

Registered number: 03293551

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
FOR
RSA ENVIRONMENTAL HEALTH LIMITED**

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RSA ENVIRONMENTAL HEALTH LIMITED

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RSA ENVIRONMENTAL HEALTH LIMITED

COMPANY INFORMATION
for year ended 31 March 2019

DIRECTORS:

S A King
N C Coote
J Smith

SECRETARY:

SGH Company Secretaries Limited

REGISTERED OFFICE:

The Old Church
31 Rochester Road
Aylesford
Kent
ME20 7PR

REGISTERED NUMBER:

03293551 (England and Wales)

AUDITOR:

Crowe U.K. LLP
Chartered Accountants & Registered Auditors
Riverside House
40-46 High Street
Maidstone
Kent ME14 1JH

RSA ENVIRONMENTAL HEALTH LIMITED
for year ended 31 March 2019

REPORT OF THE DIRECTORS

The directors present their report with the audited financial statements of the Company for the year ended 31 March 2019.

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

Revenue for the year was 9% above that generated the previous year mainly due to the inclusion of income from the Envex brand that moved to RSA Environmental Health Limited (RSA) upon closure of another Group subsidiary. The increase in revenue was matched by higher costs due to the transfer of associated additional staffing and this led to a reduction in gross profit margin to 52% for the year.

The past year has seen the activity of the Company evolve, with income being spread more evenly across the reported revenue streams. Health and safety consultancy was particularly strong for the year whereas the other income streams were down on forecast and on the previous year. With a limited amount of fee earning staff within the Company this would be expected as consultancy days spent on one revenue stream reduce the time available to spend on the others.

The core offering of the Company remains the SafetyMARK service, which is still the largest income stream, but the year saw a decline in this income with renewals and new contracts being down on the previous year. The market has become more competitive due to schools in both the state and independent sectors experiencing heightened cost pressures due to government policies. Schools report that they still value our services, but they are having to justify their expenditure and, in some circumstances, may not be able to afford them. This area continues to be a focus of activity for 2019/20 with more effort being made with multi academy trusts. We will look to improve service delivery to make our offering essential to schools making it more compelling for them to renew. This sector will continue to be difficult to operate in until there is a change in government policy that will ease the school funding burden.

The Company signed up two medium sized Multi Academy Trusts towards the end of the year, which will generate significant work for the next financial year. Attention will continue to be focussed on obtaining additional trusts as part of the marketing strategy going forwards. A key will 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 2019

REPORT OF THE DIRECTORS

KEY PERFORMANCE INDICATORS	Notes	31.3.19 £	31.3.18 £
Earnings before interest, tax, depreciation and amortisation (EBITDA)		31,694	34,041
Add back: management charge from PHSC plc		35,000	42,000
	a	<u>66,694</u>	<u>76,041</u>
Turnover		404,316	370,355
Gross profit		211,155	216,888
Gross profit margin (<i>gross profit / turnover</i>)	b	52%	58%
Trade debtors		72,304	58,803
Trade debtors excluding VAT		60,253	49,002
Debtor days (<i>trade debtors excluding VAT / turnover x 365</i>)	c	54	48
Current assets		180,095	202,305
Less: amounts owed by group companies		<u>(4,391)</u>	<u>-</u>
		<u>175,704</u>	<u>202,305</u>
Current liabilities		543,023	560,744
Amounts owed to group companies		<u>(486,233)</u>	<u>(511,923)</u>
		<u>56,790</u>	<u>48,821</u>
Current ratio (<i>current assets / current liabilities</i>) (<i>both excluding group balances</i>)	d	3.1	4.1
Staff statistics (excluding directors)	e		
Joiners during the year		1	-
Leavers during the year		-	-
Average length of service per staff member		5 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 6% decrease in the gross profit margin reflects the £35k of additional costs resulting from the transfer of a consultant from another subsidiary within the group. Their contribution in terms of income generation is taking a while to build.
- (c) The debtor days shows how quickly sales are being converted into cash; RSA waits just over 1.75 months to be paid.
- (d) The current ratio is used to monitor the liquidity of RSA. The figure of 3.1 suggests that RSA can comfortably meet its short term obligations.
- (e) A consultant from another subsidiary within the group transferred to RSA on 1 April 2018.

RSA ENVIRONMENTAL HEALTH LIMITED
for year ended 31 March 2019

REPORT OF THE DIRECTORS

DIVIDENDS

A dividend of £30,000 (2018 – 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
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 2019

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

Crowe U.K. LLP has indicated its willingness to be reappointed as statutory auditor.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'S A King', with a stylized flourish at the end.

