

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014
FOR
RSA ENVIRONMENTAL HEALTH LIMITED**

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RSA ENVIRONMENTAL HEALTH LIMITED

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for the year ended 31 March 2014**

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RSA ENVIRONMENTAL HEALTH LIMITED

COMPANY INFORMATION
for year ended 31 March 2014

DIRECTORS:

S A King
N C Coote
S P Letley

SECRETARY:

L E Young

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 2014

REPORT OF THE DIRECTORS

The directors present their report with the audited financial statements of the Company for the year ended 31 March 2014.

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

The year saw an anticipated return to growth, brought about by the repositioning of the business in the previous two financial years. The increase in both revenue and profitability was a direct result of the uptake of the school SafetyMARK service, a support and auditing service, leading to certification, offered to schools and colleges by the In House division of RSA.

The number of educational establishments signed up to the programme stands at approximately 100, with new joiners at the rate of a one a week. Contract renewals are presently running at 90%. Extra services are being introduced to enhance the value of contracts and to encourage client retention. In the year ended 31 March 2014, the Company benefitted from second year income from the original SafetyMARK contracts as well as adding more clients at an accelerating rate; direct income from SafetyMARK more than doubled from £31,000 in the previous year to £72,000 in 2013/14. A useful, synergistic partnership with an online school safety management system provider also helped boost revenues.

Overall, school work increased by around £111,000 in 2013/14, and is rapidly replacing other work that had traditionally been delivered by the Company. The uplift in value compares with a contraction of around £82,000 in non-school revenues for the Company.

The school-specific training courses designed and had accredited by the Institution of Occupational Safety and Health (IOSH), proved to be popular. When run as public courses, these have the added benefit of being a shop window for the school safety support services (including SafetyMARK) which the Company provides. As the brand becomes better known, opportunities arise to present at events as experts in the field of school safety as well as to explore other useful partnerships. These types of innovative conduits have become the focus of the marketing effort, as opposed to the more costly traditional methods. This helped lower the cost base in 2013/14 and assisted with the increase in profitability.

Further links are being built with the National Association of School Business Management (NASBM) and with the International Institute of Risk and Safety Management (IIRSM). The latter relationship involves an exciting school safety project named LoCHER, which is also associated with the Health and Safety Executive.

RSA ENVIRONMENTAL HEALTH LIMITED
for the year ended 31 March 2014

REPORT OF THE DIRECTORS

KEY PERFORMANCE INDICATORS	Notes	31.3.14 £	31.3.13 £
Earnings before interest, tax, depreciation and amortisation (EBITDA)		46,126	1,461
Add back: management charge from PHSC plc		12,000	12,000
	a	58,126	13,461
Turnover		499,366	420,734
Gross profit		229,951	201,235
Gross profit margin	b	46%	48%
Trade debtors		76,451	85,171
Trade debtors excluding VAT		63,709	70,976
Debtor days	c	47	62
Current assets		171,298	135,899
Less: amounts owed by group companies		(414)	-
		171,184	135,899
Current liabilities		554,928	556,561
Amounts owed to group companies		(470,465)	(470,847)
		84,463	85,714
Current ratio	d	2.0	1.6
Staff statistics (excluding directors)	e		
Joiners during the year		0	1
Leavers during the year		1	1
Average length of service per staff member		6 years	5 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% decrease in the gross profit margin reflects the two fold increase in income from local authority placements during the year ended 31 March 2014 where the margins achieved are significantly lower.
- (c) The improvement in debtors days shows that sales are being converted more quickly into cash; RSA currently waits between 1 and 2 months to be paid.
- (d) The current ratio is used to monitor the liquidity of RSA. The figures of 2 and 1.6 suggest that RSA can comfortably meet its short term obligations.
- (e) RSA had five members of staff at the year end. One administrative member of staff left during the year and was not replaced.

RSA ENVIRONMENTAL HEALTH LIMITED
for year ended 31 March 2014

REPORT OF THE DIRECTORS

DIVIDENDS

No dividend (2013 – nil) 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
S P Letley

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 on pages 9 and 10 of the Group's annual report that does not form part of these financial statements.

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 2014

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.

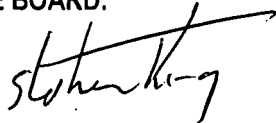
The above report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

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 King - Director
31 July 2014



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

We have audited the financial statements of RSA Environmental Health Limited which comprise the income statement, statement of financial position, statement of comprehensive income, statement of cashflows and related notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial reporting Standards (IFRS) 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 auditors' 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 preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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 Ethical Standards for Auditors.

