

Registered number: 03293551

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017
FOR
RSA ENVIRONMENTAL HEALTH LIMITED**

TUESDAY



A09 *A6FAO45K* #186
19/09/2017
COMPANIES HOUSE

RSA ENVIRONMENTAL HEALTH LIMITED

CONTENTS OF THE FINANCIAL STATEMENTS for the year ended 31 March 2017

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditor	6
Statement of Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity for the Year	9
Statement of Cashflows	10
Notes to the Financial Statements	11
Trading Profit and Loss Account	20

RSA ENVIRONMENTAL HEALTH LIMITED

COMPANY INFORMATION
for year ended 31 March 2017

DIRECTORS:

S A King
N C Coote
J Smith

SECRETARY:

Lorraine Young Company Secretaries Limited

REGISTERED OFFICE:

The Old Church
31 Rochester Road
Aylesford
Kent
ME20 7PR

REGISTERED NUMBER:

03293551 (England and Wales)

AUDITOR:

Crowe Clark Whitehill LLP
Chartered Accountants & Registered Auditors
10 Palace Avenue
Maidstone
Kent
ME15 6NF

RSA ENVIRONMENTAL HEALTH LIMITED
for year ended 31 March 2017

REPORT OF THE DIRECTORS

The directors present their report with the audited financial statements of the Company for the year ended 31 March 2017.

PRINCIPAL ACTIVITIES

The principal activities of the Company in the year under review were that of provision of health and safety consultancy services and training, together with the sale of associated health and safety products.

REVIEW OF BUSINESS

Income has fallen year on year, as RSA Environmental Health Limited (RSA) continues its transition away from the provision of low-margin services to the public sector to higher margin private sector services. The benefit of this strategy is seen in the higher gross profit margins despite lower revenues.

Over the past year RSA has focused on adapting the company to one that no longer relies upon the previous strategy that was geared towards Local Authority contracts. This has allowed the business to concentrate its effort on the supporting of schools with their management of health and safety via the SafetyMARK service core offering. This area has seen an increase in growth from 2015-16 with the highest turnover achieved since the company moved into the schools market.

Indications show that there is a continuing demand despite cost pressures being placed on the mainstream schools sector. The SafetyMARK service is proving cost effective and is finding favour within its target market. The company seeks further growth through provision of services to multi academy trusts to build on revenues and increase the client base. Several multi-school partnerships have increased the number of schools under contract and this has brought in additional revenues.

The independent schools sector is another area where RSA has seen an uplift in clients using the SafetyMARK scheme. Cost pressures are less evident in this sector and the more complex nature of the schools concerned means that generally a higher premium can be commanded. Further marketing and attendance at the Independent Schools Bursars Association conference in May 2017 was aimed at increasing revenues from this part of the market.

One London borough council has continued to promote SafetyMARK as an alternative safety support service to that previously provided by the local authority. The business has seen modest growth in this area in the past year with the continued provision of audits and support as well as providing health and safety training within the borough. Currently there are 17 schools within the borough signed up to the scheme. Some schools are currently operating with no support and free training seminars were provided to increase awareness of the SafetyMARK brand. This resulted in new enquiries and an additional school signing up.

The continued success of SafetyMARK means that new enquiries from prospective clients are strong and new business is being gained without the existence of an aggressive marketing strategy. The key will now be to ensure that profitability is maximised by using the economies of scale afforded by a larger client base, as well as ensuring that costs are well controlled and standard fees are reviewed, where appropriate.

RSA ENVIRONMENTAL HEALTH LIMITED
for the year ended 31 March 2017

REPORT OF THE DIRECTORS

KEY PERFORMANCE INDICATORS	Notes	31.3.17 £	31.3.16 £
Earnings before interest, tax, depreciation and amortisation (EBITDA)		35,697	45,970
Add back: management charge from PHSC plc		30,000	27,500
	a	<u>65,697</u>	<u>73,470</u>
Turnover		374,083	413,131
Gross profit		206,853	219,288
Gross profit margin (<i>gross profit / turnover</i>)	b	55%	53%
Trade debtors		62,746	91,443
Trade debtors excluding VAT		52,287	76,202
Debtor days (<i>trade debtors excluding VAT / turnover x 365</i>)	c	51	67
Current assets		174,413	189,548
Less: amounts owed by group companies		-	-
		<u>174,413</u>	<u>189,548</u>
Current liabilities		524,813	555,084
Amounts owed to group companies		(475,891)	(471,363)
		<u>48,922</u>	<u>83,721</u>
Current ratio (<i>current assets / current liabilities</i>) (<i>both excluding group balances</i>)	d	3.6	2.3
Staff statistics (excluding directors)	e		
Joiners during the year		1	3
Leavers during the year		2	3
Average length of service per staff member		4 years	2 years

