PHS Bidco Limited

Annual report
for the period ended 21 June 2020

Registered no: 9213465

phs Group

PHS Bidco Limited

Annual report
for the period ended 21 June 2020

Directors and advisors

Directors

D J B Taylor-Smith	
C J Thomas	
T G Scruse	(appointed 7 May 2020)
A Fainman	(appointed 7 May 2020)
N T Madisa	(appointed 7 May 2020 and resigned 30 October 2020)
C R M Kemball	(resigned 7 May 2020)

Secretary and registered office

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

Independent auditors

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

Solicitors

Blake Morgan LLP
One Central Square
CARDIFF
CF10 1FS

Strategic report
for the period ended 21 June 2020

The Directors present the Strategic report of PHS Bidco Limited for period ended 21 June 2020.

Business overview

In May 2020, PHS Bidco Limited was acquired by Bidvest Services (UK) Limited, part of The Bidvest Group Limited ("Bidvest") having previously been an intermediate holding company included in the consolidation of PHS Group Investments Limited. Bidvest is a business-to-business services, trading and distribution company with operations in South Africa, Ireland and the United Kingdom. In order to align with the new group's reporting, the reporting date of the Company and Group was extended to 21 June 2020. Consequently, the results in these financial statements are for the 64-weeks ending 21 June 2020 and are not directly comparable to the comparatives which are a reconsolidation of the amounts previously included in the consolidation of PHS Group Investments Limited which state the results for the 52-weeks ending 31 March 2019.

In order to present a true reflection of the Group's performance, the key Statement of comprehensive income lines have been shown below on a pro-rata basis and for the 52-weeks ended 29 March 2020. These figures are discussed in the business review that follows.

	Audited 64-weeks ended 21 June 2020 £m	**Unaudited 52-weeks (pro-rata) 21 June 2020 £m**	**Unaudited 52-weeks ended 29 March 2020 £m**	Restated 52-weeks ended 31 March 2019 £m
Hygiene	249.5	202.7	209.2	203.3
Change	*+22.7%*	*-0.3%*	*+2.9%*	
Specialist	72.0	58.5	63.1	61.7
Change	*+16.7%*	*-5.2%*	*+2.3%*	
Turnover	**321.5**	**261.2**	**272.3**	**265.0**
Change	***+21.3%***	***-1.4%***	***+2.8%***	-
Hygiene	61.8	50.2	50.7	54.4
Change	*+13.6%*	*-7.7%*	*-6.8%*	
Specialist	10.7	8.7	9.4	7.2
Change	*+48.6%*	*+20.8%*	*+30.6%*	
Operating profit before central costs	**72.5**	**58.9**	**60.1**	61.6
Change	*+17.7%*	*-4.4%*	*-2.4%*	-
Central costs	29.1	23.7	24.9	21.5
Change	*+35.3%*	*+10.2%*	*+15.8%*	-
EBITA before exceptional costs	**43.4**	**35.2**	**35.2**	**40.1**
Change	*+8.2%*	*-12.2%*	*-12.2%*	-

Following the acquisition of the group by Bidvest Services (UK) Limited, the Company has adopted IFRS for the preparation of its group financial statements and FRS 101 for the Company financial statements, and the comparative year has been restated accordingly. Details of the transitional adjustments made can be found in note 32.

Strategic report
for the period ended 21 June 2020 (continued)

An analysis of the Group's turnover and operating profit, by class of business, for the unaudited 52-week period ending 31 March 2020 and the 64-week period to 21 June 2020, is set out below:

Hygiene

64-week period ended 21 June 2020:
£249.5m turnover (+22.7%)
£61.8m operating profit before central costs (+13.6%)

52-week period ended 31 March 2020 (unaudited):
£209.2m turnover (+2.8%)
£50.7m operating profit before central costs (-6.8%)

The Hygiene division comprises the following businesses:

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

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

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

1,998 employees

Specialist

64-week period ended 21 June 2020:
£72.0m turnover (+16.7%)
£10.7m operating profit before central costs (+48.6%)

52-week period ended 31 March 2020 (unaudited):
£63.1m turnover (+2.3%)
£9.4m operating profit before central costs (+30.6%)

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

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

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

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

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

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

843 employees

Strategic report
for the period ended 21 June 2020 (continued)

Business review

Hygiene

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

Turnover for the Hygiene division for the period increased by 22.7% to £249.5m (2019: £203.3m). After adjustment on a pro-rata basis, turnover for the period decreased by 0.3% to £202.7m; in the year to March 2020 turnover had increased by 2.9% to £209.2m. The increase in turnover for the year to March 2020 reflects continued organic growth following the investment made in sales, service, pricing and digital during the period and prior year.

Operating profit before central costs and exceptional items increased by 13.6% to £61.8m (2019: £54.4m). After adjustment on a pro-rata basis, operating profit before central costs and exceptional items decreased by 7.7% to £50.2m; in the year to March 2020 operating profit before central costs decreased by 6.8% to £50.7m. The decrease in operating profit before central costs and exceptional items is a result of the strategic decision to invest in enhancing sales capability within the group. The Directors are confident that the capability enhancements that have been put in place will more than recover the reduced profit over the next financial year through new sales growth, better customer retention and improved operational efficiency.

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

Specialist

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

Turnover for the Specialist businesses for the period increased by 16.7% to £72.0m (2019: £61.7m). After adjustment on a pro-rata basis, turnover for the period decreased by 5.2% to £58.5m; in the year to March 2020 turnover increased by 2.3% to £63.1m. Strong performances in the Besafe, Greenleaf and Teacrate businesses were partially offset by a reduction in Compliance turnover.

Operating profit before central costs and exceptional items increased by 48.6% to £10.7m (2019: £7.2m). After adjustment on a pro-rata basis, operating profit before central costs and exceptional items increased by 20.8% to £8.7m; in the year to March 2020, operating profit before central costs and exceptional items increased by 30.6% to £9.4m; a result of the increase in turnover and efficiencies implemented during the year as part of the strategic plan.

Financial review

Overview

During the year, Group turnover increased by 21.3% to £321.5m (2019: £265.0m). After adjustment on a pro-rata basis, turnover decreased by 1.4% to £261.2m; in the year to March 2020 turnover increased by 2.8% to £272.3m. Operating profit before shared services and exceptional items increased by 17.7% to £72.5m (2019: £61.6m). After adjustment on a pro-rata basis, operating profit before shared services and exceptional items decreased by 4.4% to £58.9m; in the year to March 2020 operating profit before shared services and exceptional items decreased by 2.4% to £60.1m. Central costs increased by 35.3% to £29.1m (2019: £21.5m) leading to EBITA before exceptional costs of £43.4m (2019: £40.1m); an 8.2% increase on last year. In the year to March 2020, EBITA before exceptional costs decreased by 12.2% to £35.2m.

Exceptional costs of £19.3m (2019: £11.0m) were incurred in the year, resulting in an operating profit of £24.1m (2019: £29.1m).

Strategic report
for the period ended 21 June 2020 (continued)

Financial review (continued)

After net finance charges for the financial period of £51.4m (2019: £45.1m) the pre-tax loss increased to £27.4m (2019: £16.0m) as a result of the extended financial period, additional investments referred to above and higher exceptional costs (see below for more details).

The tax charge for the year was £3.8m (2019: £0.5m), resulting in a loss after interest and tax for the financial year of £31.1m (2019: £16.5m).

Total assets less current liabilities, at 21 June 2020, totalled a liability of £48.4m (2019: £451.8m asset).

Re-organisation costs and one-off items

Exceptional costs totalling £19.3m were incurred during the period (2019: £11.0m) including costs associated with the sale of the PHS Bidco group to Bidvest Services (UK) Limited (£8.9m), restructuring and organisational review costs (£3.5m), impairment of fixed assets (£2.7m), onerous property and vehicle lease and repair costs (£2.7m), costs associated with an onerous fuel agreement (£1.1m), costs associated with a discontinued business processes (£0.4m) and other smaller internal restructuring exceptional items totalling less than £0.1m.

Cash flow and net debt

Net cash generated from operating activities, as shown in the 'Consolidated statement of cash flows', increased by 34.5% to £79.1m (2019: £58.8m) and, after capital expenditure of £21.8m (2019: £20.0m), the net cash inflow from operating activities increased by 47.4% to £57.2m (2019: £38.8m).

Operating cash flows improved during the period and the cash balance increased by £38.5m (2019: decreased by £33.9m) due strong working capital management including the deferral of certain tax payments under the Government's financial support scheme in response to the Covid-19 pandemic. Non-current financial liabilities decreased by £473.4m to £25.3m (2019: £498.7m) mainly due to the full settlement of the senior facility loan by a parent company, Bidvest Services (UK) Limited, and the novation of the loan notes from PHS Holdco Limited to Bidvest Services (UK) Limited. See note 23 for more details on the Group's financial liabilities.

