**5,166**	**92,215**	**34,821**	**1,801**	**134,394**
Accumulated depreciation						
At 27 June 2022	116	2,703	52,177	26,366	972	82,334
Charge for period	7	424	13,443	3,780	273	17,927
Disposals	-	-	(10,427)	(3,448)	-	(13,875)
Foreign exchange movements	-	-	(8)	(3)	-	(11)
At 25 June 2023	123	3,127	55,185	26,695	1,245	86,375
Charge for period	7	405	14,019	2,917	244	17,592
Disposals	-	(138)	(12,509)	(3,302)	-	(15,949)
Foreign exchange movements	-	-	(159)	(76)	-	(235)
At 30 June 2024	**130**	**3,394**	**56,536**	**26,234**	**1,489**	**87,783**
Net book value						
At 30 June 2024	**261**	**1,772**	**35,679**	**8,587**	**312**	**46,611**
At 25 June 2023	268	2,054	34,732	9,070	431	46,555

Notes to the financial statements
for the period ended 30 June 2024 (continued)

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 period ended 30 June 2024 (continued)

16. Leases (continued)

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

Amounts recognised in the consolidated 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 27 June 2022	35,060	41,986	77,046
Additions	-	8,187	8,187
Adjustments in respect of prior period acquisitions	3	-	3
Acquisition of subsidiary	70	69	139
Modification to lease term	349	-	349
Disposals	(787)	(5,144)	(5,931)
Foreign exchange movements	3	(4)	(1)
At 25 June 2023	34,698	45,094	79,792
Additions	-	11,707	11,707
Modification to lease term	2,791	-	2,791
Disposals	(1,400)	(6,843)	(8,243)
Foreign exchange movements	(31)	(39)	(70)
At 30 June 2024	**36,058**	**49,919**	**85,977**
Accumulated depreciation			
At 27 June 2022	15,405	19,838	35,243
Charge for period	3,900	7,795	11,695
Modification to lease term	-	32	32
Disposals	(438)	(5,144)	(5,582)
Foreign exchange movements	(4)	(2)	(6)
At 25 June 2023	18,863	22,519	41,382
Reversal of impairment	(654)	-	(654)
Charge for period	3,731	8,712	12,443
Modification to lease term	(105)	-	(105)
Disposals	(645)	(6,843)	(7,488)
Foreign exchange movements	(25)	(18)	(43)
At 30 June 2024	**21,165**	**24,370**	**45,535**
Net book value			
At 30 June 2024	**14,893**	**25,549**	**40,442**
At 25 June 2023	15,835	22,575	38,410

Notes to the financial statements
for the period ended 30 June 2024 (continued)

16. Leases (continued)

	30 June 2024 £'000	25 June 2023 £'000
Lease liabilities		
Current	**11,778**	10,657
Non-current	**22,816**	22,460
	34,594	33,117

Impairment charges were reversed during the period 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:

	53-week period ended 30 June 2024 £'000	52-week period ended 25 June 2023 £'000
Depreciation charge of right-of-use assets		
Properties	**3,731**	3,900
Vehicles	**8,712**	7,795
	12,443	11,695
Short-term and low value leases	**2,237**	1,615
Reversal of impairment charge	**(654)**	-
Interest expense	**2,796**	2,368

The total cash outflow for leases in 2024 was £15,660,000 (2023: £14,956,000).

The total cash inflow for property rents receivable was £437,000 (2023: £435,000).

17. Investments

Company

	£'000
Cost and net book value	
25 June 2023 and 30 June 2024	**219,505**

Notes to the financial statements
for the period ended 30 June 2024 (continued)

18. Intangible assets

	Goodwill £'000	Customer contracts £'000	Total £'000
Cost			
At 27 June 2022	369,988	3,352	373,340
Adjustments in respect of prior period acquisitions	480	-	480
Acquisition of subsidiary	1,542	-	1,542
At 25 June 2023	372,010	3,352	375,362
Acquisition of subsidiary (note 19)	2,962	2,251	5,213
Foreign exchange	(20)	(5)	(25)
At 30 June 2024	374,952	5,598	380,550
Accumulated amortisation			
At 27 June 2022	-	79	79
Charge for the period	-	335	335
At 25 June 2023	-	414	414
Charge for the period	-	475	475
At 30 June 2024	**-**	**889**	**889**
Net book value			
At 30 June 2024	**374,952**	**4,709**	**379,661**
At 25 June 2023	372,010	2,938	374,948

