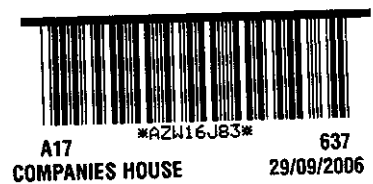


**Registered Number : 03293551**

**REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2006  
FOR  
RSA ENVIRONMENTAL HEALTH LIMITED**



**RSA ENVIRONMENTAL HEALTH LIMITED**

**CONTENTS OF THE FINANCIAL STATEMENTS**  
**for the year ended 31st March 2006**

	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Report of the Directors</b>	<b>2</b>
<b>Report of the Independent Auditors</b>	<b>4</b>
<b>Profit and Loss Account</b>	<b>5</b>
<b>Balance Sheet</b>	<b>6</b>
<b>Cash Flow Statement</b>	<b>7</b>
<b>Notes to the Cash Flow Statement</b>	<b>8</b>
<b>Notes to the Financial Statements</b>	<b>9</b>
<b>Trading and Profit and Loss Account</b>	<b>15</b>

# **RSA ENVIRONMENTAL HEALTH LIMITED**

## **COMPANY INFORMATION** for the year ended 31st March 2006

**DIRECTORS:**

S A King  
N C Coote  
S P Letley

**SECRETARY:**

S A King

**REGISTERED OFFICE:**

The Old Church  
31 Rochester Road  
Aylesford  
Kent  
ME20 7PR

**REGISTERED NUMBER:**

03293551 (England and Wales)

**AUDITORS:**

CLB Littlejohn Frazer  
Chartered Accountants & Registered Auditors  
1 Park Place  
Canary Wharf  
London  
E14 4HJ

# **RSA ENVIRONMENTAL HEALTH LIMITED**

## **REPORT OF THE DIRECTORS** **for the year ended 31st March 2006**

The directors present their report with the financial statements of the company for the year ended 31st March 2006.

### **PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of providing consultancy services and training in respect of general health and safety, together with the sale of associated health and safety and other products.

### **REVIEW OF BUSINESS**

The results for the year and financial position of the company are as shown in the annexed financial statements. The year, representing the second year post-acquisition, was one of consolidation for RSA Environmental Health Limited. The core activity of providing environmental health professional agency staff to local authorities has remained buoyant. The company has shifted emphasis to winning new business in the more profitable health and safety and food consultancy and training sectors. New clients continue to join the "EHS advisor service" which has the effect of providing a more stable as well as profitable income stream. This focus will continue in the 2006/07 financial year.

### **DIVIDENDS**

No dividends were paid during the year ended 31st March 2006 (2005: £84,000).

### **DIRECTORS**

The directors during the year under review were:

S A King  
N C Coote  
S P Letley

The directors holding office at 31st March 2006 did not hold any beneficial interest in the issued share capital of the company.

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company.

### **POLITICAL AND CHARITABLE CONTRIBUTIONS**

No charitable donations (2005 - nil) were made by the company during the year.

### **INTERNAL CONTROLS**

The Directors acknowledge their responsibilities for the Company's systems of internal control. The Board considers all major business and financial risks. All strategic decisions are decided by the Board and the making of individual investment and loan decisions is designated to members of the Board. Accepting that no systems of control can provide absolute assurance against material misstatement or loss, the Directors believe that the established systems for internal control within the company are appropriate to the business.

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which 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 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

# **RSA ENVIRONMENTAL HEALTH LIMITED**

## **REPORT OF THE DIRECTORS** for the year ended 31st March 2006

### **DISCLOSURE OF INFORMATION TO AUDITORS**

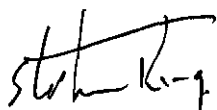
So far as each of the directors is aware at the time the report is approved:

- There is no relevant audit information of which the company's auditors are unaware, and
- The Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information (s.234ZA(2)).

### **AUDITORS**

On 28<sup>th</sup> June 2005 the London Partners and staff of CLB joined Littlejohn Frazer and now practice under the name of CLB Littlejohn Frazer. On that date CLB resigned as auditors in favour of the new firm CLB Littlejohn Frazer and the Directors appointed CLB Littlejohn Frazer to fill the casual vacancy created by the resignation. A resolution to re-appoint CLB Littlejohn Frazer as auditors to the company will be proposed at the Annual General Meeting in accordance with section 385 of the Companies Act 1985.