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

Covid-19 pandemic

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

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

(i) Protect PHS employees and PHS;

(ii) Support our Customers' recovery; and

(iii) Help to stop Covid-19 spreading.

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

Strategic report
for the period ended 21 June 2020 (continued)

Covid-19 pandemic (continued)

Most businesses within our portfolio are focused on hygiene or hygiene related products and services which the government has listed as ‘essential’ and this means we are well placed to continue delivering services throughout the pandemic. Whilst the future path of Covid-19 remains uncertain, the majority of our customers who were affected by Covid-19 have re-opened, so the business has returned to closer to normal operating levels. We continued to operate during the second national lockdown with fewer of our customers closing compared with the initial lockdown periods earlier in the year.

Whilst the business took measures to continue operating throughout the initial lockdown periods, including utilising government support measures such as furloughing staff and implementing a range of cost and efficiency programmes. The uncertainty over the likely economic situation and business activity over the next 12 months makes forecasting difficult. Our results and cash flow have stabilised and we expect this to continue. The business has maintained comfortable levels of cash reserves throughout the Covid-19 pandemic.

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

Principal risks and uncertainties

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

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

The Group is also exposed to foreign exchange, interest rate and liquidity risks and the impact of Brexit may make some of these risks more volatile and uncertain. These risks are not considered significant to the business but if they do materialise they may have an adverse effect on profitability and cash flow.

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

Key performance indicators

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

	June 2020	Restated March 2019	Change
Financial KPIs			
Change in turnover	+21.3%	+1.1%	n/a
EBITA from continuing operations before exceptional items	£43.4m	£40.1m	+8.2%
EBITDA from continuing operations before exceptional items	£80.1m	£69.0m	+16.0%
Net cash inflow from operating activities less capital expenditure	£57.2m	£38.8m	+47.4%

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

“EBITA from continuing operations before exceptional items” is earnings before interest, tax, amortisation and exceptional items excluding discontinued operations.

Strategic report
for the period ended 21 June 2020 (continued)

Key performance indicators (continued)

"EBITDA from continuing operations before exceptional items" is earnings before interest, tax, depreciation, amortisation and exceptional items excluding discontinued operations.

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

	2020	2019	2018	2017	2016
Non-financial KPIs					
Customer churn	11.2%	12.8%	13.5%	12.5%	11.7%

"Customer churn" is calculated as the annual value of contractual cancellations in the year divided by the average opening contractual business pool. Cancellations include customers' closures for all reasons including, for example, change in ownership or change of site location. Those situations are often matched by corresponding new contractual agreements. The contractual business pool is the annual value of fixed billing contracts.

Retaining its customers is of the utmost importance to PHS and its performance improvement measures resulted in a reduction in customer churn to 11.2% for the period to 21 June 2020; a result of the performance improvement measures implemented as part of the Group's strategy.

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. Described below is how the policies of the PHS Group allows the Directors to carry out their duties in respect of the Company's and Group's stakeholders.

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

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

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

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

Strategic report
for the period ended 21 June 2020 (continued)

Section 172(1) statement (continued)

Employees' interest

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

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

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

PHS is committed to develop its employees and offers a comprehensive range of training and development and apprenticeship programmes to employees both online and face-to-face. During the period, 64 employees participated in apprenticeship programmes.

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

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

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

Business relationships

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

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

Strategic report
for the period ended 21 June 2020 (continued)

Section 172(1) statement (continued)

Impact of operations on the community and the environment

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

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

Vehicle fuel is responsible for over 70% of the organisational carbon footprint at PHS and as such is a key environmental factor. PHS continues to work hard to manage the financial and environmental impacts associated with fuel use and all new vehicles meet Euro 6 standards. PHS has also invested in both route optimisation and enhanced vehicle telematics to ensure that both route and fuel efficiency are maximised. PHS also operates a safe driving scheme which monitors driving behaviour using telematics. This has resulted in improved safety, lower accidents and improved fuel efficiency by over 15%.

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

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

Business conduct

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

Governance

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

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

Strategic report
for the period ended 21 June 2020 (continued)

Outlook and future development

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

Approved and signed on behalf of the Board

D J B Taylor-Smith
Chief Executive Officer

C J Thomas
Chief Financial Officer

21 December 2020

Directors' report
for the period ended 21 June 2020

The Directors present their report and the audited financial statements for PHS Bidco Limited (the "Company") for the 64-week period ended 21 June 2020.

Principal activities

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

Results and dividends

The loss for the financial period amounted to £31.1m (2019: £16.5m).

The Directors do not recommend the payment of a dividend for the period (2019: £nil). No ordinary dividends were paid during the period (2019: £nil).

Directors

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

D J B Taylor-Smith	
C J Thomas	
T G Scruse	(appointed 7 May 2020)
A Fainman	(appointed 7 May 2020)
N T Madisa	(appointed 7 May 2020 and resigned 30 October 2020)
C R M Kemball	(resigned 7 May 2020)

Future developments

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

Financial risk management

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

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

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

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

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

Directors' report
for the period ended 21 June 2020 (continued)

Research and development activities

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

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

Streamlined Energy and Carbon Reporting

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

Quantification and reporting methodology
This report uses data collection for the 52-weeks ended 29 March 2020.

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

Having now made two ESOS submissions that have been verified by a qualified Lead Assessor and accepted by the regulator we have used the "Complying with the Energy Savings Opportunity Scheme (ESOS)" guidance for quantifying and reporting on our energy consumption. For the purposes of converting energy figures into kWh and tCO_2e we have utilised the UK Government GHG Conversion Factors for Company Reporting 2019.

Current emissions

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

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

Notes
1. Burning of gas for space heating and PHS product washing processes e.g. bin washing, laundering of mats, workwear & roller towels etc.
2. Burning of gas oil, burning oil and LPG for the activities specified above where natural gas is not available.
3. Burning of motive fuels in our vehicle fleet and grounds maintenance equipment.

Directors' report
for the period ended 21 June 2020 (continued)

Streamlined Energy and Carbon Reporting (continued)

4. Fugitive emissions from refrigerants and fluorinated gases are possible.
5. Consumption of electrical energy supplied from national grid for lighting, heating (air-conditioning) and powering of electrical and electronic equipment.
6. Emissions derived from losses experienced during the transmission and distribution of electrical energy.
7. Excluded due to cost of data collection, regular leak-testing carried out so estimated to be less than 0.25% of Scope 1 emissions.

Intensity measure

Due to the diversity of products and services offered by PHS the only consistent, stable and applicable performance indicator is our annual turnover versus the carbon emissions we generate. For this reason, the intensity measure we will use is the quantity of CO_2e per £ of revenue generated. (without any deductions).

Emission Type	Scope	Kg of CO_2e per £ of Revenue
Natural Gas	1	0.01320
Gas Oil	1	0.00030
Burning Oil	1	0.00060
LPG	1	0.00004
Vehicle Fuel (Diesel)	1	0.07220
Fugitive Emissions from Air-conditioning	1	N/A
Electricity	2	0.00510
Electricity (Transmission and Distribution)	3	0.00040
Total		**0.09184**

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 machinery, reductions in machine efficiency and process efficiency opportunities;

- **Energy Procurement** - We use a specialist broker to continuously monitor the energy market and identify opportunities to switch our energy supply to renewable sources. Currently, our half hourly metered electricity which represents 57% of our electricity usage is wholly derived from renewables;

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

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

- **Vehicle Downgrade Scheme** - We currently operate a company car downgrade scheme which allows employees to switch to a car with lower emissions in return for a enhancement in their salary;

- **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 minimum number of miles to service our customer's needs; and

- **Climate Change Agreements** - Currently two of our laundries are in a climate change agreement which incentivises them to generate energy efficiency improvements. It is our intention to add further sites to climate change agreements in the forthcoming 2020/21 financial year.

Directors' report
for the period ended 21 June 2020 (continued)

Employee involvement

It is Company policy to ensure that employees are provided with information on all matters of concern to them. Accordingly, appropriate steps are taken to ensure that employees or their representatives are aware of the financial and economic factors affecting the Company's performance, are consulted wherever necessary and are encouraged generally to be involved in the Company's overall performance. All employees are encouraged to participate in an employee webinar which is broadcast across the PHS Group four times a year.

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

Going concern

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

During May 2020, the PHS Group was sold to Bidvest Services (UK) Limited and at this time the group's debt was settled. The new group has provided support to the PHS Group and this support will be available for the foreseeable future, being at least 12 months from the date of these financial statements.

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

Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial period. Under that law the directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the parent 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 the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the profit or loss of the group and parent company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the group financial statements and state whether applicable 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 company will continue in business.