S A King - Director
16 August 2019

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

Opinion

We have audited the financial statements of RSA for the year ended 31 March 2019 which comprise the statement of financial position, the statement of comprehensive income, the cash flow statement, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) adopted by the European Union. This report is made solely to the Company's members, 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 members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

REPORT OF THE INDEPENDENT AUDITOR TO THE SHAREHOLDERS OF RSA ENVIRONMENTAL HEALTH LIMITED (continued)

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

Matters on which we are required to report by exception

In the 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 strategic report or the directors' report.

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

- adequate accounting records have not been kept by the Company, 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Crowe U.K. LLP

Mark Anderson
Senior Statutory Auditor
For and on behalf of

Crowe U.K. LLP

Statutory Auditor

Riverside House, 40 – 46 High Street, Maidstone, Kent, ME14 1JH

16 August 2019

RSA ENVIRONMENTAL HEALTH LIMITED
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2019

	Note	31.3.19 £	31.3.18 £
Revenue	3	404,316	370,355
Cost of sales		<u>(193,161)</u>	<u>(150,920)</u>
GROSS PROFIT		211,155	219,435
Administrative expenses		<u>(179,461)</u>	<u>(186,072)</u>
PROFIT BEFORE TAXATION	4	31,694	33,363
Income tax expense	8	<u>(6,038)</u>	<u>(118)</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		25,656	33,245
Other comprehensive income		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME		<u>25,656</u>	<u>33,245</u>
Attributable to equity holders		25,656	33,245

All amounts relate to continuing activities.

Accounting policies and notes on pages 12 to 20 form part of these financial statements

RSA ENVIRONMENTAL HEALTH LIMITED**STATEMENT OF FINANCIAL POSITION**
as at 31 March 2019

	Note	31.3.19 £	31.3.18 £
NON-CURRENT ASSETS			
Property, plant and equipment	10	2,269	2,033
Goodwill	9	458,713	458,713
		<u>460,982</u>	<u>460,746</u>
CURRENT ASSETS			
Inventory	11	400	400
Trade and other receivables	12	78,762	59,675
Cash at cash equivalents		100,934	142,230
		<u>180,096</u>	<u>202,305</u>
TOTAL ASSETS		641,078	663,051
CURRENT LIABILITIES			
Trade and other payables	13	537,077	560,744
Current corporation tax payable		5,946	-
		<u>543,023</u>	<u>560,744</u>
NON CURRENT LIABILITIES			
Deferred taxation	15	216	124
TOTAL LIABILITIES		543,239	560,868
NET ASSETS		<u>97,839</u>	<u>102,183</u>
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS			
Called up share capital	16	840	840
Retained earnings		96,999	101,343
		<u>97,839</u>	<u>102,183</u>

Approved and authorised for issue by the Board on 16 August 2019 and signed on its behalf by:



S A King – Director

Accounting policies and notes on pages 12 to 20 form part of these financial statements

RSA ENVIRONMENTAL HEALTH LIMITED

STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2019

	Share Capital £	Retained Earnings £	Total £
Balance at 1 April 2017	840	68,098	68,938
Total comprehensive income	-	33,245	33,245
Dividends paid	-	-	-
Balance at 31 March 2018	<u>840</u>	<u>101,343</u>	<u>102,183</u>
 Balance at 1 April 2018	 840	 101,343	 102,183
Total comprehensive income	-	25,656	25,656
Dividends paid	-	(30,000)	(30,000)
Balance at 31 March 2019	<u>840</u>	<u>96,999</u>	<u>97,839</u>

Accounting policies and notes on pages 12 to 20 form part of these financial statements

RSA ENVIRONMENTAL HEALTH LIMITED

STATEMENT OF CASH FLOWS for the year ended 31 March 2019

	Note	31.3.19 £	31.3.18 £
Cash flows from operating activities:			
Cash generated from operations	I	(10,756)	83,924
Tax paid		-	-
Net cash generated from operating activities		<u>(10,756)</u>	<u>83,924</u>
Cash flows used in investing activities			
Purchase of Envex goodwill		-	(41,081)
Purchase of property, plant and equipment		(541)	(1,300)
Net cash used in investing activities		<u>(541)</u>	<u>(42,381)</u>
Cash flows used by financing activities			
Dividends paid to Group shareholders		(30,000)	-
Net cash used by financing activities		<u>(30,000)</u>	<u>-</u>
Net increase in cash and cash equivalents		142,230	41,543
Cash and cash equivalents at beginning of year		(41,297)	100,687
Cash and cash equivalents at end of year		<u>100,933</u>	<u>142,230</u>

NOTES TO THE STATEMENT OF CASH FLOWS for the year ended 31 March 2019

	31.3.19 £	31.3.18 £
I. CASH GENERATED FROM OPERATIONS		
Operating profit – continuing operations	31,694	33,363
Depreciation charge	304	678
Loss on disposal fixed assets	-	302
(Increase)/decrease in trade and other receivables	(19,087)	13,651
(Decrease)/increase in trade and other payables	(23,667)	35,930
Cash generated from operations	<u>(10,756)</u>	<u>83,924</u>

RSA ENVIRONMENTAL HEALTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2019

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. IFRS 16 may have an impact on the measurement and treatment of operating leases and the related disclosures. As at 31 March 2019 the estimated impact of the transition to IFRS 16 would be to increase tangible fixed assets and liabilities by approximately £7,000. The impact on the statement of comprehensive income is not expected to be material to the financial statements.