Impairment tests for cash-generating units containing goodwill

The Group considers its operations to comprise a single cash-generating unit, with the recoverable amount 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, with growth rates applied in years 2 and 3. A terminal value has been included based on normalised year 3 cash flows, an annual growth rate in perpetuity of 1.53% (2023: 1.77%) and a post-tax weighted average cost of capital of 8.36% (2023: 7.9%) 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 the recoverable amount was £568,838,000 higher than the carrying value and, therefore, no impairment has arisen.

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

- increase of 11.9% in the discount rate;
- decrease of 12.6% in the terminal growth rate;
- reduction in year 1 cash flows by 58.0% of the value.

Notes to the financial statements
for the period ended 30 June 2024 (continued)

19. Business combinations

In August 2023, the Group acquired the trade and assets of OSS Contracts Limited for consideration of €605,000.

In October 2023, the Group acquired the entire share capital of Principal Hygiene Systems Limited for consideration of £2,461,000.

In February 2024, the Group also acquired the entire share capital of Synergy Waste Solutions Limited for consideration of £3,260,000.

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	44	(17)	**27**
Trade and other receivables	495	(6)	**489**
Cash and cash equivalents	1,148	-	**1,148**
Trade and other payables	(719)	-	**(719)**
Provision for taxation	(51)	-	**(51)**
Deferred taxation	39	-	**39**
Net identifiable assets acquired	**956**	**(23)**	**933**
Goodwill	2,939	23	**2,962**
Customer relationships	**2,251**	**-**	**2,251**
Total consideration	**6,146**	**-**	**6,146**
Satisfised by:			
Cash consideration	6,129	-	**6,129**
Deferred cash consideration	17	-	**17**
Total consideration	**6,146**	**-**	**6,146**

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 £2,239,000 and net profit of £665,000 to the group for the period from the date of acquisition.

If the acquisitions had occurred on 26 June 2023, consolidated pro-forma revenue and operating profit for the 53-week period ended 30 June 2024 would have been £352,721,000 and £54,090,000 respectively. These amounts have been calculated using the results of the acquired businesses and adjusting them for difference in the accounting policies between the group and acquired businesses.

Notes to the financial statements
for the period ended 30 June 2024 (continued)

19. Business combinations (continued)

Purchase consideration – cash outflow

Outflow of cash to acquire subsidiary, net of cash acquired	**53-week period ended 30 June 2024 £'000**	52-week period ended 25 June 2023 £'000
Cash consideration	**6,129**	1,871
Settlement of deferred cash consideration	**171**	-
Less: balances acquired		
Cash	**(1,148)**	(86)
Net outflow of cash – investing activities	**5,152**	1,785

Acquisition-related costs of £323,000 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	**30 June 2024 £'000**	25 June 2023 £'000
Raw materials and consumables	**360**	332
Finished goods and goods for resale	**8,582**	8,416
	8,942	8,748

21. Trade and other receivables

Group	**30 June 2024 £'000**	25 June 2023 £'000
Trade receivables	**68,744**	73,305
Contract assets	**10,403**	9,460
Inter-group receivables	**896**	907
Other debtors and prepayments	**8,524**	8,652
	88,567	92,324

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.