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

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

Directors' report
for the period ended 21 June 2020 (continued)

Directors' responsibilities statement (continued)

The Directors are responsible for the maintenance and integrity of the parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Corporate governance statement

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

As a large private company which meets the threshold specified in the Regulations, the Company is required to disclose its corporate governance arrangements. As explained below, during the reporting period ended 21 June 2020, the Company continued to operate under high standards of corporate governance. The Regulations also require the Company to report on how its directors have considered their duties under section 172 of the Companies Act 2006 during the reporting period. This is set out in the Strategic report.

The Company did not follow any specific corporate governance code during the reporting period because, for much of that period, a sale process was underway. In those circumstances, the directors considered it inappropriate to revise its existing corporate governance framework to bring it into line with any particular code when, at the conclusion of the sale process, it may need to be revised again to better reflect the nature and requirements of the new owner(s). The Company is in discussions with our new owners about which corporate governance code to use going forward.

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

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

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

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

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

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

Directors' report
for the period ended 21 June 2020 (continued)

Corporate governance statement (continued)

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

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

Qualifying third party indemnity provisions

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

Disclosure of information to auditors

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

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

Independent auditors

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

Approved and signed on behalf of the board

Colin Thomas

C J Thomas
Director
21 December 2020

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 parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 21 June 2020 and of the group's loss and cash flows for the 64 week period (the "period") then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report (the "Annual Report"), which comprise: the Consolidated statement of financial position and Company statement of financial position as at 21 June 2020; the Consolidated statement of comprehensive income, the Consolidated statement of cash flows, and the Consolidated statement of changes in equity and Company statement of changes in equity for the 64 week period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the 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

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require 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 21 June 2020 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 parent 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 set out on page 14, 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 parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 parent 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 received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent 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 parent company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Jason Clarke (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff
21 December 2020

Consolidated Statement of comprehensive income for the period ended 21 June 2020

	Note	**Period ended 21 June 2020 £'000**	Year ended 31 March 2019 Restated £'000
Revenue	4	**321,522**	264,998
EBITDA before exceptional items		**80,083**	69,032
Depreciation (excluding exceptional items)		**(36,715)**	(28,935)
EBITA before exceptional items		**43,368**	40,097
Exceptional costs - other	10	**(16,596)**	(6,843)
Exceptional costs - depreciation	10	**(2,690)**	(4,162)
Operating profit	5, 6	**24,082**	29,092
Finance income	12	**997**	141
Finance cost	13	**(52,443)**	(45,237)
Loss before taxation		**(27,364)**	(16,004)
Tax on loss	14	**(3,776)**	(512)
Loss for the financial period / year		**(31,140)**	(16,516)
Other comprehensive (expense) / income:			
Items that will not be reclassified to profit or loss			
Currency translation differences		**(756)**	331
Actuarial gain/(loss) on defined benefit schemes	28	**81**	(394)
Movement on pension surplus not recognised	28	**(81)**	373
Other comprehensive expense for the period		**(756)**	310
Total comprehensive expense for the period		**(31,896)**	(16,206)

See note 32 for details of the restatements to the results for the year ended 31 March 2019 as a result of the transition to IFRS.

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

Consolidated statement of financial position as at 21 June 2020

	Note	**21 June 2020 £'000**	31 March 2019 Restated £'000	31 March 2018 Restated £'000
Non-current assets				
Property, plant and equipment	15	**44,896**	48,247	50,785
Right-of-use assets	16	**37,283**	41,621	46,564
Intangible assets	18	**393,211**	393,211	393,211
		475,390	483,079	490,560
Current assets				
Inventories	19	**8,468**	7,314	6,882
Taxation recoverable		**303**	-	-
Trade and other receivables	20	**56,642**	75,571	74,505
Cash and cash equivalents	21	**61,574**	22,688	56,667
		126,987	105,573	138,054
Total Assets		**602,377**	588,652	628,614
Current liabilities				
Trade and other payables	22	**(634,518)**	(121,465)	(121,706)
Short-term portion of provisions	25	**(4,237)**	(1,681)	(1,889)
Provision for taxation		**-**	(1,103)	(213)
Short-term portion of borrowings	23	**(19)**	-	-
Short-term portion of lease liabilities	16	**(12,033)**	(12,639)	(13,396)
		(650,807)	(136,888)	(137,204)
Non-current liabilities				
Deferred taxation	24	**(30,181)**	(26,984)	(26,415)
Long-term portion of provisions	25	**(8,570)**	(6,671)	(6,575)
Long-term portion of borrowings	23	**(436)**	(469,971)	(487,987)
Long-term portion of lease liabilities	16	**(24,913)**	(28,772)	(35,339)
		(64,100)	(532,398)	(556,316)
Equity				
Share capital	26	**(11)**	(11)	(10)
Share premium	27	**(1,967)**	(1,967)	(1,490)
Retained earnings	27	**114,508**	82,612	66,406
		112,530	80,634	64,906
Total Equity and Liabilities		**(602,377)**	(588,652)	(628,614)

See note 32 for details of the restatements to the statements of financial position at 31 March 2018 and 31 March 2019 as a result of the transition to IFRS.

The financial statements on pages 20 to 63 were approved and authorised for issue by the Board of Directors on 21 December 2020 and were signed on its behalf by:

Colin Thomas

C J Thomas
Director

Company statement of financial position as at 21 June 2020

	Note	**21 June 2020 £'000**	31 March 2019 £'000	31 March 2018 £'000
Current assets				
Inter-group receivables	20	**408,202**	361,680	322,025
Cash and cash equivalents	21	**2**	2	317
		408,204	361,682	322,342
Total Assets		**408,204**	361,382	322,342
Current liabilities				
Inter-group payables	22	**(296,089)**	(19,750)	(19,914)
Non-current liabilities				
Long-term portion of borrowings	23	-	(247,825)	(220,636)
Equity				
Share capital	26	**(11)**	(11)	(10)
Share premium	27	**(1,967)**	(1,967)	(1,490)
Retained earnings	27			
At beginning of the period		**(92,129)**	(80,292)	(72,481)
Profit for the period		**(18,008)**	(11,837)	(7,811)
		(110,137)	(92,129)	(80,292)
		(112,115)	(94,107)	(81,792)
Total Equity and Liabilities		**(408,204)**	(361,382)	(322,342)

The financial statements on pages 20 to 63 were approved and authorised for issue by the Board of Directors on 21 December 2020 and were signed on its behalf by:

Colin Thomas

C J Thomas
Director

Consolidated statement of changes in equity

For the period ended 21 June 2020

	Called up share capital £'000	Share premium £'000	Retained earnings £'000	**Total equity £'000**
At 1 April 2019 (restated)	11	1,967	(82,612)	**(80,634)**
Comprehensive expense for the period				
Loss for the financial period	-	-	(31,140)	**(31,140)**
Currency translation differences	-	-	(756)	**(756)**
Actuarial losses on pension scheme, net of movement on unrecognised surplus	-	-	-	-
Other comprehensive expense for the period	-	-	(756)	**(756)**
Total comprehensive expense for the period	-	-	(31,896)	**(31,896)**
At 21 June 2020	**11**	**1,967**	**(114,508)**	**(112,530)**

For the year ended 31 March 2019

	Called up share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
At 1 April 2018 (restated)	10	1,490	(66,406)	(64,906)
Comprehensive expense for the period				
Loss for the financial period	-	-	(16,516)	(16,516)
Currency translation differences	-	-	331	331
Actuarial losses on pension scheme, net of movement on unrecognised surplus	-	-	(21)	(21)
Other comprehensive income for the period	-	-	310	310
Total comprehensive income/ (expense) for the period	-	-	(16,206)	(16,206)
Issue of shares	1	477	-	478
At 31 March 2019 (restated)	11	1,967	(82,612)	(80,634)

See note 32 for details of the restatements to the results and statements of financial position at 31 March 2018 and 31 March 2019 as a result of the transition to IFRS.

