Adamson's Laboratory Services

Envex
Health, Safety & Risk Consultants

In House
In House

Inspection Services (U.K.)

Personnel Health & Safety Consultants

QLM
QUALITY LEISURE MANAGEMENT

RSA
Environmental Health

PHSC plc

The Safety, Health and Environmental Consultancy Group

Annual Report 2012

PHSC plc

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for the year ended 31 March 2012

PHSC plc

COMPANY INFORMATION

for the year ended 31 March 2012

DIRECTORS:	S A King N C Coote G N Webb MBE M J L Miller
SECRETARY:	L E Young
REGISTERED OFFICE & BUSINESS ADDRESS:	The Old Church 31 Rochester Road Aylesford Kent ME20 7PR
REGISTERED NUMBER:	4121793 (England and Wales)
AUDITOR:	Crowe Clark Whitehill LLP Chartered Accountants & Registered Auditor 10 Palace Avenue Maidstone Kent ME15 6NF
SOLICITORS:	Gullands 16 Mill Street Maidstone Kent ME15 6XT
REGISTRARS:	Neville Registrars Limited Neville House 18 Laurel Lane Halesowen West Midlands B63 3DA
NOMINATED ADVISORS AND BROKERS:	Northland Capital Partners Limited 60 Gresham Street London EC2V 7BB

GROUP CHIEF EXECUTIVE'S REVIEW

for the year ended 31 March 2012

I am pleased to present my review of the Group's performance over the year, and to give a general update to shareholders about what is happening at PHSC plc.

After discussion about the company's trading outcome, there is commentary about our prospects for the future, which will depend in part upon our success in developing new products and services organically and through acquisition. We must also look to extend our portfolio beyond the range of health, safety and environmental consultancy services upon which we are currently heavily reliant.

Revenue and profit

Consolidated Group sales for the period were £4,434,300, which represents a decline of around 8 per cent. from the previous year's £4,813,800. Despite these lower revenues we delivered, through cost reductions and improved controls, an 18 per cent. increase in Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA). The final figure of £445,500 EBITDA considerably improves on the £378,400 generated in the previous year.

As has always been the case, most of the Group's profit crystalises in the second half of the year. This is caused by higher customer demand in the last part of the fiscal year.

Costs

With a reduction in sales of £379,500 it was to be expected that we would face lower costs associated with delivering the services provided. However, we managed to reduce the combined cost of sales and overheads by around £511,100 and it was this effort rather than any improvement in margins that led to the higher profitability. Management at corporate level and across all subsidiaries is to be commended on the way in which they have addressed the difficulties caused by the general economic situation.

During the year, Envex Company Limited (Envex) vacated its rented offices and moved into the Essex premises of Adamson's Laboratory Services Limited (ALS). On 31 March 2012 the business and assets of Envex were transferred to ALS to allow Envex to become a trading division of ALS which will lead to some additional savings.

No across-the-board pay increases were awarded in the year. The last general increase was in July 2010 when all staff below director level were awarded a 2 per cent. uplift. To help the Group with staff retention and in recognition of inflationary pressures affecting all employees, the remuneration committee has been asked to approve a 2 per cent. award to take effect from July 2012. This award will extend to operational directors at subsidiary level but not to those on the main board.

Recent and Proposed Acquisitions

Quality Leisure Management Limited (QLM)

The final payment due under the share purchase agreement for QLM was made in the last quarter. The agreement provided for a sum of £100,000, adjusted according to a performance formula. For some time we expected that the payment would be lower than that provided for, but a strong end to 2011 by QLM meant that the total due was £107,000. Although higher than expected, this payment represents good value to shareholders as it was triggered by profits exceeding the baseline figure. The payment was made in cash, funded from existing resources.

Acquisition Opportunity

The Group hopes to complete an acquisition in the quality, environmental, and health and safety management systems arena which is expected to enable the Group to offer a number of new services and will also help to open up new marketplaces for the Group. The terms of the acquisition are in the process of being finalised and the Company expects to announce completion within the next month.

Other Opportunities

The Group is currently evaluating a small number of other companies that might prove useful additions to the Group. We will make any announcement if and when appropriate. Like QCS above, those targets being evaluated are one step removed from traditional health and safety consultancy services but would prove a logical addition to the Group.

We envisage that any acquisition would be funded from existing resources and would primarily be a cash-based transaction spread over two years.

We have secured trademark rights to the SafetyMARK name and logo, used in connection with a new auditing service offered via the In House division of our RSA Environmental Health Limited subsidiary. In House has developed a national safety certification and support scheme, leading to the SafetyMARK award. Once certain criteria are met, after a rigorous and detailed audit process, the recipient is awarded a SafetyMARK Certificate and can publicise this achievement. SafetyMARK has initially been launched in the education sector. Expressions of interest have already been received from around 200 schools, with several orders now in progress.

Corporate Structure

The board consists of myself, Nicola Coote (executive director), and two non-executive directors (Mike Miller, who chairs the audit committee, and Graham Webb MBE who chairs the remuneration committee). The contracts of both non-executives were recently extended until 31 March 2013. Our chartered secretary, Lorraine Young, supports the board and its committees. All corporate matters relating to accounting are ably dealt with by our group accountant, Candy Wilton.

