

PHS Services Limited

Annual report for the year ended 31 March 2009

Registered no: 3805412

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PHS Services Limited

Annual Report for the year ended 31 March 2009

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Directors and advisors

Directors

P J Cohen
J F Skidmore

Secretary and registered office

J F Skidmore
Western Industrial Estate
CAERPHILLY
CF83 1XH

Registered auditors

PricewaterhouseCoopers LLP
One Kingsway
CARDIFF
CF10 3PW

Solicitors

Morgan Cole
Bradley Court
Park Place
CARDIFF
CF10 3DP

**Directors' report
for the year ended 31 March 2009**

The Directors present their report and the audited financial statements for the year ended 31 March 2009.

Principal activity and business review

The Company acts as an intermediate holding company for a group of companies providing workplace services. It is anticipated that the role of the Company within the group will remain unchanged into the foreseeable future.

Results and dividends

The result for the year after taxation was a profit of £18,734,000 (2008: £107,982,000).

An interim equity dividend of £nil (2008: £160,065,000) was paid during the year. The Board does not recommend the payment of a final equity dividend (2008: £nil).

The company is managed as part of an overall group of companies whose ultimate parent company is PHS Group Holdings Limited. The matters required to be discussed in the Business Review, which include the principal risks and uncertainties, and key performance indicators are set out in the annual report of PHS Group Holdings Limited on pages 3 to 11. A copy of these accounts is available from the Company's registered office.

The principal risks and uncertainties of the Company are integrated into the principal risks and uncertainties of the group and are not managed separately. In addition, the Director's believe that analysis using key performance indicators is not necessary or appropriate for the understanding of the development, performance or position of this Company.

Financial risk management

There is a group-wide risk management programme in place but as the Company does not trade and has no external borrowings of any kind, the programme is largely irrelevant to the Company's circumstances.

Directors and their interests

All Directors of the Company who served at any time during the year are listed on page 1.

Going concern

The Directors have concluded with regard to the most recent projections available, that the Company will have in place sufficient funding to enable it to continue trading and meet its liabilities to third parties as they fall due for the foreseeable future.

**Directors' report
for the year ended 31 March 2009 (continued)****Statement of Directors' responsibilities**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They 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.

Authority for issue of financial statements

The Directors give authority for the financial statements to be issued on 22 July 2009. Neither the entity's owners nor others have the power to amend the financial statements after issue.

Statement of disclosure of information to auditors

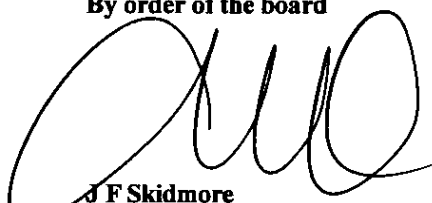
Each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

So far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware.

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the Company in accordance with Section 385 of the Companies Act 1985 will be proposed at the next Annual General Meeting.

By order of the board



J F Skidmore
Company Secretary

Independent auditors' report to the members of PHS Services Limited

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We have audited the financial statements of PHS Services Limited for the year ended 31 March 2009 which comprise the Profit and loss account, the Balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and all of the other information listed on the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