### **ON BEHALF OF THE BOARD:**

A handwritten signature in black ink, appearing to read 'S A King'.

S A King - Secretary

7 August 2006

## **REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF RSA ENVIRONMENTAL HEALTH LIMITED**

We have audited the Financial Statements of RSA Environmental Services Limited for the year ended 31 March 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the accounting policies and the related notes 1 to 16. These Financial Statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective Responsibilities of Directors and Auditors**

As described in the Statement of Directors' Responsibilities the Company's Directors are responsible for the preparation of the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 if, in our opinion, the Directors' Report is not consistent with the Financial Statements, if 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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of 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.

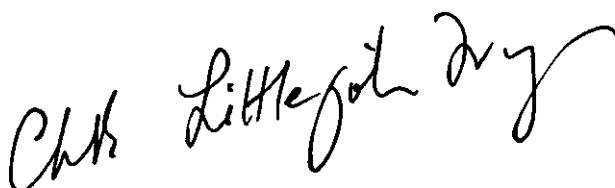
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity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

### **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<sup>st</sup> March 2006 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

In our opinion, the information in the Directors' Report is consistent with the financial statements.

CLB Littlejohn Frazer  
Chartered Accountants & Registered Auditors  
1 Park Place  
Canary Wharf  
London  
E14 4HJ



7 August 2006

# RSA ENVIRONMENTAL HEALTH LIMITED

## PROFIT AND LOSS ACCOUNT for the year ended 31st March 2006

	Notes	31.3.06 £	31.3.05 £
<b>TURNOVER</b>	2	787,963	854,961
Cost of sales		<u>542,826</u>	<u>579,084</u>
<b>GROSS PROFIT</b>		245,137	275,877
Administrative expenses		<u>219,344</u>	<u>157,312</u>
<b>OPERATING PROFIT</b>	4	25,793	118,565
Interest receivable and similar income		<u>31,491</u>	<u>722</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		57,284	119,287
Tax on profit on ordinary activities	5	<u>11,249</u>	<u>24,564</u>
<b>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>		46,035	94,723
Dividends	6	<u>-</u>	<u>84,000</u>
<b>RETAINED PROFIT/(DEFICIT) FOR THE YEAR</b>		<u>46,035</u>	<u>10,723</u>

### CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous period.

### TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current year or previous period.

# RSA ENVIRONMENTAL HEALTH LIMITED

## BALANCE SHEET

31st March 2006

	Notes	31.3.06 £	31.3.05 £
<b>FIXED ASSETS</b>			
Intangible assets	7	10,000	11,250
Tangible assets	8	<u>4,894</u>	<u>5,229</u>
		14,894	16,479
<b>CURRENT ASSETS</b>			
Debtors	9	137,929	123,820
Cash at bank		<u>88,715</u>	<u>101,985</u>
		226,644	225,805
<b>CREDITORS</b>			
Amounts falling due within one year	10	<u>191,679</u>	<u>238,460</u>
<b>NET CURRENT LIABILITIES</b>		<u>34,965</u>	<u>(12,655)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>49,859</u>	<u>3,824</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	840	840
Profit and loss account	13	<u>49,019</u>	<u>2,984</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>49,859</u>	<u>3,824</u>

**ON BEHALF OF THE BOARD:**



S A King - Director



N C Coote - Director

Approved by the Board on 7 August 2006



# RSA ENVIRONMENTAL HEALTH LIMITED

## CASH FLOW STATEMENT for the year ended 31st March 2006

	Notes	31.3.06 £	31.3.05 £
<b>Net cash inflow from operating activities</b>	1	95,951	108,874
<b>Returns on investments and servicing of finance</b>	2	1,316	722
<b>Taxation</b>		(25,241)	(6,112)
<b>Capital expenditure</b>	2	(1,296)	(1,653)
<b>Equity dividends paid</b>		<u>(84,000)</u>	<u>-</u>
<b>(Decrease)/Increase in cash in the period</b>		<u>(13,270)</u>	<u>101,831</u>
<hr/>			
<b>Reconciliation of net cash flow to movement in net funds</b>	3		
(Decrease)/Increase in cash in the period		<u>(13,270)</u>	<u>101,831</u>
Change in net funds resulting from cash flows		<u>(13,270)</u>	<u>101,831</u>
<b>Movement in net funds in the period</b>		(13,270)	101,831
<b>Net funds/(debt) at 1st April</b>		<u>101,985</u>	<u>154</u>
<b>Net funds at 31st March</b>		<u>88,715</u>	<u>101,985</u>