RSA ENVIRONMENTAL HEALTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2019

2. ACCOUNTING POLICIES

Revenue

Revenue which excludes value added tax, represents the amount receivable in respect of services provided to customers.

The Company provides services such as one-off consultancy, training, safety inspections and house fitness reports. Revenue from services is recognised as the services are provided as this is the point at which the performance obligations are fulfilled. In respect of services invoiced in advance, amounts are deferred until provision of the service.

The Company also provides annual contracts for food safety consultancy. Revenue is recognised evenly across the length of the contract as this is considered the best estimate of the fulfilment of the performance obligations.

Customer payment terms are generally 30 days from the date of invoice for all revenue streams.

This is the first year of adoption of IFRS 15 "Revenue from contracts with customers" with an initial date of application of 1 April 2017. The directors have considered the impact and do not believe there to be any changes.

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 allowance for obsolete and slow-moving stocks. The costs of inventory are calculated on a first in first out basis.

RSA ENVIRONMENTAL HEALTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 March 2019

ACCOUNTING POLICIES continued

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

During the year the Company adopted IFRS 9 'Financial Instruments'. The Company has assessed the impact of IFRS 9 and does not consider the impact material to the financial statements. As a result, the comparative data has not been restated.

Trade receivables and contract assets are initially stated at fair value and subsequently measured at amortised cost using the effective interest method. The carrying amounts for accounts receivable are net of allowances for expected credit losses. The Company evaluated the expected credit losses on trade receivables by reviewing historical data. Individual receivables are only written off when management deems them not collectible.

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:	31.3.19	31.3.18
	£	£
Depreciation – owned assets	304	678
Operating lease charges – motor vehicles	<u>11,797</u>	<u>7,675</u>

RSA ENVIRONMENTAL HEALTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS – continued **for the year ended 31 March 2019**

5. DIRECTORS' REMUNERATION

	31.3.19	31.3.18
	£	£
Directors' emoluments and other benefits	50,497	53,558
Pension contributions	2,980	2,980
	<u>53,477</u>	<u>56,538</u>

6. STAFF COSTS

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

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

The aggregate payroll costs of these persons were as follows:

	31.3.19	31.3.18
	£	£
Wages and salaries	199,510	170,863
Social security costs	20,149	16,829
Other pension costs	7,332	5,703
	<u>226,991</u>	<u>193,395</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:

	31.3.19	31.3.18
	£	£
Audit of the Company's annual financial statements	<u>3,000</u>	<u>3,000</u>

RSA ENVIRONMENTAL HEALTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS – continued for the year ended 31 March 2019

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:

	31.3.19	31.3.18
	£	£
Current tax:		
UK corporation tax at 19% (2018 – 19%)	5,946	-
Corporation tax under provision in respect of prior years	-	-
Total current tax	<u>5,946</u>	<u>-</u>
Deferred tax:		
Origination and reversal of timing differences	92	118
Total tax charge	<u>6,038</u>	<u>118</u>

Factors affecting the tax charge

The tax assessed for the year is lower (2017 – lower) than the standard rate of corporation tax in the UK.

The difference is explained below:

	31.3.19	31.3.18
	£	£
Profit on ordinary activities before tax	<u>31,694</u>	<u>33,363</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2018: 19%)	6,022	6,339
Effects of:		
Expenses not deductible for tax purposes	16	-
Group loss relief	-	(6,221)
Adjust deferred tax to standard CT rate of 19%	-	-
Total tax charge	<u>6,038</u>	<u>118</u>

9. GOODWILL

Goodwill
£

COST

At 1 April 2018 and 31 March 2018

471,213

AMORTISATION

At 1 April 2018 and 31 March 2019

12,500

NET BOOK VALUE

At 31 March 2018 and 31 March 2019

458,713

RSA ENVIRONMENTAL HEALTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS – continued for the year ended 31 March 2019

GOODWILL continued

When considering impairment, the directors have taken the cash flow forecast prepared for the year ended 31 March 2020 and used the expected cash flows for that year in perpetuity as the cash flows generated are expected to continue for the foreseeable future. Adoption of a zero-growth rate has been incorporated based on current forecasts formulated after a review of revenue expectations from key accounts, 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 and Envex	138,532	50,458	14.32