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.

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 2014 and of the profit for the year then ended;
- have been properly prepared in accordance with IFRS 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 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 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.

Keith Newman (senior statutory auditor)

for and on behalf of

CROWE CLARK WHITEHILL LLP

Statutory Auditors

10 Palace Avenue, Maidstone, Kent ME15 6NF

31 July 2014

RSA ENVIRONMENTAL HEALTH LIMITED
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2014

	Note	31.3.14 £	31.3.13 £
Revenue	3	499,366	420,734
Cost of sales		<u>(269,415)</u>	<u>(219,499)</u>
GROSS PROFIT		229,951	201,235
Administrative expenses		<u>(186,037)</u>	<u>(202,306)</u>
PROFIT BEFORE TAXATION	4	43,914	(1,071)
Income tax expense	8	<u>(9,059)</u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		<u>34,855</u>	<u>(1,071)</u>
Attributable to equity holders		34,855	(1,071)

All amounts relate to continuing activities.

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

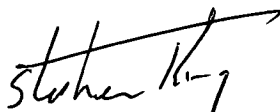
RSA ENVIRONMENTAL HEALTH LIMITED

STATEMENT OF FINANCIAL POSITION
as at 31 March 2014

	Note	31.3.14 £	31.3.13 £
NON-CURRENT ASSETS			
Property, plant and equipment	10	2,886	3,847
Goodwill	9	417,632	418,882
Deferred taxation asset		34	-
		<u>420,552</u>	<u>422,729</u>
CURRENT ASSETS			
Inventory	11	400	400
Trade and other receivables	12	80,692	88,668
Cash at cash equivalents		90,206	46,831
		<u>171,298</u>	<u>135,899</u>
TOTAL ASSETS		591,850	558,628
CURRENT LIABILITIES			
Trade and other payables	13	545,835	556,561
Current corporation tax payable		9,093	-
		<u>554,928</u>	<u>556,561</u>
TOTAL LIABILITIES		554,928	556,561
NET ASSETS		<u>36,922</u>	<u>2,067</u>
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS			
Called up share capital	16	840	840
Retained earnings		36,082	1,227
		<u>36,922</u>	<u>2,067</u>

Approved and authorised for issue by the Board on 31 July 2014 and signed on its behalf by:

S A King - Director



N C Coote - Director



RSA ENVIRONMENTAL HEALTH LIMITED

STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2014

	Share Capital £	Retained Earnings £	Total £
Balance at 1 April 2012	840	2,298	3,138
Profit for year attributable to equity holders	-	(1,071)	(1,071)
Balance at 31 March 2013	<u>840</u>	<u>1,227</u>	<u>2,067</u>
Balance at 1 April 2013	840	1,227	2,067
Profit for year attributable to equity holders	-	34,855	34,855
Balance at 31 March 2014	<u>840</u>	<u>36,082</u>	<u>36,922</u>

RSA ENVIRONMENTAL HEALTH LIMITED

**STATEMENT OF CASH FLOWS
for the year ended 31 March 2014**

	Note	31.3.14 £	31.3.13 £
Cash flows from operating activities:			
Cash generated from operations	I	43,375	19,759
Tax paid		-	-
Net cash generated from operating activities		<u>43,375</u>	<u>19,759</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		-	(825)
Net cash used in investing activities		<u>-</u>	<u>(825)</u>
Cash flows from financing activities			
Dividends paid to Group shareholders		-	-
Net cash used by financing activities		<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents		43,375	18,934
Cash and cash equivalents at beginning of year		46,831	27,897
Cash and cash equivalents at end of year		<u>90,206</u>	<u>46,831</u>

**NOTES TO THE STATEMENT OF CASH FLOWS
for the year ended 31 March 2014**

	31.3.14 £	31.3.13 £
I. CASH GENERATED FROM OPERATIONS		
Operating profit/(loss) – continuing operations	43,914	(1,071)
Depreciation charge	961	1,282
Goodwill impairment	1,250	1,250
Decrease in debtors	7,976	14,442
(Decrease)/increase in creditors	(10,726)	3,856
Cash generated from operations	<u>43,375</u>	<u>19,759</u>

RSA ENVIRONMENTAL HEALTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2014

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 accounting basis has changed from the previous year when the financial statements were prepared under applicable United Kingdom Generally Accepted Accounting Principles (UK GAAP). The comparative information has been restated in accordance with IFRS and the changes to accounting policies are explained in note 21 together with the reconciliation of opening balances. The date of transition to IFRS is 1 April 2012.

