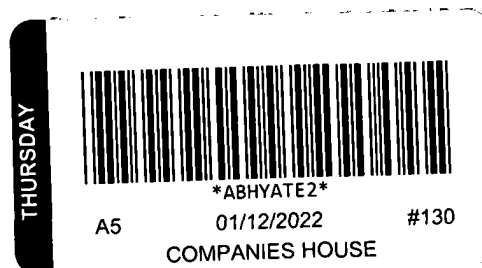


Registered number: 03293551

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
FOR
RSA ENVIRONMENTAL HEALTH LIMITED**



RSA ENVIRONMENTAL HEALTH LIMITED

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RSA ENVIRONMENTAL HEALTH LIMITED

COMPANY INFORMATION
for year ended 31 March 2022

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 2022

REPORT OF THE DIRECTORS

The directors present their report with the audited financial statements of the Company for the year ended 31 March 2022.

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 up by 29% to £304,037 despite the first half of the financial year continuing to be affected by the COVID-19 pandemic and associated lockdowns. Income of £3,850 was received from the Coronavirus Job Retention Scheme (CJRS) and although welcome to ease cash flow, was not instrumental in ensuring that the Company made a significant profit for the full year of £53,647 before central management charges and tax.

The COVID-19 pandemic severely affected revenue in the first 6 months of the year because most of the school-based income reflects a two-year audit and consultancy cycle. With lockdowns and effective school closures in the corresponding period in 2020-21, no new contracts were set up at that time and so no second payments fell due. It was not until September 2021 that the cycle of second payments started to come through. In other areas there has been a slow return to normal operations. As restrictions eased, audits were booked for our NHS and hospitality clients and in the latter part of the year revenue from these sectors has returned to pre-pandemic levels with the employed staff working at full capacity.

Rather than employ additional members of staff to service the additional workload, employees from within the group and associates were utilised to make up the shortfall in fee-earning ability especially where more specialist knowledge was required. That decision helped with profitability for the year and enabled the Company to deal with the peaks and troughs of demand efficiently.

In previous years, the focus of the Company had been on the SafetyMARK brand, providing safety services to the school sector. Efforts have been made to diversify revenue streams and this is resulting in a more even spread of income across the five main services namely, training, SafetyMARK, health and safety consultancy, health and safety advisory services and food safety consultancy. Almost £100,000 of the total revenues was generated by the combined health and safety streams showing the success of the diversification strategy.

SafetyMARK services saw revenues recover to finish above expectation at £82,000. For the latter part of the year revenues were above previous years, and this strong demand continues.

Food safety consultancy has seen a return to pre-pandemic levels of demand. Recently, some clients have increased the level of service required because of the upturn in fortunes for the wider hospitality sector.

RSA ENVIRONMENTAL HEALTH LIMITED
for the year ended 31 March 2022

REPORT OF THE DIRECTORS

KEY PERFORMANCE INDICATORS	Notes	31.3.22 £	31.3.21 £
Earnings before interest, tax, depreciation and amortization (EBITDA)		35,561	38,530
Add back: management charge from PHSC plc		24,000	24,000
	a	<u>59,561</u>	<u>62,530</u>
Turnover		304,037	235,087
Gross profit		160,281	85,080
Gross profit margin (<i>gross profit / turnover</i>)	b	53%	36%
Trade debtors		57,246	27,729
Trade debtors excluding VAT		47,705	23,107
Debtor days (<i>trade debtors excluding VAT / turnover x 365</i>)	c	57	36
Current assets		153,155	130,522
Less: amounts owed by group companies		<u>(5,659)</u>	<u>(2,522)</u>
		<u>147,496</u>	<u>128,000</u>
Current liabilities		597,320	547,812
Amounts owed to group companies		<u>(536,250)</u>	<u>(487,090)</u>
		<u>61,070</u>	<u>60,722</u>
Current ratio (<i>current assets / current liabilities</i>) (<i>both excluding group balances</i>)	d	2.4	2.1
Staff statistics (excluding directors)	e		
Joiners during the year		-	-
Leavers during the year		-	2
Average length of service per staff member		9 years	8 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 (GPM) is tracked monthly as this reflects the core profitability of the Company and illustrates the financial success of the services being provided by RSA. The relatively low profit margin for the year ended 31 March 2021 reflects consultants being on fixed salaries which could not be easily adjusted as turnover fell during lockdown. The GPM of 53% achieved this year, matches the GPMt for the year ended 31 March 2020.
- (c) The debtor days shows how quickly sales are being converted into cash. On average, RSA waits two months to be paid.
- (d) The current ratio is used to monitor the liquidity of RSA. The figure of 2.41 suggests that RSA can comfortably meet its short-term obligations.
- (e) There were no changes in RSA's work force during the year.