Company statement of changes in equity

For the period ended 21 June 2020

	Called up share capital £'000	Share premium £'000	Retained earnings £'000	**Total equity £'000**
At 1 April 2019	11	1,967	92,129	**94,107**
Comprehensive income for the period				
Profit for the financial period	-	-	18,008	**18,008**
Other comprehensive income for the period	-	-	-	**-**
Total comprehensive income for the period	-	-	18,008	**18,008**
At 21 June 2020	**11**	**1,967**	**110,137**	**112,115**

For the year ended 31 March 2019

	Called up share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
At 1 April 2018	10	1,490	80,292	81,792
Comprehensive (expense) / income for the period				
Profit for the financial period	-	-	11,837	11,837
Total comprehensive income for the period	-	-	11,837	11,837
Issue of shares	1	477	-	478
At 31 March 2019	11	1,967	92,129	94,107

Consolidated statement of cash flows

	Period ended 21 June 2020 £'000	Year ended 31 March 2019 Restated £'000
Cash flows from operating activities		
Loss before taxation	**(27,364)**	(16,004)
Adjustments to reconcile loss before tax to net cash flows:		
Depreciation and impairment of property, plant and equipment and right-of-use assets	**40,591**	33,097
Gain/(Loss) on disposal of property, plant and equipment	**(142)**	285
Finance income	**(997)**	(57)
Finance costs	**52,443**	44,860
Decrease / (Increase) in trade and other receivables	**5,291**	(469)
(Increase) in inventories	**(857)**	(338)
Increase / (Decrease) in trade and other payables and provisions	**12,099**	(1,809)
Corporation tax paid	**(1,982)**	(786)
Net cash generated from operating activities	**79,082**	58,779
Investing activities		
Purchase of property, plant and equipment	**(21,839)**	(20,028)
Proceeds from sale of property, plant and equipment	**372**	9
Net cash used in investing activities	**(21,467)**	(20,019)
Financing activities		
Proceeds from bank borrowings	**12,445**	-
Repayment of bank borrowings	**(236,068)**	(45,000)
Proceeds from intercompany loan	**524,189**	-
Repayment of previous shareholders' loan notes	**(288,121)**	-
Payment of principal portion of lease liabilities	**(15,753)**	(13,130)
Payment of interest element of lease liabilities	**(1,213)**	(293)
Proceeds on issue of ordinary shares	**-**	478
Other finance costs	**(14,719)**	(14,774)
Finance income	**166**	60
Net cash used in financing activities	**(19,074)**	(72,659)
Net increase / (decrease) in cash and cash equivalents	**38,541**	(33,899)
Cash and cash equivalents at beginning of year	**22,688**	56,667
Foreign exchange difference	**345**	(80)
Cash and cash equivalents at the end of the year	**61,574**	22,688
Cash and cash equivalents at the end of the year comprise:		
Cash at bank and in hand	**61,574**	22,688

Notes to the financial statements for the period ended 21 June 2020 (continued)

1. Corporate information

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

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

2. Principal accounting policies

Basis of preparation

In May 2020, the Company was sold to Bidvest Services (UK) Limited. In order to align with the new group's reporting, the reporting date of the Company was extended to 21 June 2020. Consequently, the results in these financial statements are for the 64 weeks ending 21 June 2020 and are not directly comparable to the comparatives which state the results for the 52 weeks ending 31 March 2019. The Company was previously an intermediate holding company included in the consolidation of PHS Group Investments Limited. The comparative amounts are a reconsolidation of the amounts previously included in that consolidation.

The Group has prepared its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and issued by the International Accounting Standards Board. These financial statements have been prepared on a going concern basis under the historical cost convention, modified to include the revaluation of certain non-current assets and financial instruments.

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

For all periods up to and including the year ended 31 March 2019, the Company and Group prepared its financial statements in accordance with local generally accepted accounting principles. These financial statements for the period ended 21 June 2020 are the first the Company has prepared in accordance with FRS 101 and the first the Group has prepared in accordance with IFRS. The impact of the Group's first-time adoption of IFRS is given in note 32. The first-time adoption of FRS 101 did not impact the income statement or Statement of financial position of the Company.

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

The following principal accounting policies have been applied consistently.

Notes to the financial statements
for the period ended 21 June 2020 (continued)

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

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

- IFRS 1, 'First-time adoption of International Reporting Standards';
- IFRS 7, 'Financial instruments, Disclosures';
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- The following paragraphs of IAS 1, 'Presentation of financial statements':
    - 10(f) (a statement of financial position as at the beginning of the preceding period when and entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements); and
    - 40A-D (requirements for a third statement of financial position).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of:

iii. Paragraph 79(a)(iv) of IAS 1;

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

This information is included in these consolidated financial statements.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 21 June 2020 and have not been early adopted by the Company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Notes to the financial statements for the period ended 21 June 2020 (continued)

Going concern

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

During May 2020, the Group was sold to Bidvest Services (UK) Limited and at this time its debt was settled. The ultimate parent undertaking, The Bidvest Group Limited, has provided support to the PHS Group and this support will be available for the foreseeable future, being at least 12 months from the date of these financial statements.

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

The Group is in a net current liabilities position of £523,820,000 (2019: £31,315,000 liability) at the reporting date as a result of amounts totalling £524,189,000 due to its immediate parent company. The Directors have confirmation that these balances will not be called in within at least the 12 months following the signing of the financial statements.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and all subsidiary undertaking as of 21 June 2020. The Group controls a subsidiary where it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and deconsolidated from the date that control ceases.

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

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

Government grants

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

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

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

Notes to the financial statements
for the period ended 21 June 2020 (continued)

Research and development

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

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

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

There were no capitalised or expensed development costs during the period (2019: nil).

Goodwill and intangible assets

Goodwill represents the difference between amounts paid in relation to a business combination and the acquirer's interest in the fair value of the 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.

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 21 June 2020 (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.

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

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

Notes to the financial statements
for the period ended 21 June 2020 (continued)

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 21 June 2020 (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 financial year, foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss Account 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 Profit and Loss Account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Profit and Loss Account 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 group operates a defined benefit scheme which is closed to new members. For defined benefit schemes, assets are measured using closing market values. Pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return of a high-quality bond of equivalent term and currency to the liability. The expected return of the scheme assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time are included in finance costs. Actuarial gains and losses are included in other comprehensive income. The amount of surplus recognised as an asset is limited to the amount that the employer can use to generate future economic benefits.

Borrowing costs

All borrowing costs are recognised in the Profit and Loss Account in the year in which they are incurred.

Notes to the financial statements for the period ended 21 June 2020 (continued)

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 Profit and Loss Account in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet 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 Balance Sheet.

Current and deferred taxation

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

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

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

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

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

Exceptional items

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

Rounding of amounts

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

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

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

Critical judgements in applying the Group's accounting policies

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

Key accounting estimates and assumptions

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

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

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

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

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

A 100-basis point increase/(decrease) in the rate would cause the provision at 21 June 2020 to increase/(decrease) by £687,000.

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

Notes to the financial statements
for the period ended 21 June 2020 (continued)

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

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

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

The Group used an incremental borrowing rate of 6.55%. A 100-basis point increase/(decrease) in the rate would cause the lease liabilities to (reduce)/increase by £2,539,000 and a corresponding (decrease)/increase in the right-of-use assets by the same amount.

4. Revenue

An analysis of the Group's revenue by class is as follows:	**2020**	2019
	£'000	£'000
Hygiene	**249,546**	203,281
Specialist	**71,976**	61,717
	321,522	264,998

An analysis of the Group's turnover by type is as follows:	**2020**	2019
	£'000	£'000
Contractual	**234,998**	192,304
Non-contractual	**86,524**	72,694
	321,522	264,998

All turnover arose within Europe

Notes to the financial statements for the period ended 21 June 2020 (continued)

5. Net operating expense (including exceptional items)

Group	2020 £'000	2019 £'000
Increase in inventory	**(1,000)**	(466)
Own work capitalised	**(7,241)**	(5,841)
Raw materials and consumables	**41,229**	32,732
Employee costs (note 8)	**133,425**	102,418
Depreciation	**39,405**	33,097
Other external charges	**95,068**	73,966
Other operating income	**(3,446)**	-
	297,440	235,906

6. Operating profit

Group

Operating profit is stated after charging / (crediting):	2020 £'000	2019 £'000
Depreciation charge on property, plant and equipment excluding exceptional accelerated depreciation	**22,268**	17,895
Exceptional accelerated depreciation	**2,690**	4,162
Exchange differences	**(43)**	(137)
Inventory recognised as an expense	**26,879**	21,311
Short-term and low value leases	**1,764**	1,276
Government grants	**(3,446)**	-
Impairment of trade receivables / (reversal of impairment)	**4,341**	116

7. Auditors' remuneration

Group	2020 £'000	2019 £'000
Fees payable to the Group's auditors and its associates for the audit of the Group's annual financial statements	**15**	7
Fees payable to the Group's auditors and its associates in respect of:		
The audit of the Group's subsidiaries	**227**	144
Tax advisory services	**201**	39
Tax compliance services	**42**	40
All other services	**73**	1
	558	231

Notes to the financial statements for the period ended 21 June 2020 (continued)

8. Employees

Group

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

	2020 £'000	2019 £'000
Wages and salaries	**114,827**	88,786
Social security costs	**13,009**	10,060
Other pension costs	**5,589**	3,572
	133,425	102,418

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

	2020 No.	2019 No.
Administration	**685**	741
Sales	**402**	407
Service	**2,197**	2,198
	3,284	3,346

Company

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

9. Directors' remuneration

Group

	2020 £'000	2019 £'000
Aggregate emoluments	**5,385**	1,649
Company contributions to defined contribution pension schemes	**12**	10
	5,397	1,659

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

During the year post-employment benefits were accruing to 1 Director (2019: 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £3,549,000 (2019: £1,019,000).