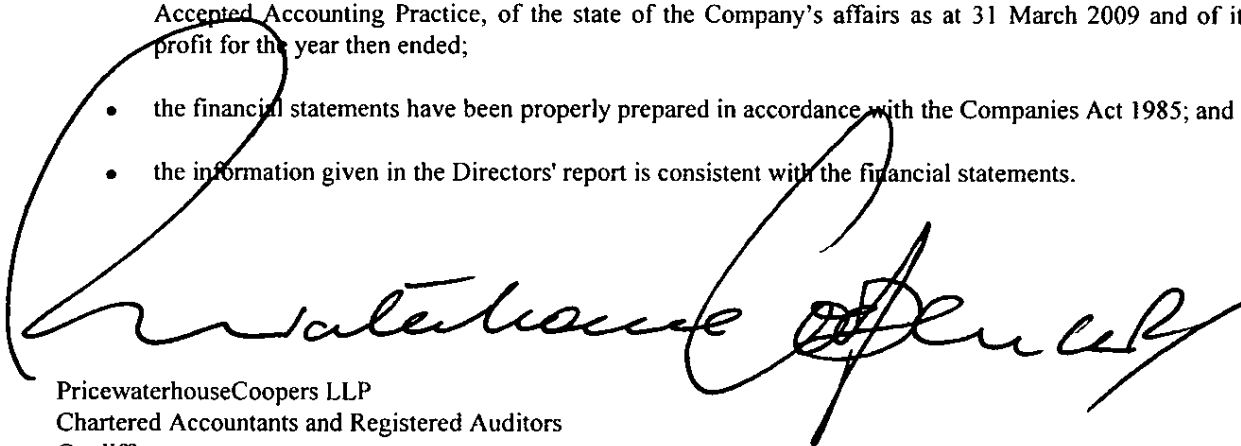
**Independent auditors' report to the members of
PHS Services Limited (continued)**

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Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 March 2009 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' report is consistent with the financial statements.

A large, stylized handwritten signature in black ink, likely belonging to a member of the PricewaterhouseCoopers audit team, is written across the middle of the page. The signature is fluid and cursive, with the word 'PricewaterhouseCoopers' being partially legible within the strokes.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Cardiff

22 July 2009

**Profit and loss account
for the year ended 31 March 2009**

	Note	2009 £'000	2008 £'000
Turnover		-	-
Operating profit	3	-	40
Income from shares in group undertakings		-	101,287
Interest receivable and similar income		41,762	21,598
Interest payable and similar charges	4	(16,148)	(15,270)
Profit on ordinary activities before taxation		25,614	107,655
Tax on profit on ordinary activities	5	(6,880)	327
Profit for the financial year	11	18,734	107,982

All results arise in respect of continuing operations.

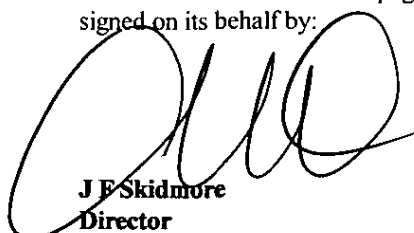
The Company has no recognised gains and losses other than those disclosed above and therefore no separate statement of total recognised gains and losses has been presented.

There are no material differences between the retained profit for the years stated above and the historical cost equivalent.

**Balance sheet
at 31 March 2009**

	Note	2009 £'000	2008 £'000
Fixed assets			
Investments	7	<u>443,767</u>	<u>421,635</u>
Current assets			
Debtors	8	170,897	154,956
Creditors: amounts falling due within one year	9	<u>(342,669)</u>	<u>(323,314)</u>
Net current liabilities		<u>(171,772)</u>	<u>(168,358)</u>
Total assets less current liabilities		271,995	253,277
Provisions for liabilities and charges	5	<u>(233)</u>	<u>(249)</u>
Net assets		<u>271,762</u>	<u>253,028</u>
Capital and reserves			
Called up share capital	10	51,545	51,545
Share premium account	11	193,769	193,769
Capital redemption reserve	11	1,020	1,020
Profit and loss account	11	<u>25,428</u>	<u>6,694</u>
Total shareholders' funds	12	<u>271,762</u>	<u>253,028</u>

The financial statements on pages 6 to 13 were approved by the Board of Directors on **22** July 2009 and were signed on its behalf by:



J F Skidmore
Director

**Notes to the financial statements
for the year ended 31 March 2009****1 Principal accounting policies****Basis of preparation**

The financial statements are prepared under the historical cost convention in accordance with applicable Accounting Standards in the United Kingdom and comply with the Companies Act 1985.