RSA ENVIRONMENTAL HEALTH LIMITED
for year ended 31 March 2022

REPORT OF THE DIRECTORS

DIVIDENDS

During the year a dividend of £50,000 (2021 - £50,000) was paid to the holding company, PHSC plc.

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 that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) in conformity with the requirements of the Companies Act 2006.

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.

RSA ENVIRONMENTAL HEALTH LIMITED
for year ended 31 March 2022

REPORT OF THE DIRECTORS

GOING CONCERN

Trading is gradually returning to pre-pandemic levels with high staff utilisation and management expectations are for this trend to continue. The Company is fortunate that it can access support from its holding company, PHSC plc with its considerable financial resources. Consequently, the directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future.

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:



S A King - Director
1 November 2022

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

Opinion

We have audited the financial statements of RSA Environmental Health Limited (the Company) for the year ended 31 March 2021, which comprise:

- the statement of comprehensive income for the year ended 31 March 2022;
- the statement of financial position as 31 March 2022;
- the statements of cash flows for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, including significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006; and
- 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 United Kingdom, including the Financial Reporting Council'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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the 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 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 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, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation

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

and data protection.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested a sample of journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 20 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC and relevant regulators;

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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.

Use of our report

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.

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

7 November 2022

RSA ENVIRONMENTAL HEALTH LIMITED
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2022

	Note	31.3.22 £	31.3.21 £
Revenue	3	304,037	235,087
Cost of sales		<u>(143,756)</u>	<u>(150,007)</u>
GROSS PROFIT		160,281	85,080
Administrative expenses		<u>(134,485)</u>	<u>(125,239)</u>
OPERATING PROFIT/(LOSS)		25,796	(40,159)
Other income	4	<u>3,850</u>	<u>73,539</u>
PROFIT BEFORE TAXATION	5	29,646	33,380
Income tax expense	9	<u>(5,770)</u>	<u>(6,328)</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		23,876	27,052
Other comprehensive income		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME		<u>23,876</u>	<u>27,052</u>
Attributable to equity holders		23,876	27,052

All amounts relate to continuing activities.

RSA ENVIRONMENTAL HEALTH LIMITED

STATEMENT OF FINANCIAL POSITION
as at 31 March 2022

	Note	31.3.22 £	31.3.21 £
NON-CURRENT ASSETS			
Property, plant and equipment	11	16,110	8,784
Goodwill	10	458,713	458,713
		<u>474,823</u>	<u>467,497</u>
CURRENT ASSETS			
Inventory	12	400	400
Trade and other receivables	13	64,707	33,963
Cash at cash equivalents		88,048	96,159
		<u>153,155</u>	<u>130,522</u>
TOTAL ASSETS		627,978	598,019
CURRENT LIABILITIES			
Trade and other payables	14	585,681	537,004
Right of use liabilities	15	5,860	4,210
Current corporation tax payable		5,779	6,598
		<u>597,320</u>	<u>547,812</u>
NON-CURRENT LIABILITIES			
Right of use liabilities	15	8,211	1,755
Deferred taxation	16	510	391
		<u>8,721</u>	<u>2,146</u>
TOTAL LIABILITIES		606,041	549,958
NET ASSETS		<u>21,937</u>	<u>48,061</u>
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS			
Called up share capital	17	840	840
Retained earnings		21,097	47,221
		<u>21,937</u>	<u>48,061</u>