No contributions were paid by the Company to defined contribution pension schemes in respect of the highest paid Director during the year (2019: £nil).

The emoluments T G Scruse and A Fainman are borne by a parent company, Bidvest Services (Pty) Limited and those of N T Madisa are borne by a parent company, Bid Industrial Holdings (Pty) Limited, which make no recharge to the Company (2019: £nil). T G Scruse and A Fainman served as directors of Bidvest Services (Pty) Limited and N T Madisa served as a director of Bid Industrial Holdings (Pty) Limited during the period and a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments for each of the subsidiaries.

Management fees of £892,000 (2019: £nil) were charged during the year by the non-executive Directors for the provision of services.

Notes to the financial statements for the period ended 21 June 2020 (continued)

10. Exceptional items

In the current period, exceptional items include costs associated with the sale of the PHS Bidco group to Bidvest Services (UK) Limited (£8,860,000), restructuring and organisational review costs (£3,520,000), impairment of fixed assets (£2,690,000), onerous property and vehicle lease and repair costs (£2,660,000), costs associated with an onerous fuel agreement (£1,100,000), costs associated with a discontinued business processes (£400,000) and other smaller internal restructuring exceptional items (£56,000).

In the prior year, exceptional items include accelerated depreciation associated with fixed assets (£4,162,000), restructuring costs associated with implementation of the new Group strategy (£2,200,000), costs related to the Group's performance improvement programme (£2,100,000), costs associated with a discontinued business processes (£1,100,000) and restructuring of the senior management team (£800,000).

11. Parent Company loss for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and Loss Account in these financial statements. The profit for the financial year of the parent Company was £18,008,000 (2019: £11,837,000).

12. Finance income

Group	**2020**	2019
	£'000	£'000
Interest receivable from group companies	**-**	-
Other interest receivable	**997**	141
	997	141

13. Finance costs

Group	**2020**	2019
	£'000	£'000
Bank loans	**16,098**	15,938
Loans from group undertakings	**35,132**	28,324
Lease liabilities	**1,213**	293
Other interest payable	**-**	682
	52,443	45,237

Finance costs payable on loans from group undertakings comprise wholly costs related to the serving of inter-company payables to PHS Holdco Limited and PHS Group Investments Limited. Since the sale of the Company to Bidvest Services (UK) Limited on 7th May 2020, these companies are no longer part of the group.

14. Tax on loss

Group	2020 £'000	2019 £'000
Corporation tax		
Current tax on UK profits for the period	**404**	1,565
Group relief	**-**	(1,674)
Adjustments in respect of prior years	**132**	10
Overseas tax	**48**	42
Total current tax	**584**	(57)
Deferred tax		
UK in respect of current period	**162**	551
Adjustments in respect of prior years	**(61)**	28
Effect of change in tax rate	**3,087**	-
Overseas tax	**4**	(10)
Total deferred tax	**3,192**	569
Taxation on loss	**3,776**	512

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:

	2020 £'000	2019 £'000
Loss before taxation	**27,364**	16,004
Loss before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	**5,199**	3,040
Effects of:		
Adjustments in respect of prior years	**71**	(1,646)
Expenses not deductible for tax purposes	**5,654**	5,611
Income not subject to tax	**(308)**	(71)
Effect of change in tax rate	**3,441**	(353)
Different tax rates on overseas profits	**117**	11
Total tax charge for the period	**3,776**	512

Factors that may affect future tax charges

A change to the main UK corporation tax rate, announced in the Budget on 11 March 2020, was substantively enacted for IFRS purposes on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19%, rather than the previously enacted reduction to 17%. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Notes to the financial statements for the period ended 21 June 2020 (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 1 April 2018	348	3,306	86,719	64,935	503	155,811
Additions	30	595	14,393	4,751	259	20,028
Disposals	-	-	(13,588)	(6,314)	-	(19,902)
Foreign exchange movements	-	-	(302)	(133)	-	(435)
At 31 March 2019	378	3,901	87,222	63,239	762	155,502
Additions	-	530	17,078	3,824	407	21,839
Disposals	-	(151)	(20,518)	(2,776)	-	(23,445)
Foreign exchange movements	-	-	777	340	-	1,117
At 21 June 2020	**378**	**4,280**	**84,559**	**64,627**	**1,169**	**155,013**
Accumulated depreciation						
At 1 April 2018	(88)	(1,653)	(55,991)	(47,229)	(65)	(105,026)
Charge for year	(6)	(292)	(12,728)	(8,903)	(128)	(22,057)
Disposals	-	-	13,353	6,128	-	19,481
Foreign exchange movements	-	-	235	112	-	347
At 31 March 2019	(94)	(1,945)	(55,131)	(49,892)	(193)	(107,255)
Charge for period	(8)	(401)	(16,663)	(7,657)	(230)	(24,959)
Disposals	-	149	20,179	2,673	(1)	23,000
Foreign exchange movements	-	-	(617)	(286)	-	(903)
At 21 June 2020	**(102)**	**(2,197)**	**(52,232)**	**(55,162)**	**(424)**	**(110,117)**
Net book value						
At 21 June 2020	**276**	**2,083**	**32,327**	**9,465**	**745**	**44,896**
At 31 March 2019	284	1,956	32,091	13,347	569	48,247
At 1 April 2018	260	1,653	30,728	17,706	438	50,785

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 21 June 2020 (continued)

16. Leases (continued)

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

Amounts recognised in the statement of financial position

The consolidated balance sheet 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 1 April 2018	30,438	17,375	47,813
Additions	306	5,773	6,079
Disposals	-	(55)	(55)
At 31 March 2019	30,744	23,093	53,837
Additions	208	10,923	11,131
Disposals	(780)	(3,703)	(4,483)
Foreign exchange movements	155	76	231
At 21 June 2020	**30,327**	**30,389**	**60,716**
Accumulated depreciation			
At 1 April 2018	(1,249)	-	(1,249)
Charge for year	(3,961)	(7,061)	(11,022)
Disposals	-	55	55
At 31 March 2019	(5,210)	(7,006)	(12,216)
Impairment charge	(1,186)	-	(1,186)
Charge for period	(4,696)	(9,750)	(14,446)
Disposals	780	3,703	4,483
Foreign exchange movements	(40)	(28)	(68)
At 21 June 2020	**(10,352)**	**(13,081)**	**(23,433)**
Net book value			
At 21 June 2020	**19,975**	**17,308**	**37,283**
At 31 March 2019	25,534	16,087	41,621
At 31 March 2018	29,189	17,375	45,564

	2020 £'000	2019 £'000	2018 £'000
Lease liabilities			
Current	**(12,033)**	(12,639)	(13,396)
Non-current	**(24,913)**	(28,772)	(35,339)
	(36,946)	(41,411)	(48,735)

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

Notes to the financial statements
for the period ended 21 June 2020 (continued)

16. Leases (continued)

Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

	2020 £'000	2019 £'000
Depreciation charge of right-of-use assets		
Properties	**4,696**	3,961
Vehicles	**9,750**	7,061
	14,446	11,022
Short-term and low value leases	**1,764**	1,276
Impairment charge	**1,186**	-
Interest expense	**1,213**	293

The total cash outflow for leases in 2020 was £16,966,000 (2019: £13,423,000).

The total cash inflow for property rents receivable was £391,000 (2019: £295,000).

17. Investments

Company

	£'000
Cost and net book value	
At 1 April 2018, 1 April 2019 and 21 June 2020	-

Notes to the financial statements
for the period ended 21 June 2020 (continued)

18. Intangible assets

Group	Goodwill £'000
Cost and net book value	
At 1 April 2018, 1 April 2019 and 21 June 2020	**393,211**

Impairment tests for cash-generating units containing goodwill
The Group considers its operations to comprise a single cash generating unit, which recoverable amount is estimated based on value in use calculations. These calculations use cash flow projections based on actual operating results and financial budgets approved by management covering a one-year period. A terminal value has been included based on normalised year 1 cash flows, an annual growth rate in perpetuity of 1.63% and a post-tax weighted average cost of capital of 5.94% per annum which are based on experience and are consistent with management's expectations for market development and growth in market share where applicable. Based on the reviews as described above there is sufficient headroom in respect of recoverable amount and, therefore, no impairment has arisen.

Other factors remaining equal, the following sensitivities would give rise to an impairment:
- increase of 6.62% in the discount rate;
- decrease of 3% in the growth rate;
- reduction in year 1 cash flows by 55.6% of the value.

