

PHS Services Limited

Annual report for the year ended 31 March 2011

Registered no 3805412

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PHS Services Limited

Annual report for the year ended 31 March 2011

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Directors and advisors

Directors

P J Cohen
J F Skidmore

Secretary and registered office

J F Skidmore
PHS Group
Western Industrial Estate
CAERPHILLY
CF83 1XH

Statutory 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 2011**

The Directors present their report and the audited financial statements for the year ended 31 March 2011

Principal activity

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.

Business review and future developments

The result for the year after taxation was a profit of £15,321,000 (2010 £21,605,000)

The Directors do not recommend the payment of a dividend for the year (2010 £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 12. 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 Directors 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

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 2011 (continued)**

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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.

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

Statement of disclosure of information to auditors

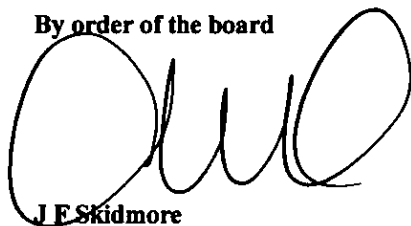
Each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the board

A handwritten signature in black ink, appearing to read 'J F Skidmore', is written over the printed name.

**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 2011 which comprise the Profit and loss account, the Balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Jason Clarke (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff

26 July 2011

**Profit and loss account
for the year ended 31 March 2011**

	Note	2011 £'000	2010 £'000
Turnover		-	-
Operating profit	3	-	75
Interest receivable and similar income		39,847	47,062
Interest payable and similar charges	4	(18,591)	(17,130)
Profit on ordinary activities before taxation		21,256	30,007
Tax on profit on ordinary activities	5	(5,935)	(8,402)
Profit for the financial year	10	15,321	21,605

All results arise in respect of continuing operations

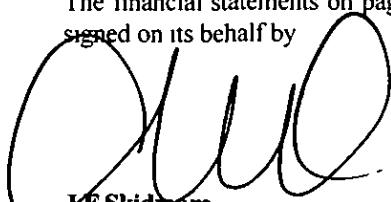
The Company has no recognised gains and losses other than those disclosed above and therefore no separate statement of total recognised gains and losses has been presented

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

**Balance sheet
at 31 March 2011**

	Note	2011 £'000	2010 £'000
Fixed assets			
Investments	6	<u>487,192</u>	<u>470,053</u>
Current assets			
Debtors	7	218,071	195,363
Creditors: amounts falling due within one year	8	<u>(396,359)</u>	<u>(371,816)</u>
Net current liabilities		<u>(178,288)</u>	<u>(176,453)</u>
Total assets less current liabilities		308,904	293,600
Provisions for liabilities and charges	5	<u>(216)</u>	<u>(233)</u>
Net assets		<u>308,688</u>	<u>293,367</u>
Capital and reserves			
Called up share capital	9	51,545	51,545
Share premium account	10	193,769	193,769
Capital redemption reserve	10	1,020	1,020
Profit and loss account	10	<u>62,354</u>	<u>47,033</u>
Total shareholders' funds	11	<u>308,688</u>	<u>293,367</u>

The financial statements on pages 5 to 12 were approved by the Board of Directors on **26** July 2011 and were signed on its behalf by



J F Skidmore
Director

**Notes to the financial statements
for the year ended 31 March 2011**

1 Principal accounting policies

Basis of preparation

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and accounting standards currently applicable in the United Kingdom

The Company is exempt under Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it is included by full consolidation in the financial statements of the ultimate parent company (note 14)

Accounting policies

All 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 2011 (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 (2010 £nil). 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:

	2011 £'000	2010 £'000
Other operating income	-	75

4 Interest payable and similar charges

	2011 £'000	2010 £'000
On loans from group undertakings	18,591	17,130

5 Tax on profit on ordinary activities

(a) Analysis of charge in the year

The taxation charge is made up as follows	2011 £'000	2010 £'000
Current tax		
Group relief receivable	5,952	8,402
Deferred tax		
Adjustments in respect of prior years	(17)	-
	5,935	8,402

Notes to the financial statements for the year ended 31 March 2011 (continued)

5 Tax on profit on ordinary activities (continued)

(b) Factors affecting the current tax charge 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

	2011 £'000	2010 £'000
Profit before taxation	21,256	30,007
Profit multiplied by the standard rate of corporation tax in the UK of 28% (2010 28%)	5,952	8,402
Effects of		
Adjustments in respect of prior years	-	-
Current tax charge for the year (note 5(a))	5,952	8,402

(c) Deferred tax

The deferred tax liability is made up as follows

	2011 £'000	2010 £'000
Capital gains / revaluations	216	233

The movement on the deferred tax liability is as follows

	2011 £'000	2010 £'000
At 1 April	233	233
Profit and loss account	(17)	-
At 31 March	216	233

6 Investments

	Shares in subsidiary undertakings £'000	Loans to subsidiary undertakings £'000	Total £'000
Cost and net book value			
At 1 April 2010	29,210	440,843	470,053
Additions	-	17,139	17,139
At 31 March 2011	29,210	457,982	487,192

Notes to the financial statements for the year ended 31 March 2011 (continued)

6 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 2011 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 2011 (continued)**

7 Debtors

	2011 £'000	2010 £'000
Amounts owed by group undertakings	<u>218,071</u>	<u>195,363</u>

8 Creditors: amounts falling due within one year

	2011 £'000	2010 £'000
Amounts owed to group undertakings	<u>396,359</u>	<u>371,816</u>

9 Called up share capital

	2011 £'000	2010 £'000
Allotted, issued and fully paid		
515,451,740 ordinary shares of 10p each	<u>51,545</u>	<u>51,545</u>

10 Statement of movements in reserves

	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000
At 1 April 2010	193,769	1,020	47,033
Profit for the financial year	<u>-</u>	<u>-</u>	<u>15,321</u>
At 31 March 2011	<u>193,769</u>	<u>1,020</u>	<u>62,354</u>

**Notes to the financial statements
for the year ended 31 March 2011 (continued)**

11 Reconciliation of movements in shareholders' funds

	2011	2010
	£'000	£'000
Profit for the financial year	15,321	21,605
Opening shareholders' funds	293,367	271,762
Closing shareholders' funds	308,688	293,367

12 Capital commitments and contingent liabilities

The Company had no capital commitments at 31 March 2011 (2010 £nil)

The Company has provided guarantees in respect of bank borrowings totalling £925,880,000 (2010 £926,350,000) (net of unamortised issue costs) of a parent company, PHS Group plc, and certain fellow subsidiary companies

13 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 year with wholly owned group companies

14 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).