In last year's statement, I commented that the board was comfortable with the existing trading platform (AIM) but I must again observe that our shares continue to trade well below asset value. I note that the PLUS Markets platform, which was scheduled to end, has recently been sold to ICAP and continues to provide an alternative marketplace for share transactions. Nevertheless, we presently remain committed to our AIM listing despite recognising that there are associated costs to do with maintaining this. We will continue to review each area of corporate expenditure to ensure we feel that maintaining our AIM listing can be justified. A positive consequence of the low share price is that we have been able to offer a yield of around 10 per cent., so this would appeal to investors seeking income.

Employees

I wish to thank all of the Group's employees for their support and contribution over the past year. Without their commitment and dedication we could not have been able to deliver improvements to our performance. As a board, we are grateful for the fact that we have teams of workers upon whom we can rely, and we in turn will take whatever reasonable measures we can to ensure that staff feel valued and appreciated.

Performance by Trading Subsidiaries

Profit figures below are stated before tax and Group management charges. Note that revenues for services are credited to the company generating the sale even if the work is delivered by a sister company. For that reason, reference should be made to the Group's overall performance instead of looking at how individual subsidiaries have fared.

Personnel Health and Safety Consultants Limited

Sales of £770,600, yielding a profit of £313,000.

In the previous year there were sales of £927,700 and a profit of £378,900.

RSA Environmental Health Limited

Sales of £474,300, yielding a loss of £3,300.

In the previous year there were sales of £661,600 and a profit of £16,700.

Adamson's Laboratory Services Limited

Sales of £2,121,200 yielding a profit of £302,700.

In the previous year there were sales of £2,094,600, yielding a profit of £159,800.

Envex Company Limited

Sales of £102,600, resulting in a loss of £2,100.

In the previous year there were sales of £176,900 and a profit of £53,500.

Inspection Services (UK) Limited

Sales of £242,100, yielding a profit of £13,000.

In the previous year there were sales of £246,800, yielding a profit of £18,500.

Quality Leisure Management Limited

Sales of £723,500, yielding a profit of £160,800.

In the previous year there were sales of £706,100, yielding a profit of £108,900.

Net Asset Value

As at 31 March 2012, the Company had net assets of £5.365 million. There were 10,381,973 Ordinary Shares in issue at that date which equates to a net asset value (NAV) per share of 51.68p. At 21.5p per share, the Ordinary Shares of the Company are currently trading at a discount of almost 60 per cent. to the net asset value.

GROUP CHIEF EXECUTIVE'S REVIEW *(continued)*

for the year ended 31 March 2012

Dividend

The Group ended the year with a strong cash balance in excess of £900,000, a 20 per cent. increase on the previous year. This was after the payment of an acquisition instalment and dividends, together resulting in an outflow of around £314,700. I indicated earlier in my report that we have one new acquisition in progress and the possibility of more to come. We must therefore be prudent when considering how much cash it is appropriate to return to shareholders by way of a dividend.

The board is proposing a final dividend of 1.0p per ordinary share and, as last year, a special additional dividend of 1.0p per ordinary share. Therefore, subject to approval at the annual general meeting, a total dividend of 2.0p per ordinary share will be paid on 21 September 2012 to shareholders on the register as at 24 August 2012.

Prospects

Changing perceptions of health and safety

Following on from Lord Young's report in October 2010, Professor Lofsted was commissioned by the Government to carry out an independent review of health and safety legislation. His report entitled "Reclaiming health and safety for all" was published in November 2011. Lofsted found that whilst there is no case for radically altering current health and safety legislation, it was necessary to address factors that drive businesses to go beyond what the regulations require.

We believe that our subsidiaries have always adopted a proportionate response, but there is now a perception that a lighter touch may be adopted by enforcing authorities. This could lead to a reduction in demand for advisory services, although that may prove shortsighted given the proposed "fee for intervention" scheme. That involves the Health and Safety Executive levying charges of £124 per hour for the time they spend attending to employers who fail to adequately address their safety duties. Aside from the legislation, civil claims for damages show no signs of abating and employers must continue to ensure that they adhere to their duty of care.

Our marketplace

The delivery of a good quality service at a reasonable cost is the philosophy that has enabled us to remain competitive in our marketplace. The loyalty of most existing clients tends to support this view but there is a tendency for some customers, particularly in the public sector, to place business based on the lowest price and without proper regard for service delivery.

Each of our subsidiaries is focusing on client retention through offering added value and improving responsiveness. We continue to look at the development of new services such as the SafetyMARK certification previously mentioned.

Expectations

It continues to be very difficult to predict the future demand for our services. Should the Government embark upon a radical programme of deregulation or a significant relaxation of current regulatory requirements, this would inevitably impact the health and safety consultancy sector, and therefore our income, in a negative way.

Where we are assisting clients to meet their regulatory obligations, this income stream is likely to be more stable than the revenues from discretionary spend on services such as general consultancy and training courses. The management of asbestos will continue to be the source of the majority of Group income, as this topic tends to be enforced with a degree of rigour.

We believe that the SafetyMARK audit and certification service will prove to be a lucrative income stream, but do not expect this to have a material impact in 2012/13.