19. Inventories

Group	**2020**	2019	2018
	£'000	£'000	£'000
Raw materials and consumables	**180**	160	426
Finished goods and goods for resale	**8,288**	7,154	6,456
	8,468	7,314	6,882

20. Trade and other receivables

Group	**2020**	2019	2018
	£'000	£'000	£'000
Trade receivables	**43,993**	49,503	51,669
Contract assets	**6,651**	8,276	6,054
Inter-group receivables	**-**	13,983	12,831
Other debtors and prepayments	**5,998**	3,809	3,951
	56,642	75,571	74,505

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 21 June 2020 (continued)

20. 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 change in the Group's year-end date to 21st of a month means that in the current financial year for customer invoiced monthly in arrears there is less days elapsed since the previous month's invoice being issued, this will be the main factor affecting the reduction in the value of the contract asset compared to 2019.

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

The expected loss rates are based on the payment profiles of sales over a period of 2 years prior to 31 March 2018 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 21 June 2020

		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	**6.4%**	10.2%	7.3%	8.5%	11.1%	20.7%	**10.9%**
Gross carrying value	**7,102**	17,916	15,444	8,938	7,290	11,989	**68,679**
Expected credit loss	**(451)**	(1,821)	(1,132)	(761)	(806)	(2,482)	**(7,453)**

At 31 March 2019

		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	1.1%	3.3%	1.1%	1.6%	5.2%	21.5%	4.4%
Gross carrying value	8,368	16,277	21,008	11,809	2,464	8,428	68,354
Expected credit loss	(92)	(536)	(235)	(189)	(129)	(1,808)	(2,989)

Notes to the financial statements
for the period ended 21 June 2020 (continued)

20. Trade and other receivables (continued)

At 31 March 2018		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	1.4%	2.6%	1.2%	2.9%	6.9%	20.9%	4.8%
Gross carrying value	6,138	29,944	17,733	5,102	2,435	9,533	70,885
Expected credit loss	(84)	(772)	(212)	(149)	(167)	(1,992)	(3,376)

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

Group	**2020**	2019
	£'000	£'000
At beginning of period	**2,989**	3,376
Provision for expected credit losses	**4,305**	250
Amounts written-off	**90**	(600)
Foreign exchange	**69**	(37)
At end of period	**7,453**	2,989

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

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

21. Cash and cash equivalents

Cash at bank and in hand	**2020**	2019	2018
	£'000	£'000	£'000
Group	**61,574**	22,688	56,667
Company	**2**	2	317

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.

Notes to the financial statements
for the period ended 21 June 2020 (continued)

22. Trade and other payables

Group	**2020**	2019	2018
	£'000	£'000	£'000
Trade payables	**12,457**	19,244	14,474
Contract liabilities	**42,831**	43,805	46,040
Inter-group payables	**524,189**	19,750	19,914
Other tax and social security	**23,966**	6,842	6,709
Other creditors and accruals	**31,075**	31,824	34,569
	634,518	121,465	121,706

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.

	2020	2019
	£'000	£'000
At the beginning of the period	**43,805**	46,040
Released to revenue in the period	**(43,805)**	(46,040)

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

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

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

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

Notes to the financial statements for the period ended 21 June 2020 (continued)

23. 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	**2020**	2019	2018
	£'000	£'000	£'000
Financial assets			
Measured at amortised cost			
Cash at bank and in hand	61,574	22,688	56,667
Trade receivables and contract assets (note 20)	50,644	57,779	57,723
Inter-group receivables	-	13,983	12,831
Total financial assets	**112,218**	94,450	127,221

Group	**2020**	2019	2018
	£'000	£'000	£'000
Financial liabilities			
Current loans and borrowings measured at amortised cost			
Lease liabilities (note 16)	(12,033)	(12,639)	(13,396)
Euro 500,000 bank loan	(19)	-	-
	(12,052)	(12,639)	(13,396)
Current other financial liabilities at amortised cost			
Trade and other payables (note 22)	**(610,552)**	(114,623)	(114,997)
Total current financial liabilities	**(622,604)**	(127,262)	(128,393)
Non-current loans and borrowings measured at amortised cost			
Lease liabilities (note 17)	(24,913)	(28,772)	(35,339)
Euro 500,000 bank loan	(436)	-	-
Senior facility loan	-	(222,146)	(267,351)
Unsecured subordinated loan notes	-	(247,825)	(220,636)
	(25,349)	(498,743)	(523,326)
Total non-current financial liabilities	**(25,349)**	(498,743)	(523,326)
Total financial liabilities	**(647,953)**	(625,005)	(651,719)

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

Notes to the financial statements
for the period ended 21 June 2020 (continued)

23. Financial assets and Liabilities (continued)

Euro 500,000 bank loan
This loan is unsecured, bears interest at a fixed rate of 1.25% p.a and is repayable in 24 equal monthly instalments commencing June 2021.

Senior facility loan
The senior facility loan was repaid in full on the sale of the Company to Bidvest Services UK Limited in May 2020. At 31 March 2019, £97,113,000 (2018: £100,789,000) of the Senior Facility loan was in respect of borrowings from financial institutions that were shareholders of the Company at that time.

The Senior Facility loan attracted interest at LIBOR or EURIBOR, on the sterling and euro borrowings respectively, plus a margin, which was set at 5.25%. If LIBOR or EURIBOR was less than 1.0% then the rate will be deemed to be 1.0%. The debt was repayable in full on 20 December 2021 with all outstanding amounts to be prepaid immediately on the sale or listing of the Company.

At 31 March 2019, the Group also had a £20,000,000 (2018: £20,000,000) revolving credit facility with the same terms as the Senior Facility. The Group repaid the drawn borrowings at the time of the sale in May 2020, previously had undrawn committed borrowing facilities at 31 March 2019, consisting of £13,862,000 (2018: £12,021,000) under the revolving credit facility. The Group has no committed undrawn borrowings at 21 June 2020.

The bank borrowings were secured by way of a fixed and floating charge over the present and future real property and intellectual property rights owned by the company.

Unsecured subordinated loan notes
The loan notes were originally issued by PHS Holdco Limited until settled on the sale of the Company in May 2020. Prior to this, the loan notes paid PIK interest of 11.9% and cash-pay interest of 0.1% and were repayable in full on 16 October 2022.

Hedging
The Group's senior debt, which was fully repaid during the year, included a euro-denominated amount of EUR10,259,000 which was originally drawn down to fund certain investments in Europe. This loan was designated as a hedge against the net investment in subsidiary undertakings in Ireland and Spain. There was no ineffectiveness recorded from net investments in foreign entity hedges.

The change in carrying amount of the bank loan in the year to 31 June 2020 was an increase of £418,000 (2019: Decrease of £205,000) with a corresponding increase in the hedged items. There is no hedge in place at 21 June 2020.

Notes to the financial statements for the period ended 21 June 2020 (continued)

23. 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 20.

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 21 June 2020	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	610,552	-	-	-	-	**610,552**	**610,552**
Lease liabilities (note 16)	7,253	6,310	10,614	19,960	24,544	**68,681**	**36,946**
Euro 500,000 bank loan	-	19	227	209	-	**455**	**455**
Senior facility loan	-	-	-	-	-	**-**	**-**
Unsecured subordinated loan note	-	-	-	-	-	**-**	**-**
	617,805	**6,329**	**10,841**	**20,169**	**24,544**	**679,688**	**647,953**

Group At 31 March 2019	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	114,623	-	-	-	-	114,623	114,623
Lease liabilities (note 16)	7,004	6,378	10,785	20,216	28,887	73,270	41,411
Euro 500,000 bank loan							
Senior facility loan	-	-	-	222,146	-	222,146	222,146
Unsecured subordinated loan note	-	-	-	247,825	-	247,825	247,825
	121,627	6,378	10,785	490,187	28,887	657,864	626,005

Notes to the financial statements for the period ended 21 June 2020 (continued)

23. Financial assets and Liabilities (continued)

Group At 31 March 2018	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	114,997	-	-	-	-	114,997	114,997
Lease liabilities (note 16)	6,375	6,435	11,810	21,909	33,660	80,189	48,735
Euro 500,000 bank loan	-	-	-	-	-	-	-
Senior facility loan	-	-	-	267,351	-	267,351	267,351
Unsecured subordinated loan note	-	-	-	220,636	-	220,636	220,636
	121,372	6,435	11,810	509,896	33,660	683,173	651,719

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 has previously acquired overseas subsidiaries where the consideration has been paid in euros. The majority of these acquisitions were funded by euro bank borrowings to provide a hedge against the carrying value of the investments and associated goodwill.