Notes to the financial statements for the period ended 30 June 2024 (continued)

21. Trade and other receivables (continued)

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

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 5 years prior to 30 June 2024 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 2024		**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	**2.1%**	**1.9%**	**1.7%**	**2.4%**	**3.4%**	**18.7%**	**5.6%**
Gross carrying value	**10,624**	**35,587**	**14,024**	**5,882**	**3,355**	**19,052**	**88,524**
Expected credit loss	**(221)**	**(686)**	**(242)**	**(139)**	**(114)**	**(3,563)**	**(4,965)**

At 25 June 2023		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	3.5%	3.9%	4.1%	4.6%	9.1%	39.4%	12.5%
Gross carrying value	9,805	40,139	13,122	6,732	3,699	22,772	96,269
Expected credit loss	(345)	(1,560)	(538)	(313)	(335)	(8,979)	(12,070)

Notes to the financial statements
for the period ended 30 June 2024 (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	30 June 2024 £'000	25 June 2023 £'000
At beginning of period	**12,070**	14,060
Acquisition of subsidiary	**-**	37
Reversal of provision for expected credit losses	**(1,292)**	(1,957)
Amounts written-off	**(4,793)**	(62)
Transferred to credit note provision	**(1,028)**	-
Foreign exchange	**8**	(8)
At end of period	**4,965**	12,070

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.

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	30 June 2024 £'000	25 June 2023 £'000
Group	**46,876**	71,827
Company	**1**	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	30 June 2024 £'000	25 June 2023 £'000
Trade payables	**21,604**	20,644
Contract liabilities	**52,673**	48,737
Inter-group payables	**253,701**	241,239
Other tax and social security	**9,614**	11,294
Other creditors and accruals	**49,589**	52,522
	387,181	374,436

Notes to the financial statements
for the period ended 30 June 2024 (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.

	2024	2023
	£'000	£'000
At the beginning of the period	**48,737**	45,489
Released to revenue in the period	**(48,737)**	(45,489)

Trade payables represent liabilities for goods and services provided to the company prior to the end of the 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, no interest is charged.

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

24. Inter-group loans

Group	**30 June 2024**	25 June 2023
	£'000	£'000
The Bidvest Group (UK) plc	**268,000**	268,000
	268,000	268,000

The loan note above of £268,000,000 is from The Bidvest Group (UK) plc with interest payable at a floating rate which was 5.05% at 30 June 2024 (2023: 4.75%). The principal amount is due to be repaid or refinanced in full in September 2026.

Notes to the financial statements for the period ended 30 June 2024 (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	30 June 2024 £'000	25 June 2023 £'000
Financial assets		
Measured at amortised cost		
Cash at bank and in hand	**46,876**	71,827
Trade receivables (note 21)	**68,744**	73,305
Inter-group receivables	**896**	907
Total financial assets	**116,516**	146,039

Group	30 June 2024 £'000	25 June 2023 £'000
Financial liabilities		
Current loans and borrowings measured at amortised cost		
Lease liabilities (note 16)	**(11,778)**	(10,657)
	(11,778)	(10,657)
Current other financial liabilities at amortised cost		
Trade and other payables (note 23)	**(324,894)**	(314,405)
	(324,894)	(314,405)
Total current financial liabilities	**(336,672)**	(325,062)
Non-current loans and borrowings measured at amortised cost		
Lease liabilities (note 16)	**(22,816)**	(22,460)
Inter-group payables	**(268,000)**	(268,000)
Total non-current financial liabilities	**(290,816)**	(290,460)
Total financial liabilities	**(627,488)**	(615,522)

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

Credit facilities

At 30 June 2024, the Group had a £10,000,000 (2023: £10,000,000) guarantee facility with interest charged on utilised balances at 3.5%. At 30 June 2024, the Group was utilising £5,054,000 (2023: £5,707,000) of the guarantee facility.

Hedging

There was no hedge in place at 30 June 2024 or 25 June 2023.