There is considerable uncertainty about our marketplace, coupled with general economic stagnation that appears to be affecting most sectors of the economy. Last year, Group revenues fell by around 9 per cent. but with the benefit of a contribution from the new QCS subsidiary from August 2012, the board sees revenues for 2012/13 as being marginally ahead of those in the previous year. If each subsidiary, including QCS, achieves its forecast then profits would also be slightly ahead of last year. This expectation is based on eight months of trading through the new subsidiary.

We will continue to make efforts to cut costs, but there is a limit to how far that process can be taken before it begins to affect the services we offer.

We have a capable and committed group of operational managers, supported by experienced and competent staff. With at least one new subsidiary joining the Group, and new services being developed, I remain optimistic about the long-term prospects of the business. We continue to have the cushion of a strong cash balance and expect to remain cash generative. Taken together, I am confident that this will enable us to meet the challenges that lie ahead.

Stephen King
Group Chief Executive

PHSC plc

REPORT OF THE DIRECTORS

for the year ended 31 March 2012

The directors present their report with the audited financial statements of PHSC plc Company and Group for the year ended 31 March 2012.

PRINCIPAL ACTIVITIES

The principal activities of the Group in the year under review were to provide through its subsidiary companies, consultancy services and training in respect of health and safety matters. Particular specialisms within the Group include asbestos consultancy and training, environmental and food hygiene, statutory examinations of plant and equipment and consultancy to the sport and leisure management sector.

REVIEW OF BUSINESS

The Group results for the year and financial position of the Group is shown in the annexed financial statements. The group chief executive's review of the business is provided on pages 3 to 5. A review of the activities of each trading subsidiary is provided below.

Personnel Health & Safety Consultants Limited (PHSCL)

Turnover for the year was £770,600 compared with £927,700 for the previous year. The reduction in revenues was caused by a number of factors including the expiry of a term contract with Isle of Wight Council that had contributed approximately £56,000 in the previous year. There has been a continuation in the trend for customers to curtail their use of discretionary services, but income from compliance-driven activities was also affected. Overall earnings before interest, taxation, depreciation and amortisation stood at around £168,000 compared with £203,000 last year. It should be noted that the company continued to supply consultancy expertise to other members of the PHSC plc Group during the year, and Group policy dictates that no cross-charges were generated to reflect this.

Adamson's Laboratory Services Limited (ALS)

ALS's turnover was similar to last year, at £2,121,200, but profitability increased due to active cost reduction.

The core activity of asbestos surveying and consultancy has continued to stay buoyant although the market is getting increasingly competitive. There have been a mixture of new and extended contracts during the year; there has been an expansion in the work undertaken for the London Borough of Lewisham and ALS is now the asbestos consultant for both Lewisham Homes and Lewisham Education. A large amount of government funded "Decent Homes" work has been commissioned this year through Breyer and Mitie.

Repeat business from existing clients continues to be gained with University College London, Cambridge County Council, Hertfordshire County Council, Chelmer Housing Partnership and The University of Cambridge commissioning works throughout the year.

ALS obtained accreditation to ISO 9001 in June 2011.

The health and safety department has been successful in maintaining contracts within the Appointed Safety Advisor Service (ASA); all of the existing ASA clients have renewed. The department continues to undertake occupational hygiene and legionella consultancy and undertook a fire risk assessment review for Basildon District Council. Chelmer Housing Partnership have extended their legionella contract for another year.

The British Occupational Hygiene Society proficiency modules continue to run on a regular basis and the demand for asbestos awareness training remains high. The demand for legionella awareness training has increased this year and ALS will continue to focus on the development of all training contracts and courses.

RSA Environmental Health Limited (RSA)

The continued, albeit accelerated, contraction in opportunities to provide temporary professional environmental health staff for Local Authorities was the principal factor behind RSA's reduction in revenue in 2011/12. Furthermore, additional expenditure was seen due to the promotion of the new SafetyMARK service, which incurred set up and marketing costs. Although expenditure savings were made across the board and the head count was reduced, this did not offset the decrease in income and resulted in a small loss for the year.

In 2012/13 further contraction is expected in the Local Authority market, but the percentage decrease is likely to be much smaller. However, the new SafetyMARK certification and support scheme for the schools market has been very well received and shows strong promise for healthy and sustainable growth. Financial performance in 2012/13 is anticipated to be similar to 2011/12 as the service takes root, but the model shows RSA making a return to profitability in 2013/14. If relationships with the insurance industry develop as anticipated, SafetyMARK will become RSA's primary source of income together with the upselling of broader safety services to scheme members.

Envex Company Limited (Envex)

Turnover of £102,600 was achieved in the year. This resulted in a loss of £2,100 before the £41,081 exceptional profit on transfer of the business and assets of Envex to ALS on 31 March 2012. The loss was primarily due to a strategic decision mid-year to move a significant amount of resources over to ALS in advance of a merger of the two businesses. This is a part of a structural change within PHSC plc to maximise efficiencies and improve business continuity resiliency across the Group. Envex will remain a trading name within ALS.

Inspection Services (UK) Limited (Inspection Services)

Inspection Services carries out statutory examinations and inspections on behalf of a broad range of clients, either directly or via agreements with insurance brokers.

The marketplace continues to remain competitive. To some extent the compliance-driven activities of the company are insulated against the full effect of the economic situation, in that clients are under an obligation to have much of the work carried out. However other organisations providing similar services appear keen to obtain revenue at the expense of profit. We have attempted to avoid this but inevitably margins have reduced.