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

	At 21 June 2020		At 31 March 2019		At 31 March 2018	
	EUR'000	**USD'000**	EUR'000	USD'000	EUR'000	USD'000
Cash at bank and in hand	**6,823**	**312**	6,884	1,669	6,653	378
Trade receivables	**6,702**	**-**	6,351	-	6,531	-
Trade and other payables	**(7,201)**	**(58)**	(7,609)	-	(7,411)	(622)
Lease liabilities	**(2,865)**	**-**	(3,308)	-	(4,088)	-
Bank loans	**(500)**	**-**	(10,259)	-	(10,259)	-
	2,959	**254**	(7,941)	1,669	(8,574)	(244)

Interest rate risk

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

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

The Group has previously acquired overseas subsidiaries where the consideration has been paid in euros. The majority of these acquisitions were funded by euro bank borrowings to provide a hedge against the carrying value of the investments and associated goodwill.

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 26 and other reserves as set out in note 27. 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.

24. Deferred taxation

The deferred tax liability is made up as follows:

Group	Accelerated capital allowances £'000	Short-term timing differences £'000	Relating to intangible assets £'000	Total £'000
At 1 April 2018	7,260	142	(33,817)	**(26,415)**
(Charged)/Credited to the Statement of comprehensive income	(565)	(4)	-	**(569)**
At 31 March 2019	6,695	138	(33,817)	**(26,984)**
(Charged)/Credited to the Statement of comprehensive income	(151)	47	(3,088)	**(3,192)**
Foreign exchange movements	(5)	-	-	**(5)**
At 21 June 2020	**6,539**	**185**	**(36,905)**	**(30,181)**

25. Provisions for liabilities

	Property £'000	Vehicle £'000	Fuel £'000	Reorganisation £'000	Total £'000
At 1 April 2018	8,464	-	-	-	**8,464**
Charged to the profit or loss	480	-	-	-	**480**
Utilised in the period	(480)	-	-	-	**(480)**
Unwind of discount	(112)	-	-	-	**(112)**
At 31 March 2019	8,352	-	-	-	**8,352**
Charged to the profit or loss	1,614	1,615	1,021	904	**5,154**
Utilised in the period	(621)	-	-	-	**(621)**
Unwind of discount	(84)	-	-	-	**(84)**
Foreign exchange differences	6	-	-	-	**6**
At 21 June 2020	9,267	1,615	1,021	904	**12,807**

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.

Notes to the financial statements for the period ended 21 June 2020 (continued)

25. Provisions for liabilities (continued)

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

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

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

26. Share capital

Shares classified as equity	**2020**	2019	2018
	£'000	£'000	£'000
Allotted, called up and fully paid			
9,115,906 (2019: 9,115,906) ordinary shares of £0.001 each	**9**	9	9
884,094 (2019: 884,094) A ordinary shares of £0.001 each	**1**	1	1
nil (2019: 237,500) B ordinary shares of £0.001 each	**-**	-	-
357,894 (2019: nil) C ordinary shares of £0.001 each	**1**	1	-
	11	**11**	10

There were no changes during the period to 21 June 2020. During the year to 31 March 2019, 237,500 B ordinary shares were converted into deferred shares and 357,894 ordinary C shares were issued for consideration of £1.33 per share.

27. 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.

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

28. 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 £5,589,000 (2019: £3,572,000) were payable to the fund at the balance sheet date.

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

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

The scheme is valued every three years by independent consulting actuaries using the defined accrued benefit method. The most recent valuation at 1 May 2017 indicated that the technical provisions exceeded the assets by £190,000. It was assumed that the pre-retirement investment return would be 3.1% per annum, the post-retirement return would be 1.8% per annum and future price inflation would be 3.5% per annum.

Notes to the financial statements
for the period ended 21 June 2020 (continued)

28. Post-employment benefits (continued)

The latest audited financial statements of the scheme are made up to 30 April 2019 at which date the scheme, which is contracted out of the state scheme, had net assets of £11,757,000 (30 April 2018: £12,025,000) for the combined defined benefit and defined contribution sections of the scheme.

The Group did not contribute (2019: £21,000) to its Defined Benefit Pension Scheme during the period and does not expect to contribute next year as the deficit arising from the triennial valuation of the scheme has been brought into surplus.

The disclosures set out below are based on calculations carried out at 21 June 2020 by an independent qualified actuary. The results of the calculations and the assumptions adopted are shown below.

Composition of plan assets:

	2020	2019	2018
	£'000	£'000	£'000
Overseas equities	**4,308**	3,829	3,901
UK Government gilts	**3,890**	3,631	3,793
UK corporate bonds	**4,460**	4,203	4,347
Cash	**13**	12	-
Total plan assets	**12,671**	11,675	12,041

	2020	2019	2018
	£'000	£'000	£'000
Fair value of plan assets	**12,671**	11,675	12,041
Present value of plan liabilities	**(11,221)**	(10,306)	(10,299)
Defined benefit assets	**1,450**	1,369	1,742
Effect of asset ceiling limit	**(1,450)**	(1,369)	(1,742)
Net pension scheme assets	**-**	-	-

Asset ceiling reconciliation:

	2020	2019	2018
	£'000	£'000	£'000
Opening balance	**1,369**	1,742	2,435
Changes in asset ceiling (interest effect)	**39**	-	61
Changes in asset ceiling (remeasurement)	**42**	20	(812)
Past service costs including curtailments	**-**	(414)	-
Contributions by employer	**-**	21	58
Closing balance	**1,450**	1,369	1,742

Notes to the financial statements
for the period ended 21 June 2020 (continued)

28. Post-employment benefits (continued)

Reconciliation of fair value of plan liabilities were as follows:

	2020	2019	2018
	£'000	£'000	£'000
Opening defined benefit obligation	**10,306**	10,299	9,664
Interest costs	**277**	251	237
Remeasurement (gains)/losses:			
Financial assumptions	**1,425**	485	559
Demographic assumptions	**(329)**	(226)	(58)
Experience	**-**	-	290
Past service costs including curtailments	**-**	414	-
Benefits paid	**(458)**	(917)	(393)
Closing defined benefit obligation	**11,221**	10,306	10,299

Reconciliation of fair value of plan assets were as follows:

	2020	2019	2018
	£'000	£'000	£'000
Opening fair value of scheme assets	**11,675**	12,041	12,099
Interest income on plan assets	**316**	251	298
Remeasurement gains:			
Return on scheme assets excluding interest income	**1,138**	279	(21)
Contributions by employer	**-**	21	58
Benefits paid	**(458)**	(917)	(393)
Closing fair value of scheme assets	**12,671**	11,675	12,041

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

	2020	2019	2018
	% per annum	% per annum	% per annum
Discount rate	**1.40**	2.25	2.55
Aggregate long-term rate of return on assets (net of expenses)	**1.40**	2.25	2.55
Retail Prices Index (RPI) Inflation	**3.25**	3.60	3.45
Consumer Prices Index (CPI) Inflation	**2.65**	2.60	2.45
Future increases in deferred pensions	**2.65**	2.60	2.45
Rate of increase in salaries	**n/a**	n/a	n/a
Mortality rates			
- for a male member aged 65 now	**21.60**	21.50	22.10
- at 65 for a male member aged 45 now	**22.90**	22.80	23.50
- for a female member aged 65 now	**23.50**	23.40	24.00
- at 65 for a female member aged 45 now	**25.10**	24.90	25.50

Notes to the financial statements for the period ended 21 June 2020 (continued)

28. Post-employment benefits (continued)

Sensitivity analysis

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

	2020 £'000	2019 £'000	2018 £'000
1% increase in the discount rate would decrease the defined benefit obligation by:	**1,340**	1,195	1,227
1% decrease in the discount rate would increase the defined benefit obligation by:	**1,659**	1,474	1,520
1% increase in pension increase rate would increase the defined benefit obligation by:	**507**	437	448
1% decrease in pension increase rate would decrease the defined benefit obligation by:	**565**	472	463
1 year increase in life expectancy would increase the defined benefit obligation by:	**502**	426	523
1 year decrease in life expectancy would decrease the defined benefit obligation by:	**434**	371	423

29. Other financial commitments

As at 31 March 2019, the Group provided guarantees in respect of bank borrowings totalling £228,283,000.

These bank borrowings were repaid during the period and so no such guarantees were provided as the balance sheet date.