Notes:

- (a) The key figure for profitability used by the directors and management team is EBITDA with the management charges from PHSC plc added back. This figure forms the basis of announcements of the consolidated group results to investors.
- (b) The gross profit margin is tracked on a monthly basis as this reflects the core profitability of the company and illustrates the financial success of the services being provided by RSA. The 2% increase in the gross profit margin reflects the further reduction in income from local authority placements during the year ended 31 March 2017 where the margins achieved are significantly lower.
- (c) The debtor's days shows how quickly sales are being converted into cash; RSA waits under 2 months to be paid.
- (d) The current ratio is used to monitor the liquidity of RSA. The figure of 3.6 suggests that RSA can comfortably meet its short term obligations. The improvement of the figure can be attributed to group loss relief resulting in the corporation tax liability as at 31 March 2017 (2016: £9,141) being reduced to zero and a significant reduction in deferred income as sales invoices to schools are increasingly being raised termly as opposed to annually in advance.
- (e) One full time administrator left the employment of RSA during the year and was replaced after a short delay. A part time member of the administration team also left the company and was not replaced.

RSA ENVIRONMENTAL HEALTH LIMITED
for year ended 31 March 2017

REPORT OF THE DIRECTORS

DIVIDENDS

A £20,000 dividend (2016 – £20,000) was paid to the holding company, PHSC plc, during the year.

DIRECTORS

The directors during the year under review were:

S A King
N C Coote
J Smith

INTERNAL CONTROLS

The directors acknowledge their responsibilities for the Company's systems of internal control. The directors consider all major business and financial risks and resolve strategic decisions. Accepting that no system 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 and uncertainties. As the Company is a 100% subsidiary of PHSC plc, it is appropriate to consider these in the context of the Group as a whole. Further discussion is provided in note 1 to the financial statements in the Group's annual report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under the law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union 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 and loss for that period. In preparing the 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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.

GOING CONCERN

The directors confirm that they consider the going concern basis to be appropriate. The Company can access support from its holding company, PHSC plc, that has considerable financial resources together with long-term agreements with a number of customers based in different geographic areas. As a consequence, the directors have a reasonable expectation that the Company, will be able to continue in operational existence for the foreseeable future.

RSA ENVIRONMENTAL HEALTH LIMITED
for year ended 31 March 2017

REPORT OF THE DIRECTORS

PROVISION OF INFORMATION TO THE AUDITOR

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 auditor is 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 auditor is aware of that information.

The above report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

AUDITOR

A resolution to re-appoint Crowe Clark Whitehill LLP as auditors to the company will be proposed at the next Annual General Meeting.

ON BEHALF OF THE BOARD:



S A King - Director
10 August 2017

**REPORT OF THE INDEPENDENT AUDITOR TO THE SHAREHOLDERS OF
RSA ENVIRONMENTAL HEALTH LIMITED**

We have audited the financial statements of RSA Environmental Health Limited for the year ended 31 March 2017 which comprise the statement of financial position, the statement of comprehensive income, the cash flow statement, the statement of changes in equity and the related notes numbered 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's shareholders, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 explained more fully in the statement of directors' responsibilities, 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 based on the work undertaken in the course of our audit

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the the directors' report.

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.

Crowe Clark Whitehill LLP

Darren Rigden, Senior Statutory Auditor
For and on behalf of **Crowe Clark Whitehill LLP** Statutory Auditor
10 Palace Avenue
Maidstone
Kent
ME15 6NF

10 August 2017

RSA ENVIRONMENTAL HEALTH LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2017**

	Note	31.3.17 £	31.3.16 £
Revenue	3	374,083	413,131
Cost of sales		<u>(167,230)</u>	<u>(193,843)</u>
GROSS PROFIT		206,853	219,288
Administrative expenses		<u>(171,727)</u>	<u>(173,927)</u>
PROFIT BEFORE TAXATION	4	35,126	45,361
Income tax expense	8	<u>(279)</u>	<u>(8,890)</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		34,847	36,471
Other comprehensive income		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME		<u>34,847</u>	<u>36,471</u>
Attributable to equity holders		34,847	36,471

All amounts relate to continuing activities.