Our total revenues of £242,100 have stood up well against the £246,800 sales in the previous year. Profit before tax and management charges were £13,000 compared to £18,500 in the previous year.

Service delivery costs saw an increase, largely due to fuel price rises. Administrative costs were largely unchanged and should see a reduction in 2012/13 due to maternity leave that can be covered from existing resources.

Quality Leisure Management Limited (QLM)

QLM had a solid year with an expanding client base particularly in the health and safety portfolio. Turnover was above forecast at £723,500, and the profit before tax and management charge of £160,800 was significantly ahead of internal forecasts. The order book remains strong, with good prospects for 2012/13 and 97 per cent. of clients to the Appointed Safety Advisor Service have renewed for 2012. We expect a steady growth in retained safety advisor appointments and have recently won business in Northern Ireland.

Our contract to provide external verification on behalf of the Institute of Qualified Lifeguards (IQL) will terminate as the scheme is being closed down during 2012. The IQL scheme contributed approximately £170,000 to sales last year. The effect on profitability due to loss of this revenue will partly be offset through internal reorganisation and efficiencies. We plan to strengthen our presence in Scotland, which currently accounts for around 20 per cent. of our client base. An increase in expert witness assignments is anticipated, due partly to the appointment of an additional specialist to our strong and well respected team of sport and leisure industry consultants.

KEY PERFORMANCE INDICATORS (KPIs)

The board currently looks at three KPIs.

1. Total revenues

Total revenues are reviewed each month across the Group because this information gives a ready measure of how well the Group is performing relative to historical data. It enables any trend to be detected, understood and acted upon as appropriate.

2. Pre-tax profit per subsidiary before Group management charges

Profits before tax and management charges are reviewed by subsidiary each month because the board is keen to ensure that each subsidiary trades profitably. Although the Group does not adopt a policy of cross-charging between subsidiaries, informal account is taken of significant work done by one subsidiary on behalf of another.

3. Staff turnover

Staff turnover is monitored because the key asset of each subsidiary is its workforce. Recruiting replacement staff is an expensive task and it is not always possible to compensate for the specialised knowledge that may be lost when an employee departs. At the beginning of the year the total number of full-time equivalent staff directly employed by the Group was 85 and at the end of the year the figure was 75. During the year there were 10 joiners and 20 leavers. In some instances, by not replacing staff that have left the Group, a welcome reduction in costs has been achieved.

PRINCIPAL RISKS AND UNCERTAINTIES

Regulatory/Marketplace

Much of the Group's work involves assisting organisations with the implementation of measures to meet regulatory requirements relating to health and safety at work. If the regulatory burden was to be substantially lightened, for example if the government embarked upon a programme of radical deregulation, there could be less demand for the Group's services.

If it became mandatory for organisations of a certain size to employ dedicated health and safety personnel directly, this may have the effect of substantially reducing the number of clients to whom the Group could provide a service.

Changes to the operation of the employer's liability insurance system, as proposed in some quarters, could reduce the incentive for organisations to buy in claims-preventive services such as health and safety advice.

In mitigation of these risks, the board is exploring non-regulatory areas of environmental work to add to the current portfolio of services.

Technological

The Group's website is a primary source of new business. If the website became inaccessible for protracted periods, or was subject to "hacking", this may prejudice the opportunity to obtain new business.

The increase in the use of the internet for satisfying business requirements may lead to a reduction in demand for face-to-face consultancy services.

The number of training courses commissioned from Group companies may be affected by moves towards screen-based interactive learning.

In recognition of this risk, an internet based health and safety service was tried within the Group, as a supplement to existing services. The Group acquired a small company offering such services in 2006 but it failed to deliver profits and was returned to its former owner.

REPORT OF THE DIRECTORS *(continued)*

for the year ended 31 March 2012

Personnel

Generally there is an excess of demand over supply for health and safety professionals. Those with sufficient qualifications and experience to be suitable for consultancy roles are in the minority. This has the combined effect of making it difficult for the Group to source suitable personnel and having to offer higher remuneration packages to attract them.

The Group is dependent upon its current executive management team. Whilst it has entered into contractual arrangements with the aim of securing the services of these personnel, the retention of their services cannot be guaranteed. Accordingly, the loss of any key member of management of the Group may have an adverse effect on the future of the Group's business.

The Group and each subsidiary have contingency plans in place in the event of incapacity of key personnel.

Geographical

The Group offers a nationwide service but does not have offices north of the Midlands. Some organisations see benefit in using consultancies that are local to them and this puts the Group at a disadvantage when seeking contracts in the north of the UK. This will change upon completion of the proposed acquisition.

Licences

The Group is reliant on licences and accreditations in order to be able to carry on its business. The temporary loss of, or failure to maintain, any single licence or accreditation would be unlikely to be materially detrimental to the Group, as the directors believe that this could be remedied. However, if the Group fails to remedy any loss of, or does not maintain, certain licences or accreditations, this would have a material adverse effect on the business of the Group.

FINANCIAL RISK MANAGEMENT

The Group's operations expose it to a variety of financial risks. The Group:

- regularly reviews credit extended to customers with appropriate action being taken to minimise the cost of bad debts;
- balances risk and return when assessing where to place cash surplus to the Group's immediate requirements; and
- keeps open options to employ debt finance to ensure that the Group has sufficient funds for continuing operations and planned expansions.