Notes 1 to 16 form part of these financial statements

# RSA ENVIRONMENTAL HEALTH LIMITED

## NOTES TO THE CASH FLOW STATEMENT

for the year ended 31st March 2006

### 1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	31.3.06 £	31.3.05 £
Operating profit	25,793	118,565
Depreciation charges	2,882	2,741
(Increase) in debtors	(14,109)	(42,761)
Increase in creditors	<u>81,385</u>	<u>30,329</u>
<b>Net cash inflow from operating activities</b>	<u><u>95,951</u></u>	<u><u>108,874</u></u>

### 2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31.3.06 £	31.3.05 £
<b>Returns on investments and servicing of finance</b>		
Interest received	<u>1,316</u>	<u>722</u>
<b>Net cash inflow for returns on investments and servicing of finance</b>	<u><u>1,316</u></u>	<u><u>722</u></u>
 <b>Capital expenditure</b>		
Purchase of tangible fixed assets	<u>(1,296)</u>	<u>(1,653)</u>
<b>Net cash outflow for capital expenditure</b>	<u><u>(1,296)</u></u>	<u><u>(1,653)</u></u>

### 3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.05 £	Cash flow £	At 31.3.06 £
Net cash:			
Cash at bank	<u>101,985</u>	<u>(13,270)</u>	<u>88,715</u>
	<u>101,985</u>	<u>(13,270)</u>	<u>88,715</u>
 <b>Total</b>	<u><u>101,985</u></u>	<u><u>(13,270)</u></u>	<u><u>88,715</u></u>

# **RSA ENVIRONMENTAL HEALTH LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS** **for the year ended 31st March 2006**

### **1. ACCOUNTING POLICIES**

#### **Accounting convention**

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

#### **Turnover and annual contracts**

Turnover represents the amounts (excluding value added tax) derived from the provision of services to customers.

Income derived from annual contracts is recognised at the point at which a fair value can be attributed to the various components of the contract. Where it is not possible to attribute a fair value, consideration is given to whether sums received are non-refundable.

#### **Goodwill**

Goodwill, being the amount paid in connection with the acquisition of a business, is being amortised evenly over 10 years. This has given rise to an amortisation charge of £1,250 in the year ended 31 March 2006.

#### **Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Office Equipment      - 25% on reducing balance

#### **Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into the replacement assets and charged only to tax where the replacement assets are sold;

Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax balances are not discounted.

#### **Operating lease commitments**

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged against profit on a straight line basis over the period of the lease.

#### **Pensions**

The company operates a defined contribution pension scheme. The assets for the scheme are held separately from those of the company in an independently administered fund. Contributions payable for the year are charged in the profit and loss account.

### **2. TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company and all within the UK.

# RSA ENVIRONMENTAL HEALTH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31st March 2006

### 3. STAFF COSTS

	31.3.06	31.3.05
	£	£
Wages and salaries	301,445	368,558
Social security costs	30,789	33,482
Sub-contractors	285,944	249,853
Other pension costs	<u>8,722</u>	<u>4,400</u>
	<u>626,900</u>	<u>656,293</u>

The average monthly number of employees (excluding sub-contractors) during the year was as follows:

	31.3.06	31.3.05
Directors	3	3
Consultants	5	6
Administrative	<u>3</u>	<u>3</u>
	<u>11</u>	<u>12</u>

### 4. OPERATING PROFIT

The operating profit is stated after charging:

	31.3.06	31.3.05
	£	£
Depreciation - owned assets	1,631	1,491
Goodwill amortisation	1,250	1,250
Auditors remuneration	2,550	2,000
Operating lease charges – land and buildings	5,814	5,814
– motor vehicles	<u>8,193</u>	<u>3,792</u>
Directors' emoluments	<u>47,249</u>	<u>45,944</u>

During the year one director (2005: 1) participated in a defined contribution pension scheme.

### 5. TAXATION

#### Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	31.3.06	31.3.05
	£	£
Current tax:		
UK corporation tax	<u>11,249</u>	<u>24,564</u>
Tax on profit on ordinary activities	<u>11,249</u>	<u>24,564</u>

UK corporation tax has been charged at 19% (2005 – 20.50%).