The Company is exempt under Section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiaries are included by full consolidation in the financial statements of the ultimate parent company (note 15).

Accounting policies

All existing accounting policies have been reviewed in the year and are considered to be the most appropriate to the Company.

A summary of the more significant accounting policies, which have been consistently applied, is set out below.

Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value.

Deferred taxation

A deferred tax liability is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. A deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Cash flow statement

The Company has taken the exemption conferred by FRS1 not to prepare a cash flow statement as it is a wholly owned subsidiary undertaking and its ultimate parent company prepares consolidated financial statements that include the results and cash flows of the Company.

Audit fee

The audit fee is borne by a fellow group company.

Notes to the financial statements for the year ended 31 March 2009 (continued)

2 Directors and employees

No persons other than the Directors were employed during the year. The emoluments of P J Cohen and J F Skidmore are borne by Personnel Hygiene Services Limited, which makes no recharge to the Company. P J Cohen and J F Skidmore are Directors of the parent company and a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments for each of the subsidiaries. Accordingly, no emoluments are included in these financial statements. The total emoluments of the Directors are disclosed in the financial statements of PHS Group Holdings Limited.

3 Operating profit

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

	2009 £'000	2008 £'000
Other operating income	-	(40)

4 Interest payable and similar charges

	2009 £'000	2008 £'000
On loans from group undertakings	16,148	15,270

5 Tax on profit on ordinary activities

(a) Analysis of charge/(credit) in the year

The taxation charge/(credit) is made up as follows:

	2009 £'000	2008 £'000
Current tax		
Adjustments in respect of prior years	(276)	(2,237)
Group relief	7,172	1,910
	6,896	(327)
Deferred tax		
Adjustments in respect of prior years	(16)	-
	6,880	(327)

Notes to the financial statements for the year ended 31 March 2009 (continued)

5 Tax on profit on ordinary activities (continued)

(b) Factors affecting the current tax charge/(credit) for the year

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

	2009 £'000	2008 £'000
Profit before taxation	<u>25,614</u>	<u>107,655</u>
Profit multiplied by the standard rate of corporation tax in the UK of 28% (2008: 30%)	7,172	32,296
Effects of:		
Adjustments in respect of prior years	(276)	(2,237)
Permanent differences	<u>-</u>	<u>(30,386)</u>
Current tax charge/(credit) for the year (note 5(a))	<u>6,896</u>	<u>(327)</u>

(c) Deferred tax

The deferred tax liability is made up as follows:

	2009 £'000	2008 £'000
Capital gains / revaluations	<u>233</u>	<u>249</u>

The movement on the deferred tax liability during the year relates wholly to the credit in the profit and loss account.

6 Dividends paid

	2009 £'000	2008 £'000
Equity - Ordinary shares of £1 each		
Interim dividend paid: (2008: 31.1p per share)	<u>-</u>	<u>160,065</u>

7 Investments

	Shares in subsidiary undertakings £'000	Loans to subsidiary undertakings £'000	Total £'000
Cost and net book value			
At 1 April 2008	29,210	392,425	421,635
Additions	<u>-</u>	<u>22,132</u>	<u>22,132</u>
At 31 March 2009	<u>29,210</u>	<u>414,557</u>	<u>443,767</u>

**Notes to the financial statements
for the year ended 31 March 2009 (continued)**

7 Investments (continued)

The principal subsidiary undertakings of the Company are set out below. The Directors consider that to give full particulars of all subsidiary undertakings would lead to a statement of excessive length. A full list of subsidiary undertakings at 31 March 2009 will be annexed to the Company's next Annual Return.