Accounting policies and notes on pages 11 to 19 form part of these financial statements

RSA ENVIRONMENTAL HEALTH LIMITED

STATEMENT OF FINANCIAL POSITION
as at 31 March 2017

	Note	31.3.17 £	31.3.16 £
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,713	1,829
Goodwill	9	417,632	417,632
Deferred taxation asset	15	-	166
		<u>419,345</u>	<u>419,627</u>
CURRENT ASSETS			
Inventory	11	400	400
Trade and other receivables	12	73,326	100,076
Cash at cash equivalents		100,687	89,072
		<u>174,413</u>	<u>189,548</u>
TOTAL ASSETS		593,758	609,175
CURRENT LIABILITIES			
Trade and other payables	13	524,814	545,943
Current corporation tax payable		-	9,141
		<u>524,814</u>	<u>555,084</u>
NON CURRENT LIABILITIES			
Deferred taxation	15	6	-
TOTAL LIABILITIES		524,820	555,084
NET ASSETS		<u>68,938</u>	<u>54,091</u>
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS			
Called up share capital	16	840	840
Retained earnings		68,098	53,251
		<u>68,938</u>	<u>54,091</u>

Approved and authorised for issue by the Board on 10 August 2017 and signed on its behalf by:



S A King - Director

RSA ENVIRONMENTAL HEALTH LIMITED

**STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2017**

	Share Capital £	Retained Earnings £	Total £
Balance at 1 April 2015	840	36,780	37,620
Total comprehensive income	-	36,471	36,471
Dividends paid	-	(20,000)	(20,000)
Balance at 31 March 2016	<u>840</u>	<u>53,251</u>	<u>54,091</u>
Balance at 1 April 2016	840	53,251	54,091
Total comprehensive income	-	34,847	34,847
Dividends paid	-	(20,000)	(20,000)
Balance at 31 March 2017	<u>840</u>	<u>68,098</u>	<u>68,938</u>

RSA ENVIRONMENTAL HEALTH LIMITED

**STATEMENT OF CASH FLOWS
for the year ended 31 March 2017**

	Note	31.3.17 £	31.3.16 £
Cash flows from operating activities:			
Cash generated from operations	I	41,318	40,203
Tax paid		<u>(9,248)</u>	<u>(2,522)</u>
Net cash generated from operating activities		<u>32,070</u>	<u>37,681</u>
Cash flows used in investing activities			
Purchase of property, plant and equipment		<u>(455)</u>	<u>-</u>
Net cash used in investing activities		<u>(455)</u>	<u>-</u>
Cash flows used by financing activities			
Dividends paid to Group shareholders		<u>(20,000)</u>	<u>(20,000)</u>
Net cash used by financing activities		<u>(20,000)</u>	<u>(20,000)</u>
Net increase in cash and cash equivalents		11,615	17,681
Cash and cash equivalents at beginning of year		<u>89,072</u>	<u>71,391</u>
Cash and cash equivalents at end of year		<u>100,687</u>	<u>89,072</u>

**NOTES TO THE STATEMENT OF CASH FLOWS
for the year ended 31 March 2017**

	31.3.17 £	31.3.16 £
I. CASH GENERATED FROM OPERATIONS		
Operating profit – continuing operations	35,126	45,361
Depreciation charge	571	609
Decrease in trade and other receivables	26,750	4,319
Decrease in trade and other payables	<u>(21,129)</u>	<u>(10,086)</u>
Cash generated from operations	<u>41,318</u>	<u>40,203</u>

RSA ENVIRONMENTAL HEALTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2017

1. BASIS OF PREPARATION

The company's financial statements have been prepared in accordance with IFRSs, as adopted by the European Union, International Financial Reporting Intermediate Committee (IFRIC) interpretations and the Companies Act 2006 applicable to companies reporting under IFRSs. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 19.