CAPITAL

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the Group, comprising issued capital, reserves and retained earnings as disclosed in notes 10 and 11.

GOING CONCERN

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 2010' 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 the Group's forecasts. The Group has a good level of cash reserves and no loans. The directors consider the existing overdraft facility to be adequate based upon the Group's financial forecasts. Thus the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

REPORT OF THE DIRECTORS *(continued)*

for the year ended 31 March 2012

EMPLOYEES

Each company within the Group has in place the necessary structures to ensure effective communication with its employees. In addition, there are initiatives to ensure that staff are offered continuing professional development opportunities appropriate to their roles. The Group aims to improve the performance of the organisation through the development of its employees. Their involvement is encouraged by means of team meetings and briefings and bonuses are paid to subsidiary directors on the basis of individual performance and results at subsidiary and group level. The Group is committed to equality of employment and its policies reflect a disregard of factors such as disability in the selection and development of employees.

DIVIDENDS

A dividend of £103,820 was paid during the year ended 31 March 2012 (2011: £93,438) plus a special additional dividend of £103,820 (2011: nil). The board is proposing a final dividend of 1.0p per ordinary share and a special additional dividend of 1.0p per ordinary share to be paid on 21 September 2012 to shareholders on the register as at 24 August 2012.

DIRECTORS

The directors during the year under review were:

S A King
N C Coote
M J L Miller
G N Webb MBE

SHARE BUY BACKS

There were no share buy backs during the year.

CREDITOR PAYMENT POLICY

The Group seeks to maintain good relations with all of its trading partners. In particular, it is the Group's policy to abide by the terms of payment agreed with each of its suppliers. As at 31 March 2012 the number of creditors days in respect of trade creditors was 13 (2011: 17).

POLITICAL AND CHARITABLE CONTRIBUTIONS

Charitable donations of £3,487 (2011: £734) were made by the Group during the year. The Group does not make political contributions.

ENVIRONMENT AND SOCIAL AND COMMUNITY ISSUES

The directors are aware of the impact of the Group's business on the environment and social and community issues but believe these to be minimal due to the nature of the Group's operations.

SUBSTANTIAL SHAREHOLDINGS

At 11 July 2012, the following persons had notified the company of an interest of 3 per cent. or more of its issued share capital.

Name	Number of ordinary shares	Percentage of issued share capital
S A King	3,103,100	29.89
N C Coote	3,084,342	29.71
Unicorn Asset Management Limited and Unicorn AIM VCT II plc	849,057	8.18
Downing LLP Held via Downing Income VCT 4 Plc and Downing Income VCT Plc	641,499	6.2

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

The directors have implemented IFRSs as adopted by the European Union in the Group financial statements as required by the Alternative Investment Market (AIM).

PROVISION OF INFORMATION TO 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 Group'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.

ANNUAL GENERAL MEETING

This year's annual general meeting will be held at 10.00am on Thursday 6 September 2012 at The Old Church, 31 Rochester Road, Aylesford, Kent ME20 7PR. The notice of meeting is set out on pages 45 and 46 of this document and a form of proxy is on page 47.

Details of the business to be considered at the meeting are given below.

Appointment of auditor (Resolution 4)

A resolution for the reappointment of Crowe Clark Whitehill as the company's auditor will be put to the annual general meeting, together with the usual practice of authorising the directors to set the auditors' fees.

Authority of directors to allot shares (Resolutions 5 and 6)

By law, directors are not permitted to allot new shares (or to grant rights over shares) unless they are authorised to do so by shareholders. In addition, directors require specific authority from shareholders before allotting new shares (or granting rights over shares) for cash without first offering them to existing shareholders in proportion to their holdings. Resolution 5 gives the directors the necessary authority until the earlier of next year's AGM or 30 September 2013 to allot securities up to an aggregate nominal amount of £346,065.

Resolution 6 empowers the directors, until the earlier of next year's AGM or 30 September 2013 to allot such securities for cash otherwise than on a pro rata basis to existing shareholders, up to a maximum of 2,076,390 ordinary shares of 10p each, equivalent to 20 per cent. of the issued share capital as at 11 July 2012. It is intended to renew this authority and power at each annual general meeting.

Authority for the company to purchase its own shares (Resolution 7)

Resolution 7 authorises the company, until the earlier of next year's AGM or 30 September 2013 to purchase in the market up to a maximum of 1,557,295 ordinary shares (equivalent to approximately 15 per cent. of the issued share capital of the company as at 11 July 2012) for cancellation at a minimum price of 10 pence per share and a maximum price per share of an amount equal to 105 per cent. of the average of the middle market quotations for an ordinary share (as derived from the Daily Official List) for the five business days immediately before the date of purchase.

The company may hold any repurchased shares in treasury, instead of cancelling them immediately. If the company buys back its own shares and holds them in treasury it may then deal with some or all of them in several ways. It may sell them for cash; transfer them under the provisions of an employee share scheme; cancel them; or continue to hold them in treasury. Holding shares in treasury in this way would allow the company to reissue them quickly and cost effectively, giving increased flexibility to the management of its capital base. Dividends are not paid on shares held in treasury, nor do they carry voting rights while they remain there. The directors intend to decide at the time of any share buy back, whether to cancel the shares immediately or to hold them in treasury, depending on what would best promote the success of the company at the time. The company does not currently hold any shares in treasury.