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 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009' 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.

At the date of authorisation of these financial statements, the following standards and interpretations which have not yet been applied in these financial statements were in issue, but not yet effective (and in some cases had not yet been adopted by the EU).

IFRS standards and interpretations issued (and EU adopted) but not yet effective	
Title	Effective date, accounting period beginning on/after
IAS 19 Amendment – Employee benefits	01/01/2013
IFRS 7 and IAS 32 Offsetting financial assets and financial liabilities	01/01/2013
IAS 27 Separate financial statements	01/01/2013
IAS 28 Investments in associates and joint ventures	01/01/2013
IFRS 10 Consolidated financial statements	01/01/2013
IFRS 11 Joint arrangements	01/01/2013
IFRS 12 Disclosure of interests in other entities	01/01/2013
IFRS 13 Fair value measurement	01/01/2013
IFRIC 20: Stripping costs in the production phase of a surface mine	01/01/2013
 IFRS Standards and Interpretations issued by IASB but not yet EU approved	
Title	Effective date, accounting period beginning on/after
IFRS 9 Financial instruments	unknown
IAS 16 and IAS 38 Amendments: clarification of acceptable methods of depreciation and amortisation	01/01/2016

The adoption of these standards, amendments and interpretations is not expected to have a material impact on the Company's profit for the period or equity. The adoptions may affect disclosures in the Company's financial statements

RSA ENVIRONMENTAL HEALTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2014

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.

RSA ENVIRONMENTAL HEALTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 March 2014

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:	31.3.14	31.3.13
	£	£
Depreciation – owned assets	961	1,282
Goodwill impairment	1,250	1,250
Operating lease charges – motor vehicles	<u>10,649</u>	<u>17,646</u>

5. DIRECTORS' REMUNERATION

	31.3.14	31.3.13
	£	£
Directors' emoluments and other benefits	53,040	56,540
Pension contributions	<u>1,591</u>	<u>1,583</u>
	<u>54,631</u>	<u>58,123</u>

6. STAFF COSTS

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

Directors	3	3
Consultants	4	4
Administration	<u>1</u>	<u>2</u>
	<u>8</u>	<u>9</u>

RSA ENVIRONMENTAL HEALTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2014

6. STAFF COSTS (continued)

The aggregate payroll costs of these persons were as follows:	31.3.14	31.3.13
	£	£
Wages and salaries	213,936	210,632
Social security costs	21,655	20,612
Other pension costs	7,551	7,728
	<u>243,142</u>	<u>238,972</u>

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:

	31.3.14	31.3.13
	£	£
Audit of the company's annual financial statements	<u>3,000</u>	<u>3,000</u>

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:

	31.3.14	31.3.13
	£	£
Current tax:		
UK corporation tax at 23% (2013 – 24%)	9,093	-
Corporation tax under provision in respect of prior years	-	-
Total current tax	<u>9,093</u>	<u>-</u>
Deferred tax:		
Origination and reversal of timing differences	(62)	-
Adjustments in respect of prior periods	26	-
Effect of tax rate change on opening balance	2	-
Tax on profit on ordinary activities	<u>(34)</u>	<u>-</u>

Factors affecting the tax charge

The tax assessed for the year is higher (2013 – higher) than the standard rate of corporation tax in the UK.

The difference is explained below:

	31.3.14	31.3.13
	£	£
Profit/(loss) on ordinary activities before tax	<u>43,914</u>	<u>(1,071)</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23% (2013: 24%)	10,100	(257)
Effects of:		
Other permanent differences	6	(6)
Adjustment in respect of prior period	26	-
Effect of tax rate change on opening balance	2	-
Marginal relief	(1,075)	-
Group relief surrendered before payment	-	263
Total current tax	<u>9,059</u>	<u>-</u>

RSA ENVIRONMENTAL HEALTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS – continued
for the year ended 31 March 2014**

9. GOODWILL

	Goodwill £
COST	
At 1 April 2013 and 31 March 2014	<u>430,132</u>
AMORTISATION	
At 1 April 2013	11,250
Impairment	<u>1,250</u>
At 31 March 2014	<u>12,500</u>
NET BOOK VALUE	
At 31 March 2014	<u>417,632</u>
At 31 March 2013	<u>418,882</u>

When considering impairment, the directors have taken the cash flow forecasts prepared for the year ended 31 March 2014 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	163,930	46,900	14.5%

