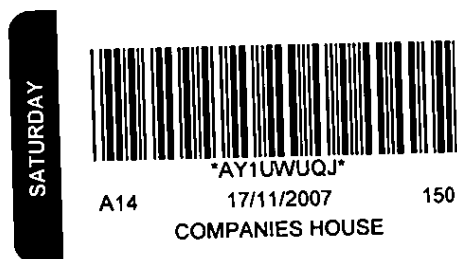


Registered Number : 03293551

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007
FOR
RSA ENVIRONMENTAL HEALTH LIMITED**



CLB LITTLEJOHN FRAZER
Chartered Accountants

RSA ENVIRONMENTAL HEALTH LIMITED

CONTENTS OF THE FINANCIAL STATEMENTS
for the year ended 31 March 2007

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

RSA ENVIRONMENTAL HEALTH LIMITED

COMPANY INFORMATION
for the year ended 31 March 2007

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 31 March 2007**

The directors present their report with the financial statements of the Company for the year ended 31 March 2007

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

Turnover for the year ended 31 March 2007 was buoyant with a 23% increase compared to the previous year. Profits were down as a percentage of turnover due to increased expenditure during the year. The largest single additional cost was the temporary employment of a sales and marketing manager for seven months, who was able to raise the profile of RSA with the aid of a new company brochure and database, complete with data sets for marketing RSA to target organisations. The post has now been dissolved having served its purpose and will effect cost savings in the current year.

The core activity of providing professional staff for environmental health departments within local authorities continues to thrive. A major contract for the London Borough of Bromley has been won by RSA and this is worth £67,500 in the first quarter of the present financial year and should contribute considerably to an increased profit margin.

RSA has been successful in winning a substantial amount of new business via the Safety Advisor Service, which remains the cornerstone of the PHSC plc group business activity. Utilising the synergy of skills across the group as well as the increased geographical coverage, the service can be delivered effectively and profitably to businesses looking for long term partnerships. Having previously concentrated on delivering consultancy and training in a more ad hoc fashion, RSA saw Advisor Services sales grow to £63,533 during the year to 31 March 2007. The portfolio of clients contracted to the service continues to grow and sales are expected to increase in this more sustainable and profitable area of the business.

DIVIDENDS

No dividends were paid during the year ended 31 March 2007 (2006 - nil)

DIRECTORS

The directors during the year under review were

S A King
N C Coote
S P Letley

The directors holding office at 31 March 2007 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 (2006 - 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.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the Company's strategy are subject to a number of risks. Further discussion of these risks and uncertainties, in the context of the Group as a whole, is provided on page 7 of the Group's annual report which does not form part of this report.

RSA ENVIRONMENTAL HEALTH LIMITED

REPORT OF THE DIRECTORS

for the year ended 31 March 2007

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.

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

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:



S A King - Secretary

1 August 2007

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 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the accounting policies and the related notes 1 to 15. 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

The Directors' responsibilities for preparing 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).

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 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 March 2007 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.

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



1 August 2007

RSA ENVIRONMENTAL HEALTH LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31 March 2007

	Notes	31 3 07 £	31 3 06 £
TURNOVER	2	966,359	787,963
Cost of sales		<u>694,533</u>	<u>542,826</u>
GROSS PROFIT		271,826	245,317
Administrative expenses		<u>246,539</u>	<u>219,344</u>
OPERATING PROFIT	4	25,287	25,793
Interest receivable and similar income		<u>906</u>	<u>31,491</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		26,193	57,284
Tax on profit on ordinary activities	5	<u>5,214</u>	<u>11,249</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		<u>20,979</u>	<u>46,035</u>

CONTINUING OPERATIONS

None of the Company's activities were acquired or discontinued during the current year and 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