Accounting standards require the directors to consider the appropriateness of the going concern basis when preparing the financial statements. The directors confirm that they consider that the going concern basis remains appropriate. The directors have taken notice of the Financial Reporting Council guidance which requires the reasons for this decision to be explained. The directors regard the going concern basis as remaining appropriate as the Group has adequate resources to continue in operational existence for the foreseeable future based upon forecasts. Further details are provided in the directors' report.

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective and in some cases have not been adopted by the European Union. Following an assessment by the directors, IFRS 15 concerning revenue recognition, is not expected to have an impact on the company's future financial statements. IFRS 16 may have an impact on the measurement and treatment of operating leases and the related disclosures but the figures concerned are not expected to be material

RSA ENVIRONMENTAL HEALTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2017

2. ACCOUNTING POLICIES

Revenue

Revenue which excludes value added tax, represents the amount receivable in respect of services provided to customers. Revenue from services is recognised as the services are provided. In respect of services invoiced in advance, amounts are deferred until provision of the service. 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.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Segmental reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. The directors regard the operations of the company as being one business segment. Further analysis of revenue is disclosed in note 3.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged to the income statement.

Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of non-current assets, less their estimated residual value, over their expected useful lives on the following bases:

Furniture, fittings and equipment - 25% reducing balance

Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term in arriving at the profit before income tax.

Inventory

Inventory is valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks. The costs of inventory are calculated on a first in first out basis.

Intangible assets

Goodwill arose on the hive up of the business and assets of In House Hygiene Management Company Limited to RSA on 31 March 2010 and represents the excess of the cost of acquisition over the net asset values of the interests acquired. Such goodwill is capitalised as an intangible asset and is stated at cost less accumulated amortisation and impairment losses.

Financial instruments

Provision is made for diminution in value where appropriate. Trade payables are recognised at initially fair value and subsequently measured at amortised cost.

RSA ENVIRONMENTAL HEALTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2017**

2. ACCOUNTING POLICIES (continued)

Impairment of Intangible Assets and Property, Plant and Equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from the business combination on which the goodwill arose, and represent the lowest level at which management monitors the related cash flows.

Goodwill, other individual assets or cash-generating units that include goodwill, other intangible assets with an indefinite useful life, and those intangible assets not yet available for use, are tested for impairment at least annually. All intangible assets and property, plant and equipment with a finite life 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 or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use, based on an internal discounted cash flow evaluation. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. Impairment losses are charged to administrative expenses.

3. REVENUE

The revenue of the Company during the year was generated in the United Kingdom and the revenue of the company for the year derives from the same class of business as noted in the Directors' Report.

4. PROFIT BEFORE TAXATION

The profit before taxation is stated after charging:	31.3.17	31.3.16
	£	£
Depreciation – owned assets	571	609
Operating lease charges – motor vehicles	<u>8,087</u>	<u>10,124</u>

5. DIRECTORS' REMUNERATION

	31.3.17	31.3.16
	£	£
Directors' emoluments and other benefits	51,973	51,964
Pension contributions	<u>2,980</u>	<u>530</u>
	<u>54,953</u>	<u>52,494</u>

6. STAFF COSTS

The average monthly number of employees during the year was as follows:

Directors	3	3
Consultants	4	5
Administration	<u>1</u>	<u>1</u>
	<u>8</u>	<u>9</u>

RSA ENVIRONMENTAL HEALTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 March 2017**

6. STAFF COSTS (continued)

The aggregate payroll costs of these persons were as follows:	31.3.17	31.3.16
	£	£
Wages and salaries	172,388	198,478
Social security costs	16,670	18,969
Other pension costs	- 5,319	6,172
	194,377	223,619

The directors are considered to be key management personnel of the Company.

7. AUDITOR'S REMUNERATION

During the year the Company obtained the following services from the Company's auditors as detailed below:

	31.3.17	31.3.16
	£	£
Audit of the company's annual financial statements	3,000	3,000

8. INCOME AND DEFERRED TAX CHARGES

Analysis of the tax charge

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

	31.3.17	31.3.16
	£	£
Current tax:		
UK corporation tax at 20% (2016 – 20%)	-	9,141
Corporation tax under provision in respect of prior years	107	-
Total current tax	107	9,141
Deferred tax:		
Origination and reversal of timing differences	172	(155)
Adjustments in respect of prior periods	-	(97)
Effect of tax rate change on opening balance	-	1
Total tax charge	279	8,890

Factors affecting the tax charge

The tax assessed for the year is lower (2016 – lower) than the standard rate of corporation tax in the UK.