Approved and authorised for issue by the Board on 1 November 2022 and signed on its behalf by:



S A King – Director

Accounting policies and notes on pages 13 to 22 form part of these financial statements

RSA ENVIRONMENTAL HEALTH LIMITED

STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2022

	Share Capital £	Retained Earnings £	Total £
Balance at 1 April 2021	840	47,221	48,061
Total comprehensive income	-	23,876	23,876
Dividends paid	-	(50,000)	(50,000)
Balance at 31 March 2022	<u>840</u>	<u>21,097</u>	<u>21,937</u>

Balance at 1 April 2020	840	70,169	71,009
Total comprehensive income	-	27,052	27,052
Dividends paid	-	(50,000)	(50,000)
Balance at 31 March 2021	<u>840</u>	<u>47,221</u>	<u>48,061</u>

Accounting policies and notes on pages 13 to 22 form part of these financial statements

RSA ENVIRONMENTAL HEALTH LIMITED

STATEMENT OF CASH FLOWS
for the year ended 31 March 2022

	Note	31.3.22 £	31.3.21 £
Cash flows (used by)/from operating activities:			
Cash generated from operations	I	53,596	114,003
Tax paid		(6,471)	(10,873)
Net cash generated (used by)/from operating activities		47,125	103,130
Cash flows used in investing activities			
Purchase of property, plant and equipment		-	-
Disposal of property, plant and equipment		-	75
Net cash used in investing activities		-	75
Cash flows used by financing activities			
Dividends paid to Group shareholders		(50,000)	(50,000)
Payments on right of use assets		(5,236)	(4,210)
Net cash used by financing activities		(55,236)	(54,210)
Net (decrease)/increase in cash and cash equivalents		(8,111)	48,995
Cash and cash equivalents at beginning of year		96,159	47,164
Cash and cash equivalents at end of year		88,048	96,159

NOTES TO THE STATEMENT OF CASH FLOWS
for the year ended 31 March 2022

	31.3.22 £	31.3.21 £
I. CASH GENERATED FROM/(USED BY) OPERATIONS		
Operating profit – continuing operations	29,646	33,380
Depreciation charge	5,916	5,150
Loss on disposal fixed assets	101	582
(Increase)/decrease in trade and other receivables	(30,744)	78,655
Increase/(decrease) in trade and other payables	48,677	(3,764)
Cash generated from operations	53,596	114,003

RSA ENVIRONMENTAL HEALTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2022

1. BASIS OF PREPARATION

The Company's financial statements have been prepared in accordance with IFRSs in conformity with the requirements of the Companies Act 2006, International Financial Reporting Intermediate Committee (IFRIC) interpretations and 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 Company'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 and in accordance with Financial Reporting Council guidance have provided reasons for this opinion in the going concern section of the directors' report on page 4.

There are no standards that are issued but not yet effective that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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.

Government grants

This income relates to amounts received from the government via the Corona Virus Job Retention Scheme and other pandemic related business grants. These grants are accounted for on an accruals basis and are recognised in the statement of comprehensive income as other income.

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.

RSA ENVIRONMENTAL HEALTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2022

ACCOUNTING POLICIES continued

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

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified assets; this may be specified explicitly or implicitly and should be physically distinct or represent substantially all the capacity of a physically distinct asset.
- The Company has the right to obtain substantially all the economic benefits from use of the assets throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if the Company has the right to operate the asset.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of twelve months or less.

Lease liabilities are measured at the present value of contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. The effect of discounting is considered immaterial to the financial statements, so the values recorded represent the gross undiscounted amounts.

Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

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 2022

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

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 assets 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. Except for 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 UK and the revenue of the Company for the year derives from the same class of business as noted in the directors' report.

4. OTHER INCOME

Government Grants	31.3.22	31.3.21
	£	£
Government coronavirus job retention scheme	3,850	57,396
East Northamptonshire Council coronavirus business grant	-	16,143
	<u>3,850</u>	<u>73,539</u>

5. PROFIT BEFORE TAXATION

The profit before taxation is stated after charging:	31.3.22	31.3.21
	£	£
Depreciation – owned assets	680	940
Depreciation – right of use assets	<u>5,236</u>	<u>4,210</u>

RSA ENVIRONMENTAL HEALTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS – continued **for the year ended 31 March 2022**

6. DIRECTORS' REMUNERATION

	31.3.22	31.3.21
	£	£
Directors' emoluments and other benefits	51,285	47,296
Pension contributions	2,980	2,978
	<u>54,265</u>	<u>50,274</u>

7. STAFF COSTS

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

Directors	3	3
Consultants	4	4
Administration	-	-
	<u>7</u>	<u>7</u>

The aggregate payroll costs of these persons were as follows:

	31.3.22	31.3.21
	£	£
Wages and salaries	163,259	168,901
Social security costs	18,659	18,853
Other pension costs	6,551	6,976
	<u>188,469</u>	<u>194,730</u>

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

8. AUDITOR'S REMUNERATION

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

	31.3.22	31.3.21
	£	£
Audit of the Company's annual financial statements	<u>3,000</u>	<u>3,000</u>

Fees payable for non-audit services are disclosed in the PHSC plc annual report.

RSA ENVIRONMENTAL HEALTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS – continued for the year ended 31 March 2022

9. 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:

	31.3.22	31.3.21
	£	£
Current tax:		
UK corporation tax at 19% (2021 – 19%)	5,781	6,600
Corporation tax under provision in respect of prior years	(130)	-
Total current tax	<u>5,651</u>	<u>6,600</u>
Deferred tax:		
Origination and reversal of timing differences	119	(272)
Total tax charge	<u>5,770</u>	<u>6,328</u>

Factors affecting the tax charge

The tax assessed for the year is lower (2021 – higher) than the standard rate of corporation tax in the UK.

The difference is explained below:

	31.3.22	31.3.21
	£	£
Profit on ordinary activities before tax	<u>29,646</u>	<u>33,380</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	5,633	6,342
Effects of:		
Adjustment to tax charge in respect of previous periods	(130)	-
Fixed asset differences	267	-
Expenses not deductible for tax purposes	-	(14)
Total tax charge	<u>5,770</u>	<u>6,328</u>

10. GOODWILL

Goodwill
£

COST

At 1 April 2021 and 31 March 2022

471,13

AMORTISATION

At 1 April 2021 and 31 March 2022

12,500

NET BOOK VALUE

At 31 March 2021 and 31 March 2022

458,713

RSA ENVIRONMENTAL HEALTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS – continued for the year ended 31 March 2022

GOODWILL continued

When considering impairment, the directors have taken the cash flow forecast prepared for the year ended 31 March 2022 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	9,613	47,652	13

11. PROPERTY, PLANT AND EQUIPMENT

	Office Equipment £	Right of Use Assets £	Total £
COST OR VALUATION			
At 1 April 2021	5,990	13,684	19,674
Additions	-	13,343	13,343
Disposals	(616)	-	(616)
As at 31 March 2022	<u>5,374</u>	<u>27,027</u>	<u>32,401</u>
DEPRECIATION			
At 1 April 2021	3,171	7,719	10,890
Charge for the year	680	5,236	5,916
Disposals	(515)	-	(515)
At 31 March 2022	<u>3,336</u>	<u>12,955</u>	<u>16,291</u>
NET BOOK VALUE			
At 31 March 2022	<u>2,038</u>	<u>14,072</u>	<u>16,110</u>
At 31 March 2021	<u>2,819</u>	<u>5,965</u>	<u>8,784</u>