Notes to the financial statements
for the period ended 30 June 2024 (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 2024	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	324,894	-	-	-	-	**324,894**	**324,894**
Lease liabilities (note 16)	6,674	8,477	15,573	32,253	23,422	**86,399**	**34,594**
Inter-group payables	-	-	-	268,000	-	**268,000**	**268,000**
	331,568	**8,477**	**15,573**	**300,253**	**23,422**	**679,293**	**627,488**

Group At 25 June 2023	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	314,405	-	-	-	-	314,405	314,405
Lease liabilities (note 16)	7,056	6,774	11,882	22,068	17,783	65,563	33,117
Inter-group payables	-	-	-	268,000	-	268,000	268,000
	321,461	6,774	11,882	290,068	17,783	647,968	615,522

Notes to the financial statements
for the period ended 30 June 2024 (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 2024		At 25 June 2023	
	EUR'000	USD'000	EUR'000	USD'000
Cash at bank and in hand	5,211	49	4,882	101
Trade receivables	8,669	-	9,365	-
Trade and other payables	(7,082)	(18)	(7,827)	(26)
Lease liabilities	(2,420)	-	(1,754)	-
	4,378	31	4,666	75

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	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
EUR/GBP exchange rate	3	5	31	28
USD/GBP exchange rate	-	-	-	-

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 Group is also exposed to interest rate risk as it borrows funds from a parent company at a floating interest rate. 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 period ended 30 June 2024 (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 27 June 2022	1,042	481	**1,523**
Reclassified to liabilities	(1,042)	(481)	**(1,523)**
At 25 June 2023	-	-	**-**
At 30 June 2024	**-**	**-**	**-**

The deferred tax liability is made up as follows:

Group	Relating to intangible assets £'000	Accelerated capital allowances £'000	Short-term timing differences £'000	Tax losses £'000	Total £'000
At 27 June 2022	(702)	-	-	-	**(702)**
Previously recognised in assets	-	1,042	481	-	1,523
(Charged) / Credited to the Income statement	-	(2,701)	118	-	(2,583)
Credited to the Statement of comprehensive income	-	-	189	-	189
Acquisition of subsidiary	-	99	-	-	99
At 25 June 2023	(702)	(1,560)	788	-	**(1,474)**
(Charged) / Credited to the Income statement	140	(750)	1,261	(8)	**643**
Credited to the Statement of comprehensive income	-	-	138	-	**138**
Acquisition of subsidiary (note 19)	-	(10)	-	49	**39**
Foreign exchange	-	-	(15)	-	**(15)**
At 30 June 2024	**(562)**	**(2,320)**	**2,172**	**41**	**(669)**

Notes to the financial statements
for the period ended 30 June 2024 (continued)

27. Provisions for liabilities

	Property £'000	Vehicle £'000	Re-organisation £'000	Total £'000
At 27 June 2022	9,654	2,385	120	**12,159**
(Credited) / Charged to the profit or loss	(466)	451	-	**(15)**
Utilised in the period	(123)	(204)	(76)	**(403)**
Unwind of discount	6	-	-	**6**
At 25 June 2023	9,071	2,632	44	**11,747**
Credited to the profit or loss	(35)	(1,351)	(44)	**(1,430)**
Utilised in the period	(264)	(217)	-	**(481)**
Unwind of discount	41	-	-	**41**
At 30 June 2024	**8,813**	**1,064**	**-**	**9,877**

Provisions are split as follows:	**30 June 2024 £'000**	25 June 2023 £'000
Current	**833**	2,643
Non-current	**9,044**	9,104
	9,877	11,747

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.

28. Called up share capital

Shares classified as equity	**30 June 2024 £'000**	25 June 2023 £'000
Allotted, called up and fully paid		
9,115,906 (2023: 9,115,906) ordinary shares of £0.001 each	9	9
7,177 (2023: 7,177) A ordinary shares of £0.001 each	-	-
1,472,311 (2023: 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.

PHS Bidco Limited

Notes to the financial statements for the period ended 30 June 2024 (continued)

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.

Retained earnings / (Accumulated losses)
Retained earnings / (Accumulated losses) 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 £531,000 (2023: £638,000) 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 latest audited financial statements of the scheme are made up to 30 October 2023 at which date the scheme, which is contracted out of the state scheme, had net assets of £7,670,000 (30 April 2022: £11,306,000) 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 period as the deficit arising from the triennial valuation of the scheme has been brought into surplus.

The disclosures set out below are based on calculations carried out at 30 June 2024 by an independent qualified actuary. The results of the calculations and the assumptions adopted are shown below.