The proposal should not be taken as an indication that the company will purchase shares at any particular price or indeed at all, and the directors will only consider making purchases if they believe that such purchases would result in an increase in earnings per share and are in the best interests of shareholders.

Voting

A form of proxy is included at the end of this document for use at the AGM. Please complete, sign and return it as soon as possible in accordance with the instructions on it, whether or not you intend to come to the AGM. Returning a form of proxy will not prevent you from attending the meeting and voting in person if you wish. A form of proxy should be returned so that it is received not less than 48 hours before the time of the AGM.

The directors consider that all the resolutions to be put to the meeting are in the best interests of the company and its shareholders as a whole. The directors will be voting in favour of them and unanimously recommend that you do so as well.

On behalf of the board

L E Young
Secretary

26 June 2012

STATEMENT OF DIRECTORS' RESPONSIBILITIES

for the year ended 31 March 2012

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law 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 consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and applicable law and the company accounts under UK GAAP.

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 the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company and Group's transactions and disclose with reasonable accuracy at any time the financial position of the company and Group 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

They are further responsible for ensuring that the report of the directors and other information included in the annual report and financial statements is prepared in accordance with applicable law in the UK.

The maintenance and integrity of the PHSC plc website is the responsibility of the directors; the work carried out by the auditor does not involve the consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred in the accounts since they were initially presented on the website.

Legislation in the UK governing the preparation and dissemination of the accounts and the other information included in annual reports may differ from legislation in other jurisdictions.

Going concern basis

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the group chief executive's review on pages 3 to 5. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described within these financial statements. In addition, note 1 to the financial statements include the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; and its exposure to credit risk and liquidity risk.

The Group has considerable financial resources together with long-term contracts with its customers and has a diversified income stream. The Group does not have any current borrowing or any anticipated borrowing requirements. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

CORPORATE GOVERNANCE STATEMENT

for the year ended 31 March 2012

The directors of the company support high standards of corporate governance as set out in the UK corporate governance code. They apply the principles of that code to the Group in the way that they consider to be most appropriate to its size and stage of development. As the company's shares are traded on AIM, it is not required to comply with all of the provisions of the code.

LEADERSHIP

The board is made up of four directors, two of whom are executive, S A King (group chief executive) and N C Coote (deputy group chief executive) and two of whom are independent non-executive, M J L Miller and G N Webb MBE. Mr King acts as chairman and chief executive. Since the board is comprised of only four members, the directors are of the view that there is no need to split these roles and for the same reason they have not appointed a senior independent director. Mr Miller has served seven years on the board and Mr Webb has served nine years. The board is of the view that both of the non-executive directors retain their independent judgment and continue to make a valuable contribution to the board. Biographical details of the directors can be found on the company's website (www.phsc.plc.uk).

The directors have a duty to promote the success of the company and to this end the board has clearly defined responsibilities set out in a formal schedule of matters reserved to it which includes setting the company's strategy; approving business plans; approving the annual report and accounts and shareholder communications; ensuring a sound system of internal controls and risk management; approving major contracts; determining the remuneration policy (on the recommendation of the remuneration committee); and making appointments to the board and other offices. Health and safety within the Group is considered at every board meeting.

The directors have continued to disclose their other interests (as required by the Companies Act 2006) and to date there have been no actual or potential conflicts of interest between these and the interests of the company.

EFFECTIVENESS

The board meets at least five times each year and the committees meet twice each year (or more often if required). During the year there was full attendance at all board and committee meetings. Monthly management accounts are circulated to all directors. All directors have access to advice from the company secretary.

COMMITTEES

The board has delegated certain matters to committees. There is an audit committee and a remuneration committee. During the year the terms of reference of these committees were reviewed and updated to bring them into line with current best practice. Copies of these are available on request. There is no separate nominations committee and the board as a whole deals with any matters that would normally be within the remit of such a committee. For example, the board reviews succession planning at senior levels within the Group at least annually.

The audit committee comprises Mr Miller (chairman) and Mr Webb. During the year it has considered internal controls and risk management issues which are relevant to the Group, focusing on risks in the difficult economic climate. Consideration has been given to managing outstanding debtors and further improvements have been seen in collections as procedures have been amended. Accepting that no systems of control can provide absolute assurance against material misstatement or loss, the directors believe that the established systems for internal control within the Group are appropriate to the business.

There is an annual audit planning meeting between the external auditor and the committee chairman as well as a formal meeting with the auditor and the committee at the time of the final results. The committee considers the continuing independence of the external auditor and notes the amount of non-audit fees to ensure they remain at an acceptable level. Where relevant, developments in accounting standards and reporting have been discussed during the year. The audit committee reviews annually whether the Group needs to have an internal audit function and does not consider this to be necessary at present.

CORPORATE GOVERNANCE STATEMENT *(continued)*

for the year ended 31 March 2012

The remuneration committee comprises Mr Webb (chairman) and Mr Miller. The committee has written terms of reference and considers all aspects of the remuneration of the executive directors and other senior executives. As in prior years, any payments to senior executives under the Group bonus plan are approved by the committee. The committee has recently considered whether the performance measures under the bonus plan remain relevant and has concluded that they do. It also hears representations on any proposed general pay increases across Group subsidiaries, and is responsible for approving those (or otherwise).