The difference is explained below:

	31.3.17	31.3.16
	£	£
Profit on ordinary activities before tax	35,126	45,361
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2016: 20%)	7,025	9,072
Effects of:		
Expenses not deductible for tax purposes	-	37
Other permanent differences	-	(131)
Adjustment in respect of prior period	107	(97)
Group loss relief	(6,844)	-
Adjust deferred tax to standard CT rate of 20%	(9)	9
Total tax charge	279	8,890

RSA ENVIRONMENTAL HEALTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS – continued
for the year ended 31 March 2017**

9. GOODWILL

	Goodwill £
COST	
At 1 April 2016 and 31 March 2017	<u>430,132</u>
AMORTISATION	
At 1 April 2016 and 31 March 2017	<u>12,500</u>
NET BOOK VALUE	
At 31 March 2017 and 31 March 2016	<u>417,632</u>

When considering impairment, the directors have taken the cash flow forecasts prepared for the year ended 31 March 2017 and have assumed that these will continue unchanged over a six-year horizon. A six year period has been used as the board of the holding company, PHSC plc, uses this period to assess potential acquisitions. Adoption of a nil growth rate is deemed prudent in the current economic environment, though every avenue is being explored to develop each area of the company's business to achieve growth.

	Margin in carrying value £	Annual cash flow at which impairment is required £	WACC at which impairment is required %
Goodwill in respect of In House	211,641	23,280	34

10. PROPERTY, PLANT AND EQUIPMENT

	Office Equipment £
COST OR VALUATION	
At 1 April 2016	7,611
Additions	455
Disposals	-
As at 31 March 2017	<u>8,066</u>
DEPRECIATION	
At 1 April 2016	5,782
Charge for the year	571
Disposals	-
At 31 March 2017	<u>6,353</u>
NET BOOK VALUE	
At 31 March 2017	<u>1,713</u>
At 31 March 2016	<u>1,829</u>

RSA ENVIRONMENTAL HEALTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS – continued
for the year ended 31 March 2017**

11. INVENTORY

	31.3.17	31.3.16
	£	£
Finished goods	<u>400</u>	<u>400</u>

There has been no change in the level of finished goods during the year and thus no amount has been expensed in the year.

12. TRADE AND OTHER RECEIVABLES

	31.3.17	31.3.16
	£	£
Trade receivables	62,746	91,443
Other receivables, prepayments and accrued income	<u>10,580</u>	<u>8,633</u>
	<u>73,326</u>	<u>100,076</u>

The recoverability of receivables is not considered to be a significant issue to the company. Many customers have a long standing relationship with RSA. A clearly defined procedure for credit control is in place and the level and age of debtors are reviewed on a regular basis by both the company directors and by the board of PHSC plc.

Some of the trade receivables are past due but not impaired as at 31 March 2017. The ageing analysis of these trade receivables is as follows:

	31.3.17	31.3.16
	£	£
Current	52,547	71,729
One month overdue	9,681	12,681
Two to six months overdue	518	7,033
Over six months overdue	-	-
	<u>62,746</u>	<u>91,443</u>

As at 31 March 2017 there were no trade receivables past due and impaired (2016 - £nil). The receivables due at the end of the financial year relate to trading customers.

13. TRADE AND OTHER PAYABLES

	31.3.17	31.3.16
	£	£
Trade payables	4,894	3,925
Social security and other taxes	17,802	23,876
Amount owed to group undertakings	475,891	471,363
Other payables	1,035	2,393
Accruals and deferred income	<u>25,192</u>	<u>44,386</u>
	<u>524,814</u>	<u>545,943</u>

On 1 October 2008, the Company and the PHSC plc Group entered into an unlimited multilateral guarantee with HSBC plc. This facility is reviewed annually. The Company's balance as at 31 March 2017 was £100,687 (2016: £89,072) within the Group's cash at bank and in hand figure of £206,718 (2016: £256,558).