Notes to the financial statements
for the period ended 30 June 2024 (continued)

30. Post-employment benefits (continued)

Composition of plan assets:

	30 June 2024 £'000	25 June 2023 £'000
Annuities	**7,256**	7,095
UK Government gilts	**7**	7
Cash	**51**	-
Total plan assets	**7,314**	7,102

	30 June 2024 £'000	25 June 2023 £'000
Fair value of plan assets	**7,314**	7,102
Present value of plan liabilities	**(7,255)**	(7,102)
Defined benefit asset	**59**	-
Effect of asset ceiling limit	**(59)**	-
Net pension scheme assets	**-**	-

Asset ceiling reconciliation:

	30 June 2024 £'000	25 June 2023 £'000
Opening balance	**-**	-
Changes in asset ceiling (remeasurement)	**(59)**	-
Closing balance	**(59)**	-

Reconciliation of fair value of plan liabilities were as follows:

	30 June 2024 £'000	25 June 2023 £'000
Opening defined benefit obligation	**7,102**	8,750
Interest costs	**370**	313
Remeasurement losses/(gains):		
Financial assumptions	**280**	(1,397)
Experience	**40**	42
Benefits paid	**(537)**	(606)
Closing defined benefit obligation	**7,255**	7,102

Reconciliation of fair value of plan assets were as follows:

	30 June 2024 £'000	25 June 2023 £'000
Opening fair value of scheme assets	**7,102**	8,750
Interest income on plan assets	**370**	305
Remeasurement losses:		
Return on scheme assets excluding interest income	**335**	(1,089)
Benefits paid including expenses	**(493)**	(864)
Closing fair value of scheme assets	**7,314**	7,102

Notes to the financial statements for the period ended 30 June 2024 (continued)

30. Post-employment benefits (continued)

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

	30 June 2024 % per annum	25 June 2023 % per annum
Discount rate	**5.00**	5.40
Aggregate long-term rate of return on assets (net of expenses)	**5.00**	5.40
Retail Prices Index (RPI) Inflation	**3.60**	3.55
Consumer Prices Index (CPI) Inflation	**3.10**	3.05
Future increases in deferred pensions	**3.10**	3.05
Mortality rates		
- for a male member aged 65 now	**22.50**	22.50
- at 65 for a male member aged 45 now	**23.90**	23.80
- for a female member aged 65 now	**24.90**	24.80
- at 65 for a female member aged 45 now	**26.30**	26.20

Sensitivity analysis

As a result of the whole plan buy-in, 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.

31. Other financial commitments

The Group had no capital commitments at 30 June 2024 (2023: £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	**30 June 2024 £'000**	25 June 2023 £'000
Loans to / (from) fellow group companies:		
Bidvest Noonan (ROI) Limited	**896**	907
Bidvest Services (UK) Limited	**(252,592)**	(240,193)
The Bidvest Group (UK) plc	**(269,109)**	(269,046)

Notes to the financial statements for the period ended 30 June 2024 (continued)

32. Group membership and related parties (continued)

The following transactions occurred with related parties:

	53-week period ended 30 June 2024 £'000	52-week period ended 25 June 2023 £'000
Dividends paid to UK parent entity:		
Bidvest Services (UK) Limited	**65,601**	-
Interest payable:		
The Bidvest Group (UK) Plc	**13,485**	12,358

Interim dividends, in respect of the period to 30 June 2024, of £55.5m, £6.7m and £3.4m were paid were paid to the Company's sole shareholder on 1 August 2023, 29 December 2023 and 25 June 2024, respectively.