10. PROPERTY, PLANT AND EQUIPMENT

	Office Equipment £
COST OR VALUATION	
At 1 April 2013 and 31 March 2014	34,349
DEPRECIATION	
At 1 April 2013	30,502
Charge for the year	<u>961</u>
At 31 March 2014	<u>31,463</u>
NET BOOK VALUE	
At 31 March 2014	<u>2,886</u>
At 31 March 2013	<u>3,847</u>

RSA ENVIRONMENTAL HEALTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS – continued for the year ended 31 March 2014

11. INVENTORY

	31.3.14	31.3.13
	£	£
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

	31.3.14	31.3.13
	£	£
Trade receivables	76,451	85,171
Amount owed by group undertakings	414	-
Other receivables, prepayments and accrued income	<u>3,827</u>	<u>3,497</u>
	<u>80,692</u>	<u>88,668</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 2014. The ageing analysis of these trade receivables is as follows:

	31.3.14	31.3.13
	£	£
Current	58,240	72,328
One month overdue	16,920	11,135
Two to six months overdue	1,291	1,708
Over six months overdue	-	-
	<u>76,451</u>	<u>85,171</u>

As at 31 March 2014 there were no trade receivables past due and impaired (2013 - £753). The receivables due at the end of the financial year relate to trading customers.

13. TRADE AND OTHER PAYABLES

	31.3.14	31.3.13
	£	£
Trade payables	4,880	11,723
Social security and other taxes	22,106	26,115
Amount owed to group undertakings	470,465	470,847
Other payables	1,871	3,467
Accruals and deferred income	<u>46,513</u>	<u>44,409</u>
	<u>545,835</u>	<u>556,561</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 2014 was £90,206 (2013: £46,831) within the Group's cash at bank and in hand figure of £712,397 (2013: £216,088).

RSA ENVIRONMENTAL HEALTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS – continued for the year ended 31 March 2014

14. OPERATING LEASE COMMITMENTS

The Company had aggregate annual commitments under non-cancellable operating leases as follows:	31.3.14	31.3.13
Expiring	£	£
Within one year – motor vehicles	5,369	12,998
Between two to five years – motor vehicles	-	7,428
	<u>5,369</u>	<u>20,426</u>

15. DEFERRED TAXATION ASSET

	31.3.14	31.3.13
	£	£
Deferred taxation asset	<u>34</u>	<u>-</u>
	Deferred tax	Deferred tax
	£	£
At 1 April 2013	-	-
Deferred tax debit in year (see note 8)	<u>34</u>	<u>-</u>
At 31 March 2014	<u>34</u>	<u>-</u>

16. SHARE CAPITAL

Authorised	31.3.14	31.3.13
	£	£
10,000 ordinary shares – nominal value £0.10	<u>1,000</u>	<u>1,000</u>
Allotted, issued and fully paid	31.3.14	31.3.13
	£	£
8,400 ordinary shares – nominal value £0.10	<u>840</u>	<u>840</u>

17. RELATED PARTY DISCLOSURES

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

	31.3.14	31.3.13
	£	£
Management charge from PHSC plc to RSA	<u>12,000</u>	<u>12,000</u>

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

	31.3.14	31.3.13
	£	£
Amounts owed by group undertakings		
PHSC plc	<u>414</u>	<u>-</u>

RSA ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS – continued for the year ended 31 March 2014

RELATED PARTY DISCLOSURES (continued)

	31.3.14 £	31.3.13 £
Amounts owed to group undertakings		
Personnel Health & Safety Consultants Limited	1,160	1,542
In House The Hygiene Management Company Limited	469,305	469,305
	<u>470,465</u>	<u>470,847</u>

18. FINANCIAL INSTRUMENTS

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.

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.

RSA ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS – continued for the year ended 31 March 2014

20. PARENT UNDERTAKING

PHSC plc, incorporated in the UK, is the ultimate parent company of the group. There is no ultimate controlling party but Mr S A King, Group Chief Executive, owns 25.25% (2013 – 29.26%) 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.

21. EXPLANATION OF TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

As stated in the accounting policies, these are the first annual financial statements prepared in accordance with IFRS.

The following differences were noted between the treatment under UK GAAP and IFRS:

At date of transition	UK GAAP	IFRS
	£	£
Goodwill	<u>420,132</u>	<u>420,132</u>
At the end of the current financial year	UK GAAP	IFRS
	£	£
Goodwill	<u>417,632</u>	<u>420,132</u>

An impairment charge of £1,250 (2013 - £1,250) was applied to the goodwill noted above as the directors deemed that the recoverable amount of the goodwill was lower than the net book value of the goodwill. Due to the impairment charge applied a restatement of the 2013 figures is not required.