12. INVENTORY

	31.3.22 £	31.3.21 £
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 2022

13. TRADE AND OTHER RECEIVABLES

	31.3.22	31.3.21
	£	£
Trade receivables	57,246	27,729
Amounts owed by group undertakings	5,659	2,522
Other receivables, prepayments and accrued income	1,802	3,712
	<u>64,707</u>	<u>33,963</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:

	31.3.22	31.3.21
	£	£
Current	38,791	21,047
One month old	16,868	2,488
Two to six months old	1,587	4,194
Over six months old	-	-
	<u>57,246</u>	<u>27,729</u>

Some of the trade receivables are overdue but none are considered impaired as at 31 March 2022 (2021: £nil). The receivables due at the end of the financial year relate to trading customers.

14. TRADE AND OTHER PAYABLES

	31.3.22	31.3.21
	£	£
Trade payables	263	1,615
Social security and other taxes	20,579	14,237
Amount owed to group undertakings	536,250	487,090
Other payables	1,374	728
Accruals and deferred income	27,215	33,334
	<u>585,681</u>	<u>537,004</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 2022 was £88,048 (2021: £96,159) within the Group's cash at bank and in hand figure of £649,363 (2021: £1,237,483).

RSA ENVIRONMENTAL HEALTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS – continued **for the year ended 31 March 2022**

15. LEASES

	31.3.22	31.3.21
	£	£
Amounts due in under one year – right of use liabilities	5,860	4,210
Amounts due in over one year – right of use liabilities	8,211	1,755
	<u>14,071</u>	<u>5,965</u>

16. DEFERRED TAXATION LIABILITY

	31.3.22	31.3.21
	£	£
Deferred taxation liability	<u>510</u>	<u>391</u>
	Deferred	Deferred
	tax	tax
	£	£
At 1 April 2021	391	663
Deferred tax debit in year (see note 8)	119	272
At 31 March 2022	<u>510</u>	<u>391</u>

17. SHARE CAPITAL

Authorised	31.3.22	31.3.21
	£	£
10,000 ordinary shares – nominal value £0.10	<u>1,000</u>	<u>1,000</u>
Allotted, issued and fully paid	31.3.22	31.3.21
	£	£
8,400 ordinary shares – nominal value £0.10	<u>840</u>	<u>840</u>

18. RELATED PARTY DISCLOSURES

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

	31.3.22	31.3.21
	£	£
Management charge from PHSC plc to RSA	<u>24,000</u>	<u>24,000</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 2022

RELATED PARTY DISCLOSURES (continued)

	31.3.22 £	31.3.21 £
Amounts owed by group undertakings		
Personnel Health & Safety Consultants Limited	4,572	1,617
Quality Leisure Management Limited	1,087	905
	<u>5,659</u>	<u>2,522</u>
Amounts owed to group undertakings		
Envex Company Limited	15,000	15,000
In House The Hygiene Management Company Limited	469,305	469,305
PHSC plc	51,945	2,785
	<u>536,250</u>	<u>487,090</u>

19. FINANCIAL INSTRUMENTS

Set out below are the Company's financial instruments:	31.3.22 £	31.3.21 £
Financial assets at amortised cost		
Trade and other receivables	64,707	33,963
Cash and cash equivalents	88,048	96,159
	<u>152,755</u>	<u>130,122</u>
Financial liabilities at amortised cost		
Trade and other payables	585,681	537,004
	<u>585,681</u>	<u>537,004</u>
Due within 1 year	585,681	537,004
Due in over 1 year	-	-
	<u>585,681</u>	<u>537,004</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 2022

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.

20. 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.

21. 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 21.62% (2021: Mr S A King 21.67%) 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.