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

33. Reconciliation of liabilities arising from financing activities

	25 June 2023 £'000	Cash flows £'000	Non-cash changes £'000	**30 June 2024 £'000**
Loans from group undertakings:				
The Bidvest Group (UK) plc	269,046	(13,590)	13,653	**269,109**
Bidvest Services (UK) Limited	240,193	(3,366)	15,765	**252,592**
Lease liabilities	33,117	(15,660)	17,137	**34,594**
	542,356	(32,616)	46,555	**556,295**

34. 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 company listed below. For the 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

Notes to the financial statements
for the period ended 30 June 2024 (continued)

34. Subsidiary undertakings (continued)

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 (active proposal to strike off)
CLM Safety Limited*	Intermediate holding company
Dartry Laundry Limited*	Dormant
Environmental Waste Solutions UK Limited	Dormant
Environmental Waste Solutions UK (Holdings) Limited	Dormant
Epsilon Test Services Limited*	Intermediate holding company
Mayflower Hygiene Supplies (London) Limited*	Provision of workplace services
MC494 Limited	Dormant
Personnel Hygiene Services Limited	Provision of workplace services
PHS All Clear Limited	Dormant
PHS Compliance Limited*	Provision of workplace services
PHS FXCO1 Limited	Dormant (active proposal to strike off)
PHS FXCO2 Limited	Dormant (active proposal to strike off)
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
Principal Hygiene Systems Limited*	Dormant
Rentacrate Limited	Dormant
Rentacrate (UK) Limited	Dormant
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 (active proposal to strike off)
Warner Howard Limited	Dormant
Warner Howard (UK) Limited	Dormant
Warner Howard Group Limited	Dormant
Warner Howard (Holdings) Limited	Dormant
Warner Howard Services Limited	Dormant

Notes to the financial statements
for the period ended 30 June 2024 (continued)

34. Subsidiary undertakings (continued)

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 Unit 1 Parkside Place, Oasis Business Park, Skelmersdale, Lancashire, WN8 9RD.

Name	Principal Activity
Direct365online Limited*	Provision of essential business products
Synergy Waste Solutions Limited*	Dormant

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

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
PHS Serkonten, S.A.	Provision of workplace services

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 Nave #5, Calle Carbó #2-4, Poligono Industrial Rui Clar, 43006 Tarragona.

Name	Principal Activity
Servicios Antiplagas, Higiene Y Control Ambiental S.A.U.	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 subsidiaries, Mayflower Hygiene Services (Ireland) Limited and 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 Bidco Limited has provided a statutory guarantee to this subsidiary in accordance with section 357 of the Companies Act 2014.

Notes to the financial statements
for the period ended 30 June 2024 (continued)

35. Post balance sheet events

Acquisitions

In September 2024, the Group acquired the entire share capital of Countrywide Healthcare Supplies Holdings Limited for consideration of £35,520,000.

It is too early to determine the fair value of the assets and liabilities at the date of acquisition. The provisional book value of the assets and liabilities at the date of acquisition are as follows:

Group

	£'000
Net assets acquired	
Intangible fixed assets	**1,500**
Tangible fixed assets	**7,269**
Investments	**5,850**
Trade and other receivables	**6,298**
Inventories	**2,857**
Cash and cash equivalents	**2,131**
Trade and other payables	**(5,800)**
Deferred taxation	**(473)**
Provision for taxation	**634**
Net identifiable assets acquired	**20,266**
Goodwill	**15,254**
Total consideration	**35,520**
Satisfised by:	
Cash consideration	**35,520**
Total consideration	**35,520**

At the time when the financial statements were authorised for issue, the group had not yet completed the accounting for the acquisition of Countrywide Healthcare Supplies Limited. In particular, the book values of the assets and liabilities disclosed above have only been determined provisionally, because the acquisition occurred mid-month and the accurate calculation of certain judgemental balances has not yet been finalised. It is also not yet possible to provide detailed information about each class of acquired receivables and any contingent liabilities of the acquired entity.

Revenue and profit contribution

The acquired business did not contribute to the Group's revenue or profit for the 53-week period to 30 June 2024.

If the acquisitions made during the period and the acquisition made after the reporting date had occurred on 26 June 2023, consolidated pro-forma revenue and operating profit, for the 53-week period ended 30 June 2024 would have been £389,930,000 and £57,796,000 respectively. These amounts have been calculated using the results of the acquired businesses and adjusting them for difference in the accounting policies between the group and acquired businesses.

Dividends

After the reporting date, on 12 December 2024, the Company paid dividends of £18.0m to the Company's shareholders.