DIRECTORS' REMUNERATION

The remuneration of the executive directors was as follows:

	Year ended 31.3.12					Year ended 31.3.11
	Short-term employee benefits			*Post-employment benefits*		
	Salary	**Bonus**	**Benefits**	**Pension**	**Total**	Total
S A King	£51,121	£4,602	£1,488	£2,781	£59,992	£85,519
N C Coote	£62,050	£4,602	£6,897	£3,102	£76,651	£80,657

Mr King's benefits pertain to health insurance and Ms Coote's to a company car and health insurance.

The fees of the non-executive directors were as follows:

	Year ended 31.3.12	Year ended 31.3.11
M J L Miller	£10,000	£12,000
G N Webb	£12,000	£18,000

CORPORATE RESPONSIBILITY

Group companies are involved in the communities in which they operate and also provide sponsorship and donations to good causes. Details of these can be found on the corporate social responsibility section of the Group's website.

RELATIONS WITH SHAREHOLDERS

The annual report is sent to all shareholders and, on request, to other parties who have an interest in the Group's performance. The company endeavours to send the notice of AGM and supporting papers to shareholders at least 20 working days before the meeting and responds promptly to any enquiries received from shareholders. All shareholders have the opportunity to put forward questions at the company's AGM. Mr King is the principal contact between PHSC plc and its investors, with whom he maintains a regular dialogue. The views of investors are communicated to the whole board.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PHSC plc

for the year ended 31 March 2012

Crowe Clark Whitehill™

We have audited the consolidated financial statements of PHSC plc for the year ended 31 March 2012 which comprise the group statement of comprehensive income, group statement of financial position, company balance sheet, group statement of changes in equity, group statement of cash flows, company statement of cash flows and related notes 1 to 27.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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. We read all the financial and non-financial information in the directors' report, group chief executive's review and corporate governance statement to identify material inconsistencies with the audited financial statements. If we become aware of any apparent misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 March 2012 and of the Group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with UK GAAP; and
- the financial statements 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 Auditor
10 Palace Avenue, Maidstone, Kent ME15 6NF

26 June 2012

GROUP STATEMENT OF FINANCIAL POSITION

as at 31 March 2012

	Note	31.3.12 £	31.3.11 £
Non-Current Assets			
Property, plant and equipment	5	**769,579**	816,619
Goodwill	6	**3,315,262**	3,315,262
Deferred tax asset	15	**2,600**	1,239
		4,087,441	4,133,120
Current Assets			
Inventories	9	**6,425**	2,650
Trade and other receivables	8	**1,225,801**	1,381,374
Cash and cash equivalents	10	**902,582**	749,059
		2,134,808	2,133,083
Total Assets		**6,222,249**	6,266,203
Current Liabilities			
Trade and other payables	12	**666,577**	755,562
Current corporation tax payable		**112,292**	56,019
Short-term provisions	14	**–**	100,000
		778,869	911,581
Non-Current Liabilities			
Long-term provisions	14	**–**	-
Deferred tax liabilities	15	**72,999**	81,269
		72,999	81,269
Total Liabilities		**851,868**	992,850
Net Assets		**5,370,381**	5,273,353
Capital and reserves attributable to equity holders of the Group			
Called up share capital	11	**1,038,196**	1,038,196
Share premium account	11	**1,497,409**	1,497,409
Capital redemption reserve		**143,628**	143,628
Retained earnings		**2,691,148**	2,594,120
		5,370,381	5,273,353

The financial statements were approved and authorised for issue by the board of directors on 26 June 2012, and were signed on its behalf by:

S A King *Director*

Accounting policies and notes on pages 23 to 44 form part of these financial statements

PHSC plc

Registered number: 4121793

COMPANY BALANCE SHEET

as at 31 March 2012

	Note	31.3.12 £	31.3.11 £
Fixed assets			
Intangible assets	6	**29,230**	31,517
Tangible assets	5	**184,047**	196,435
Investments	7	**3,861,500**	3,902,580
		4,074,777	4,130,532
Current Assets			
Debtors	8	**624,436**	610,025
Cash at bank	10	**168,072**	-
		792,508	610,025
Creditors			
Amounts falling due within one year	12	**46,251**	256,345
Net current assets		**746,257**	353,680
Provisions for liabilities and charges	14	**–**	-
		4,821,034	4,484,212
Capital and Reserves			
Called up share capital	11	**1,038,196**	1,038,196
Share premium account	11	**1,497,409**	1,497,409
Capital redemption reserve		**143,628**	143,628
Profit and loss account		**2,141,801**	1,804,979
Shareholders Funds	27	**4,821,034**	4,484,212

The financial statements were approved and authorised for issue by the board of directors on 26 June 2012, and were signed on its behalf by:

S A King *Director*

Accounting policies and notes on pages 23 to 44 form part of these financial statements