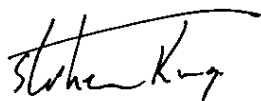
RSA ENVIRONMENTAL HEALTH LIMITED

BALANCE SHEET

31 March 2007

	Notes	31 3 07 £	£	31 3 06 £	£
FIXED ASSETS					
Intangible assets	6		8,750		10,000
Tangible assets	7		<u>4,448</u>		<u>4,894</u>
			13,198		14,894
CURRENT ASSETS					
Debtors	8	215,184		137,929	
Cash at bank		<u>22,127</u>		<u>88,715</u>	
		237,311		226,644	
CREDITORS					
Amounts falling due within one year	9	<u>179,671</u>		<u>191,679</u>	
NET CURRENT LIABILITIES			<u>57,640</u>		<u>34,965</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>70,838</u>		<u>49,859</u>
CAPITAL AND RESERVES					
Called up share capital	11		840		840
Profit and loss account	12		<u>69,998</u>		<u>49,019</u>
SHAREHOLDERS' FUNDS	15		<u>70,838</u>		<u>49,859</u>

ON BEHALF OF THE BOARD:



S A King - Director



N C Coote - Director

Approved by the Board and authorised for issue on 1 August 2007

Notes 1 to 15 form part of these financial statements

RSA ENVIRONMENTAL HEALTH LIMITED

CASH FLOW STATEMENT for the year ended 31 March 2007

	Notes	31 3 07 £	31 3 06 £
Net cash (outflow)/inflow from operating activities	I	(54,958)	95,951
Returns on investments and servicing of finance	II	656	1,316
Taxation		(11,249)	(25,251)
Capital expenditure	II	(1,037)	(1,296)
Equity dividends paid		<u>-</u>	<u>(84,000)</u>
Decrease in cash in the period		<u>(66,588)</u>	<u>(13,270)</u>
<hr/>			
Reconciliation of net cash flow to movement in net funds	III		
Decrease in cash in the period		<u>(66,588)</u>	<u>(13,270)</u>
Change in net funds resulting from cash flows		<u>(66,588)</u>	<u>(13,270)</u>
Movement in net funds in the period		(66,588)	(13,270)
Net funds at 1 April		<u>88,715</u>	<u>101,985</u>
Net funds at 31 March		<u>22,127</u>	<u>88,715</u>

Notes 1 to 15 form part of these financial statements

RSA ENVIRONMENTAL HEALTH LIMITED

NOTES TO THE CASH FLOW STATEMENT

for the year ended 31 March 2007

I RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	31 3 07 £	31 3 06 £
Operating profit	25,287	25,793
Depreciation charges and amortisation	2,733	2,882
Other income	250	-
Increase in debtors	(77,255)	(14,109)
(Decrease)/increase in creditors	<u>(5,973)</u>	<u>81,385</u>
Net cash (outflow)/inflow from operating activities	<u>(54,958)</u>	<u>95,951</u>

II ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31 3 07 £	31 3 06 £
Returns on investments and servicing of finance		
Interest received	<u>656</u>	<u>1,316</u>
Net cash inflow for returns on investments and servicing of finance	<u>656</u>	<u>1,316</u>
 Capital expenditure		
Purchase of tangible fixed assets	<u>(1,037)</u>	<u>(1,296)</u>
Net cash outflow for capital expenditure	<u>(1,037)</u>	<u>(1,296)</u>

III ANALYSIS OF CHANGES IN NET FUNDS

	At 1 4 06 £	Cash flow £	At 31 3 07 £
Net cash			
Cash at bank	<u>88,715</u>	<u>(66,588)</u>	<u>22,127</u>
	<u>88,715</u>	<u>(66,588)</u>	<u>22,127</u>
 Total	<u>88,715</u>	<u>(66,588)</u>	<u>22,127</u>

Notes 1 to 15 form part of these financial statements

RSA ENVIRONMENTAL HEALTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2007

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and are in accordance with applicable UK 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 2007.

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 a refund of 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 31 March 2007

3 STAFF COSTS

	31 3 07	31 3 06
	£	£
Wages and salaries	368,280	301,445
Social security costs	38,116	30,789
Sub-contractors	388,887	285,944
Other pension costs	<u>7,160</u>	<u>8,722</u>
	<u>802,443</u>	<u>626,900</u>

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

	31 3 07	31 3 06
Directors	3	3
Consultants	5	5
Sales	1	-
Administrative	<u>3</u>	<u>3</u>
	<u>12</u>	<u>11</u>

4 OPERATING PROFIT

The operating profit is stated after charging

	31 3 07	31 3 06
	£	£
Depreciation - owned assets	1,483	1,631
Goodwill amortisation	1,250	1,250
Auditors remuneration	2,760	2,550
Operating lease charges – land and buildings	5,814	5,814
– motor vehicles	<u>12,126</u>	<u>8,193</u>
Directors' emoluments	<u>51,452</u>	<u>47,249</u>