# RSA ENVIRONMENTAL HEALTH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31st March 2006

### Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	31.3.06	31.3.05
	£	£
Profit on ordinary activities before tax	<u>57,284</u>	<u>119,287</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2005 - 30%)	10,884	35,786
Effects of:		
Depreciation in excess of capital allowances claimed	49	122
Disallowed expenses and adjustments	316	(217)
Marginal Relief for profits less than upper limit	<u>-</u>	<u>(11,127)</u>
Current tax charge	<u>11,249</u>	<u>24,564</u>

### 6. DIVIDENDS

	31.3.06	31.3.05
	£	£
Equity shares:		
Interim	<u>-</u>	<u>84,000</u>

### 7. INTANGIBLE FIXED ASSETS

	Goodwill £
<b>COST</b>	
At 1st April 2005 and 31st March 2006	<u>12,500</u>
<b>AMORTISATION</b>	
At 1st April 2005	1,250
Charge for year	<u>1,250</u>
At 31st March 2006	<u>2,500</u>
<b>NET BOOK VALUE</b>	
At 31st March 2006	<u>10,000</u>
At 31st March 2005	<u>11,250</u>

# RSA ENVIRONMENTAL HEALTH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31st March 2006

### 8. TANGIBLE FIXED ASSETS

	Office Equipment £
<b>COST</b>	
At 1st April 2005	22,671
Additions	<u>1,296</u>
At 31st March 2006	<u>23,967</u>
<b>DEPRECIATION</b>	
At 1st April 2005	17,442
Charge for year	<u>1,631</u>
At 31st March 2006	<u>19,073</u>
<b>NET BOOK VALUE</b>	
At 31st March 2006	<u>4,894</u>
At 31st March 2005	<u>5,229</u>

### 9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.06 £	31.3.05 £
Trade debtors	114,726	122,779
Amounts owed by group undertakings	7,076	-
Prepayments and accrued income	<u>16,127</u>	<u>1,041</u>
	<u>137,929</u>	<u>123,820</u>

### 10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.06 £	31.3.05 £
Trade creditors	14,006	-
Amounts owed to group undertakings	126,360	132,887
Tax	11,458	25,450
Social security and other taxes	-	-
VAT	31,255	41,548
Other creditors	-	30,175
Accrued expenses	4,456	8,400
Deferred income	<u>4,144</u>	<u>-</u>
	<u>191,679</u>	<u>238,460</u>

# RSA ENVIRONMENTAL HEALTH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31st March 2006

### 11. OPERATING LEASE COMMITMENTS

The company had aggregate annual commitments under non-cancellable operating leases as follows:

	31.3.06 £	31.3.05 £
Expiring:		
Within one year – land and buildings	<u>5,814</u>	<u>-</u>
Within two to five years – land and buildings	-	11,628
– motor vehicles	<u>12,282</u>	<u>8,618</u>

### 12. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	31.3.06 £	31.3.05 £
10,000	Ordinary	10p	<u>1,000</u>	<u>1,000</u>

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.3.06 £	31.3.05 £
8,400	Ordinary	10p	<u>840</u>	<u>840</u>

### 13. RESERVES

	Profit and loss account £
At 1st April 2005	2,984
Retained profit for the year	<u>46,035</u>
At 31st March 2006	<u>49,019</u>

# **RSA ENVIRONMENTAL HEALTH LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS - continued** *for the year ended 31st March 2006*

### **14. RELATED PARTY DISCLOSURES**

The company is exempt from the requirement to disclose related party transactions with other group companies under the provisions of Financial Reporting Standard No. 8.

### **15. ULTIMATE CONTROLLING PARTY**

PHSC plc, incorporated in the UK, is the ultimate parent company of the group. Mr SA King, managing director, is the ultimate controlling party with 37.48% of the issued share capital of PHSC plc.

The parent company operates within the UK and its accounts may be obtained from the same registered office address as noted on page 1 of these accounts.

### **16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	31.3.06	31.3.05
	£	£
Profit for the financial year	46,035	94,723
Dividends	-	(84,000)
<b>Net addition/(reduction) to shareholders' funds</b>	<b>46,035</b>	<b>10,723</b>
Opening shareholders' funds	<u>3,824</u>	<u>(6,899)</u>
<b>Closing shareholders' funds</b>	<b><u>49,859</u></b>	<b><u>3,824</u></b>
Equity interests	<u>49,859</u>	<u>3,824</u>