Notes to the financial statements for the period ended 21 June 2020 (continued)

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

Group	2020	2019	2018
	£'000	£'000	£'000
Bidvest Services (UK) Limited	(524,189)	-	-
PHS Group Investments Limited	-	1,838	1,552
PHS Holdco Limited	-	(255,430)	(229,271)
	(524,189	(253,592)	(227,719)

Amounts included in the statement of comprehensive income for the respective years are:

	2020	2019
	£'000	£'000
PHS Group Investments Limited	98	84
PHS Holdco Limited	35,034	28,240
	35,132	28,324

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

Notes to the financial statements for the period ended 21 June 2020 (continued)

31. Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Direct subsidiary undertaking

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

Name	Principal activity
PHS Group Limited	Intermediate holding company

Indirect subsidiary undertaking

The Company owns indirectly 100% of the ordinary share capital of the companies listed below. For each company listed, the country of incorporation is the UK and the registered office is 6 Ynys Bridge Court, Gwaelod-Y-Garth, Cardiff, Wales, CF15 9SS.

Name	Principal activity
3B Waste Solutions Limited	Dormant
Albany Facilities Limited	Dormant
Aqualicious Limited	Dormant
Clean Step Limited	Dormant
Clearfast Waste Disposal Limited	Dormant
Connect Water Systems (UK) Limited	Dormant
Environmental Waste Solutions UK (Holdings) Limited	Dormant
Environmental Waste Solutions UK Limited	Dormant
Floor Protection Services Limited	Dormant
Greencare Environmental Limited	Dormant
Griffin Environmental Services Limited	Dormant
H&A Waste Services Limited	Dormant
Maxitech.Biz Limited	Dormant
MC415 Limited	Dormant
MC494 Limited	Dormant
PHS All Clear Limited	Dormant
Premier Watercoolers Limited	Dormant
Rentacrate (UK) Limited	Dormant
Safe Records Management Limited	Dormant
Scott-Law Archival and File Management Limited	Dormant
Security Shredding Solutions Limited	Dormant
Shredaway Limited	Dormant
Southern Hygiene Services (UK) Limited	Dormant
Urban Planters Limited	Dormant
Watering Well Watercoolers Limited	Dormant

Notes to the financial statements for the year ended 21 June 2020 (continued)

31. 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 PHS Group, Block B, Western Industrial Estate, Caerphilly, CF83 1XH

Name	Principal activity
CLM Safety Limited	Intermediate holding company
Epsilon Test Services Limited	Intermediate holding company
Personnel Hygiene Services Limited	Provision of workplace services
PHS Compliance Limited	Provision of workplace services
PHS Holdings Limited	Intermediate holding company
PHS Investments Limited	Intermediate holding company
PHS Services Limited	Intermediate holding company
PHS Washrooms Limited	Intra-group financing intermediary
PHS Wastekit Limited	Dormant
PHS Western Limited	Intermediate holding company
Rentacrate Limited	Dormant
Teacrate Limited	Intermediate holding company
Teacrate Rentals Limited	Provision of workplace services
Tenberry Limited	Dormant
Warner Howard Limited	Dormant
Warner Howard (UK) Limited	Dormant
Warner Howard Group Limited	Dormant
Warner Howard (Holdings) Limited	Dormant
Warner Howard Services Limited	Dormant

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

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

The company owns indirectly 100% of the ordinary share capital of the company listed below. For the company listed, the country of incorporation is the UK and the registered office is PHS Washrooms, Westrigg, Blackridge, West Lothian. EH48 3AU.

Name	Principal Activity
Reisswolf Scotland Limited	Dormant

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

Name	Principal Activity
Direct365online Limited	Provision of essential business products

Notes to the financial statements for the year ended 21 June 2020 (continued)

31. 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 Ireland and the registered office is Unit 8, Cherry Orchard Industrial Estate, Dublin 10.

Name	Principal Activity
Hygiene Matters Limited	Dormant
Karmarton Limited	Provision of workplace services

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

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

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

PHS Compliance Limited and Servicios de Contenedores Higienicos Sanitarios S.A prepare their financial statements as at 30 June 2020 as this fits in with those company's monthly reporting periods unlike the rest of the Group where each reporting period comprises exactly 4 weeks.

32. Transition to IFRS

The Group transitioned to IFRS from FRS 102 as at 1 April 2018. The impact of the transition on the Group is set out below. There is no impact on the Company.

Reconciliation of equity at 1 April 2018

	£'000
Equity at 1 April 2018 under FRS 102	64,247
Change in accounting for impairment of trade receivables	(1,511)
Recognition of right-of-use assets	(46,564)
Change in accounting for lease liabilities	48,734
Equity shareholder funds at 1 April 2018 under IFRS	64,906

Reconciliation of equity at 1 April 2019

	£'000
Equity at 1 April 2019 under FRS 102	111,537
Change in accounting for amortisation of intangible assets	(33,305)
Change in accounting for deferred tax in relation to intangible assets	3,790
Change in accounting for impairment of trade receivables	(1,178)
Recognition of right-of-use assets	(41,621)
Change in accounting for lease liabilities	41,411
Equity shareholder funds at 1 April 2019 under IFRS	80,634

Notes to the financial statements
for the year ended 21 June 2020 (continued)

32. Transition to IFRS (continued)

Reconciliation of statement of comprehensive income for the year ended 31 March 2019

	£'000
Loss for the year under FRS 102	(48,081)
Change in accounting for amortisation of intangible assets	33,305
Change in deferred tax accounting for intangible assets	(3,790)
Change in accounting for impairment of trade receivables	(333)
Recognition of right-of-use assets	13,423
Change in accounting for lease liabilities	(11,040)
Loss for the year ended 31 March 2019 under IFRS	(16,516)

Adjustments recognised in the statement of financial position on 1 April 2019

The transition to IFRS affected the following items in the statement of financial position on 1 April 2018:

	Increase/decrease	£'000
Right-of-use assets	Increase	46,564
Trade and other receivables	Increase	1,511
Lease liabilities	Increase	48,734
Net impact on retained earnings on 1 April 2018	Decrease	659

The transition to IFRS affected the following items in the statement of financial position on 1 April 2019:

	Increase/decrease	£'000
Intangible assets	Increase	33,305
Right-of-use assets	Increase	41,621
Trade and other receivables	Increase	1,178
Lease liabilities	Increase	41,411
Deferred taxation	Increase	3,790
Net impact on retained earnings on 1 April 2019	Increase	30,903

The following were changes in accounting policies arising from the transition to IFRS:

Amortisation of intangible assets – under FRS 102, the Group was required to amortise goodwill. Following the adoption of IFRS, the Group is required to review assets for impairments on an annual basis. The Group has started to do so from the transition date. There was no impairment recognised on goodwill at 1 April 2018. £33,305,000 amortisation charged to the Statement of comprehensive income in the year ended 31 March 2019 under FRS102 has been reversed.

Deferred tax in relation to intangible assets – a deferred tax is recognised on the difference between the carrying value of intangible assets and the future tax deductions available for those assets, calculated using tax rates and laws enacted or substantially enacted. The change in accounting for the accounting for the amortisation of intangible assets therefore has a consequential effect on the deferred tax liability.

Impairment of trade receivables - the adoption of IFRS has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing incurred costs approach under FRS 102 with a forward-looking expected credit loss approach. IFRS requires the Group to recognise an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss and contract assets. At the date of transition to IFRS, the Group recognised a reduction in impairment on its trade receivables of £1,511,000 which resulted in an increase in retained earnings by the same amount.

32. Transition to IFRS (continued)

Lease accounting and the recognition of right-of-use assets – on adoption of IFRS, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of FRS 102 and charged to the profit and loss on a straight-line basis with related cash flows arising from operating lease payments classified as operating activities.

At the date of transition, the Group applied the transitional provision and measured leases liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition. Right-to-use assets were measured at the amount equal to the lease liabilities adjusted by the amount of any prepaid or accrued lease payments. As a result, the Group recognised lease liabilities of £48,734,000 and right-of-use assets of £46,564,000 at the date of transition to IFRS. The difference between lease liabilities and right-of-use assets has been recognised in retained earnings.

IAS 36 has also been applied to right-of use assets at the date of transition to FRS 101. The right-of-use assets were impaired by £1,249,000 on conversion due to a single vacant property within the Group's property portfolio. The property in question is no longer used by the Group in its operations although the lease does not expire until April 2024 with no break options prior to that date. As a consequence, the property has no contribution towards the Group's cash flows other than the cash outflows to settle rent, rates and other similar costs. For this reason the related right-of-use asset is considered to have no recoverable value and hence the value at conversion has been fully impaired.

Practical expedients applied

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics:
- Excluding initial direct costs for the measurement of the right-to-use asset at the date of transition to FRS 101;
- Charging short-term and low value leases to the Statement of comprehensive income on a straight-line basis; and
- Using hindsight in determining the lease term and where the contract contains option to extend or terminate the lease.

Cash flows arising from payments of principal portion of lease liabilities are now classified as financing activities. Therefore, cash outflows from operating activities decreased by £13,423,000 and cash outflows from financing activities increased by the same amount in the year ended 31 March 2019.

33. Approval of financial statements

The Board of Directors approved these financial statements on 21 December 2020.