RSA ENVIRONMENTAL HEALTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS – continued
for the year ended 31 March 2017**

14. OPERATING LEASE COMMITMENTS

The Company had aggregate annual commitments under non-cancellable operating leases as follows:	31.3.17	31.3.16
	£	£
Expiring		
Within one year – motor vehicles	5,114	12,430
Between two to five years – motor vehicles	-	9,477
	5,114	21,907

15. DEFERRED TAXATION LIABILITY/(ASSET)

	31.3.17	31.3.16
	£	£
Deferred taxation liability/(asset)	6	(166)
	Deferred	Deferred
	tax	tax
	£	£
At 1 April 2016	(166)	85
Deferred tax debit in year (see note 8)	172	(251)
At 31 March 2017	6	(166)

16. SHARE CAPITAL

Authorised	31.3.17	31.3.16
	£	£
10,000 ordinary shares – nominal value £0.10	1,000	1,000
Allotted, issued and fully paid	31.3.17	31.3.16
	£	£
8,400 ordinary shares – nominal value £0.10	840	840

17. RELATED PARTY DISCLOSURES

A management charge is levied by PHSC plc to its subsidiary companies to reflect the central services it provides.

	31.3.17	31.3.16
	£	£
Management charge from PHSC plc to RSA	30,000	27,500

The inter-company balances between RSA and the other companies within the PHSC plc group are summarised below.

RSA ENVIRONMENTAL SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS – continued
for the year ended 31 March 2017**

RELATED PARTY DISCLOSURES (continued)

	31.3.17	31.3.16
	£	£
Amounts owed to group undertakings		
PHSC plc	819	-
QCS International Limited	2,361	-
Personnel Health & Safety Consultants Limited	588	1,969
Adamson's Laboratory Services Limited	2,818	89
In House The Hygiene Management Company Limited	469,305	469,305
	<u>475,891</u>	<u>471,363</u>

18. FINANCIAL INSTRUMENTS

	31.3.17	31.3.16
	£	£
Set out below are the company's financial instruments:		
Financial assets at amortised cost		
Trade and other receivables	73,326	100,076
Cash and cash equivalents	100,687	89,072
	<u>174,013</u>	<u>189,148</u>
Financial liabilities at amortised cost		
Trade and other payables	524,814	545,943
	<u>524,814</u>	<u>545,943</u>
Due within 1 year	524,814	545,943
Due in over 1 year	-	-
	<u>524,814</u>	<u>545,943</u>

The Company's principal financial instruments comprise cash, short terms borrowings and various items such as trade receivables, trade payables etc. that arise directly from operations. The main purpose of these financial instruments is the funding of the company's trading activities.

The main risks arising from the company's financial instruments are liquidity risk and credit risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous periods.

The source currency of the assets and liabilities of the company are held in sterling and all transactions are in sterling. The company is not therefore exposed to currency risk.

Liquidity risk

The Company seeks to manage financial risk by ensuring sufficient liquidity is available from current banking facilities to meet foreseeable needs and to invest cash assets safely and profitably. The company operates within the group facility provided to PHSC plc by HSBC plc.

Credit risk

The Company's principal financial assets are cash and trade receivables. The credit risk associated with the cash is limited and the risk of non-payment through credit sales is monitored very closely by the directors.

Fair values

The fair values of the company's financial instruments are considered not to be materially different to their book value.

RSA ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS – continued for the year ended 31 March 2017

19. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The company may be required to make estimates and assumptions concerning the future. These estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The principal areas where judgement was exercised are as follows:

- Office equipment: the directors annually assess both the residual value of these assets and the expected useful life of such assets which is currently judged to be up to 4 years, based on experience.
- Provision for obsolete and slow moving stock: the directors annually assess the stock held for any slow moving or obsolete stock. An annual provision is made for any items where the cost is considered not fully recoverable.
- Recoverability of trade debtors: the directors annually assess whether a bad debt provision is required for any bad or doubtful debtor balances.

20. PARENT UNDERTAKING

PHSC plc, incorporated in the UK, is the ultimate parent company of the group. There is no ultimate controlling party but Ms N C Coote, deputy group chief executive, owns 21.42% (2016: Mr S A King, 24.68%) 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.