Name	Class of capital	Proportion of shares held	Principal activity
Personnel Hygiene Services Limited	£1 ordinary shares	100% (indirect)	Provision of workplace services at customers' premises
PHS Western Limited	£1 ordinary shares	100% (direct)	Intermediate holding company
PHS All Clear Limited	£1 ordinary shares	100% (indirect)	Waste collection and disposal
All Water Systems Limited	€1.269738 ordinary shares	100% (indirect)	Sale, rental and maintenance of point of use water dispensers
Karmarton Limited	€1.269738 ordinary shares	100% (indirect)	Sale, rental and maintenance of washroom service products
Watercompany International BV	€1 ordinary shares	100% (indirect)	Sale, rental and maintenance of point of use water dispensers
PHS Holdings Limited	£1 ordinary shares	100% (direct)	Intermediate holding company
PHS Investments Limited	10p deferred shares	100% (indirect)	Intermediate holding company
	\$0.05 ordinary shares	100% (indirect)	
Teacrate Limited	£1 ordinary shares	100% (indirect)	Intermediate holding company
Teacrate Rentals Limited	10p ordinary shares	100% (indirect)	Crate rental
Warner Howard Group Limited	1p ordinary shares	100% (indirect)	Intermediate holding company
Mulberry Invest S.A	€1 ordinary shares	100% (indirect)	Intermediate holding company
Servicios de Contenedores Higienicos Sanitarios S.A	€1 ordinary shares	100% (indirect)	Provision of workplace services at customers' premises

All Water Systems Limited and Karmarton Limited are incorporated and registered in the Republic of Ireland. Watercompany International BV is incorporated and registered in the Netherlands. Mulberry Invest S.A and Servicios de Contenedores Higienicos Sanitarios S.A are registered in Spain. All other companies are incorporated in the UK and registered in England & Wales.

**Notes to the financial statements
for the year ended 31 March 2009 (continued)**

8 Debtors

	2009 £'000	2008 £'000
Amounts owed by group undertakings	<u>170,897</u>	<u>154,956</u>

9 Creditors: amounts falling due within one year

	2009 £'000	2008 £'000
Amounts owed to group undertakings	342,594	322,964
Other creditors	75	75
Corporation tax	-	275
	<u>342,669</u>	<u>323,314</u>

10 Called up share capital

	2009 £'000	2008 £'000
Authorised		
695,000,000 ordinary shares of 10p each	<u>69,500</u>	<u>69,500</u>
Allotted, issued and fully paid		
515,451,740 ordinary shares of 10p each	<u>51,545</u>	<u>51,545</u>

11 Statement of movements in reserves

	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000
At 1 April 2008	193,769	1,020	6,694
Profit for the financial year	<u>-</u>	<u>-</u>	<u>18,734</u>
At 31 March 2009	<u>193,769</u>	<u>1,020</u>	<u>25,428</u>

**Notes to the financial statements
for the year ended 31 March 2009 (continued)**

12 Reconciliation of movements in shareholders' funds

	2009 £'000	2008 £'000
Profit for the financial year	18,734	107,982
Dividends paid	-	(160,065)
	<u>18,734</u>	<u>(52,083)</u>
Opening shareholders' funds	253,028	305,111
Closing shareholders' funds	<u>271,762</u>	<u>253,028</u>

13 Capital commitments and contingent liabilities

The Company had no capital commitments at 31 March 2009 (2008: £nil).

The Company has provided guarantees in respect of bank borrowings totalling £926,436,000 (2008: £838,665,000) (net of unamortised issue costs) of a parent company, PHS Group plc, and certain fellow subsidiary companies.

14 Related party transactions

Where appropriate the Company has taken advantage of the exemption conferred by FRS8 not to disclose any related party transactions in the period with greater than 90% owned group companies.

15 Ultimate parent company and controlling party

The ultimate parent company is PHS Group Holdings Limited and the immediate parent company is PHS Group plc. Both companies are incorporated in the United Kingdom and registered in England and Wales.

Copies of the financial statements of both parent companies are available from the company's registered office at Western Industrial Estate, Caerphilly.

The ultimate controlling party of the Company is funds managed by Charterhouse General Partners (VII).