During the year one director (2006 - 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 07	31 3 06
	£	£
Current tax		
UK corporation tax	5,424	11,249
Corporation tax over-provision in respect of prior years	<u>(210)</u>	<u>-</u>
Tax on profit on ordinary activities	<u>5,214</u>	<u>11,249</u>

UK corporation tax has been charged at 19% (2006 – 19%)

RSA ENVIRONMENTAL HEALTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2007

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 07 £	31 3 06 £
Profit on ordinary activities before tax	<u>26,193</u>	<u>57,284</u>
Profit on ordinary activities multiplied by the lower rate of corporation tax in the UK of 19% (2006 - 19%)	4,977	10,884
Effects of		
Depreciation in excess of capital allowances claimed	40	49
Disallowed expenses and adjustments	407	316
Over-provision in prior periods	<u>(210)</u>	<u>-</u>
Current tax charge	<u>5,214</u>	<u>11,249</u>

6 INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1 April 2006 and 31 March 2007	<u>12,500</u>
AMORTISATION	
At 1 April 2006	2,500
Charge for year	<u>1,250</u>
At 31 March 2007	<u>3,750</u>
NET BOOK VALUE	
At 31 March 2007	<u>8,750</u>
At 31 March 2006	<u>10,000</u>

RSA ENVIRONMENTAL HEALTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2007

7 TANGIBLE FIXED ASSETS

	Office Equipment £
COST	
At 1 April 2006	23,967
Additions	<u>1,037</u>
At 31 March 2007	<u>25,004</u>
DEPRECIATION	
At 1 April 2006	19,073
Charge for year	<u>1,483</u>
At 31 March 2007	<u>20,556</u>
NET BOOK VALUE	
At 31 March 2007	<u>4,448</u>
At 31 March 2006	<u>4,894</u>

8 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 3 07 £	31 3 06 £
Trade debtors	122,728	114,726
Amounts owed by group undertakings	85,937	7,076
Prepayments and accrued income	<u>6,519</u>	<u>16,127</u>
	<u>215,184</u>	<u>137,929</u>

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 3 07 £	31 3 06 £
Trade creditors	50,623	14,006
Amounts owed to group undertakings	68,300	126,360
Tax	5,424	11,458
Social security and other taxes	8,958	-
VAT	40,671	31,255
Accrued expenses	5,695	4,456
Deferred income	<u>-</u>	<u>4,144</u>
	<u>179,671</u>	<u>191,679</u>

RSA ENVIRONMENTAL HEALTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2007

10 OPERATING LEASE COMMITMENTS

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

	31 3 07 £	31 3 06 £
Expiring		
Within one year – land and buildings	-	5,814
– motor vehicles	<u>1,034</u>	<u>-</u>
Within two to five years – land and buildings	17,442	-
– motor vehicles	<u>9,396</u>	<u>12,282</u>

11 CALLED UP SHARE CAPITAL

Authorised Number	Class	Nominal value	31 3 07 £	31 3 06 £
10,000	Ordinary	10p	<u>1,000</u>	<u>1,000</u>
Allotted, issued and fully paid Number	Class	Nominal value	31 3 07 £	31 3 06 £
8,400	Ordinary	10p	<u>840</u>	<u>840</u>

12 RESERVES

	Profit and loss account £
At 1 April 2006	49,019
Retained profit for the year	<u>20,979</u>
At 31 March 2007	<u>69,998</u>

RSA ENVIRONMENTAL HEALTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2007

13 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

14 ULTIMATE CONTROLLING PARTY

PHSC plc, incorporated in the UK, is the ultimate parent company of the group Mr S A King, managing director, is the ultimate controlling party with 26.5% (2006 - 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

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 3 07	31 3 06
	£	£
Profit for the financial year	20,979	46,035
Dividends	-	-
Net addition/(reduction) to shareholders' funds	20,979	46,035
Opening shareholders' funds	<u>49,859</u>	<u>3,824</u>
Closing shareholders' funds	<u>70,838</u>	<u>49,859</u>
Equity interests	<u>70,838</u>	<u>49,859</u>