10. PROPERTY, PLANT AND EQUIPMENT

	Office Equipment £
COST OR VALUATION	
At 1 April 2018	6,221
Additions	541
As at 31 March 2019	<u>6,762</u>
DEPRECIATION	
At 1 April 2018	4,188
Charge for the year	304
At 31 March 2019	<u>4,492</u>
NET BOOK VALUE	
At 31 March 2019	<u>2,270</u>
At 31 March 2018	<u>2,033</u>

11. INVENTORY

	31.3.19 £	31.3.18 £
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.

RSA ENVIRONMENTAL HEALTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS – continued for the year ended 31 March 2019

12. TRADE AND OTHER RECEIVABLES

	31.3.19	31.3.18
	£	£
Trade receivables	72,304	58,803
Other receivables, prepayments and accrued income	6,458	872
	<u>78,762</u>	<u>59,675</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.

The ageing analysis of the trade receivables is as follows:

	31.3.19	31.3.18
	£	£
Current	36,479	38,331
One month old	29,587	17,624
Two to six months old	6,238	2,224
Over six months old	-	624
	<u>72,304</u>	<u>58,803</u>

Some of the trade receivables are overdue but none are considered impaired as at 31 March 2019 (2018: £nil). The receivables due at the end of the financial year relate to trading customers.

13. TRADE AND OTHER PAYABLES

	31.3.19	31.3.18
	£	£
Trade payables	3,143	2,685
Social security and other taxes	21,254	19,527
Amount owed to group undertakings	486,233	511,923
Other payables	1,717	1,104
Accruals and deferred income	24,730	25,505
	<u>537,077</u>	<u>560,744</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 2019 was £100,933 (2018: £142,230) within the Group's cash at bank and in hand figure of £642,466 (2018: £244,290).

RSA ENVIRONMENTAL HEALTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS – continued
for the year ended 31 March 2019**

14. OPERATING LEASE COMMITMENTS

The Company had aggregate annual commitments under non-cancellable operating leases as follows:	31.3.19	31.3.18
	£	£
Expiring		
Within one year – motor vehicles	4,832	5,252
Between two to five years – motor vehicles	2,013	6,038
	<u>6,845</u>	<u>11,290</u>

15. DEFERRED TAXATION LIABILITY

	31.3.19	31.3.18
	£	£
Deferred taxation liability	<u>216</u>	<u>124</u>
	Deferred	Deferred
	tax	tax
	£	£
At 1 April 2018	124	6
Deferred tax debit in year (see note 8)	92	118
At 31 March 2019	<u>216</u>	<u>124</u>

16. SHARE CAPITAL

Authorised	31.3.19	31.3.18
	£	£
10,000 ordinary shares – nominal value £0.10	<u>1,000</u>	<u>1,000</u>
Allotted, issued and fully paid	31.3.19	31.3.18
	£	£
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.

	31.3.19	31.3.18
	£	£
Management charge from PHSC plc to RSA	<u>35,000</u>	<u>42,000</u>

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 2019

RELATED PARTY DISCLOSURES (continued)

	31.3.19	31.3.18
	£	£
Amounts owed by group undertakings		
Inspection Services (UK) Limited	949	-
Quality Leisure Management Limited	3,443	-
	<u>4,392</u>	<u>-</u>
Amounts owed to group undertakings		
Adamson's Laboratory Services Limited	-	26,429
B2BSG Security Solutions Limited	-	359
Envex Company Limited	15,000	15,000
In House The Hygiene Management Company Limited	469,305	469,305
Personnel Health & Safety Consultants Limited	79	420
PHSC plc	1,849	410
	<u>486,233</u>	<u>511,923</u>

18. FINANCIAL INSTRUMENTS

Set out below are the Company's financial instruments:	31.3.18	31.3.17
	£	£
Financial assets at amortised cost		
Trade and other receivables	78,762	59,675
Cash and cash equivalents	100,933	142,230
	<u>179,695</u>	<u>201,905</u>
Financial liabilities at amortised cost		
Trade and other payables	537,077	560,744
	<u>537,077</u>	<u>560,744</u>
Due within 1 year	537,077	560,744
Due in over 1 year	-	-
	<u>537,077</u>	<u>560,744</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.

RSA ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS – continued for the year ended 31 March 2019

FINANCIAL INSTRUMENTS (continued)

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:

- 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 England and Wales, is the ultimate parent company of the group. There is no ultimate controlling party but the largest shareholder, Mr S A King, group chief executive, owns 21.73% (2018: Mr S A King 21.73%) 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.