PHSC plc

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2012

	Note	**31.3.12** £	31.3.11 £
Continuing operations:			
Revenue		**4,434,307**	4,813,773
Cost of sales	17	**(2,256,418)**	(2,636,062)
Gross profit		**2,177,889**	2,177,711
Administrative expenses	17	**(1,786,139)**	(1,917,632)
Other income	16	**6,737**	66,593
Profit from operations		**398,487**	326,672
Finance income	20	**8,906**	1,364
Finance costs	20	**(242)**	–
Profit before taxation		**407,151**	328,036
Corporation tax expense	21	**(108,072)**	(89,035)
Profit for the year after tax attributable to owners of the parent		**299,079**	239,001
Other comprehensive income		**–**	–
Total comprehensive income attributable to owners of the parent		**299,079**	239,001
Attributable to:			
Equity holders of the Group		**299,079**	239,001
Basic and Diluted Earnings per Share for profit after tax and total comprehensive income from continuing operations attributable to the equity holders of the Group during the year	22	**2.91p**	2.33p

The company has elected to take the exemption under section 408 of the Companies Act 2006 to not present the parent company profit and loss account. The loss for the year before dividends received from subsidiaries (2012: £586,555, 2011: nil) was £42,093 (2011: profit £6,491). There were no recognised gains and losses for 2012 or 2011 other than those included in the company profit and loss account.

PHSC plc

GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2012

	Share Capital £	Share Premium £	Capital Redemption Reserve £	Retained Earnings £	Total £
Balance at 1 April 2010	1,038,196	1, 497,409	143,628	2,448,553	5,127,786
Profit for year attributable to equity holders	–	–	–	239,001	239,001
Dividends	–	–	–	(93,434)	(93,434)
Balance at 31 March 2011	1,038,196	1,497,409	143,628	2,594,120	5,273,353
Balance at 1 April 2011	1,038,196	1, 497,409	143,628	2,594,120	5,273,353
Profit for year attributable to equity holders	–	–	–	299,079	299,079
Deferred tax adjustment to property valuation	–	–	–	5,588	5,588
Dividends	–	–	–	(207,639)	(207,639)
Balance at 31 March 2012	1,038,196	1,497,409	143,628	2,691,148	5,370,381

Accounting policies and notes on pages 23 to 44 form part of these financial statements

GROUP STATEMENT OF CASH FLOWS

for the year ended 31 March 2012

	Note	31.3.12 £	31.3.11 £
Cash flows from operating activities:			
Cash generated from operations	I	**514,030**	616,068
Interest paid		**(242)**	–
Tax paid		**(55,840)**	(202,604)
Net cash generated from operating activities		**457,948**	413,464
Cash flows from investing activities			
Purchase of property, plant and equipment		**(6,009)**	(33,463)
Purchase of subsidiary companies (net of cash acquired)		**(107,097)**	(250,000)
Disposal of fixed assets		**7,414**	800
Interest received		**8,906**	1,364
Net cash used in investing activities		**(96,786)**	(281,299)
Cash flows from financing activities			
Dividends paid to Group shareholders		**(207,639)**	(93,434)
Net cash used by financing activities		**(207,639)**	(93,434)
Net increase in cash and cash equivalents		**153,523**	38,731
Cash and cash equivalents at beginning of year		**749,059**	710,328
Cash and cash equivalents at end of year		**902,582**	749,059

NOTES TO THE GROUP STATEMENT OF CASH FLOWS

for the year ended 31 March 2012

	31.3.12 £	31.3.11 £
I. CASH GENERATED FROM OPERATIONS		
Operating profit – continuing operations	**398,487**	326,672
Depreciation charge	**46,962**	51,730
Acquisition cost	**7,097**	–
(Profit)/loss on sale of fixed assets	**(1,328)**	10,263
Increase in stock	**(3,775)**	–
Decrease in debtors	**155,573**	334,799
Decrease in creditors	**(88,986)**	(107,396)
Cash generated from operations	**514,030**	616,068

COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 March 2012

	Note	31.3.12 £	31.3.11 £
Reconciliation of operating profit to net cash outflow from operating activities			
Operating (loss)/profit		**(6,895)**	9,627
Depreciation and amortisation		**9,662**	10,463
Acquisition cost		**7,097**	–
Loss on sale of discontinued operation		**–**	6,800
Profit on sale of fixed asset		**(2,399)**	–
Increase in debtors		**(15,651)**	(14,127)
Increase/(decrease) in creditors		**482**	(24,038)
Net cash outflow from operating activities		**(7,704)**	(11,275)
Cash flows statement			
Net cash outflow from operating activities		**(7,704)**	(11,275)
Returns on investment and servicing of finance	I	**(98,192)**	(248,982)
Taxation		**(169)**	(3,978)
Capital expenditure	I	**7,414**	–
		(98,651)	(264,235)
Equity dividends paid		**(207,639)**	(93,434)
Equity dividends received		**586,555**	–
Increase/(decrease) in cash in the period		**280,265**	(357,669)
Reconciliation of net cash flow to movement in net debt			
Increase/(decrease) in cash in the period		**280,265**	(357,669)
Cash at bank at beginning of year		**(112,193)**	245,476
Cash at bank at end of year		**168,072**	112,193

NOTES TO THE COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 March 2012

	31.3.12 £	31.3.11 £
I. GROSS CASH FLOWS		
Returns on investments and servicing of finance		
Interest received	**8,905**	1,018
Deferred consideration on purchase of subsidiary	**(107,097)**	(250,000)
	(98,192)	(248,982)
Capital expenditure		
Receipts from sale of tangible fixed assets	**7,414**	–

ACCOUNTING POLICIES

for the year ended 31 March 2012

General information

PHSC plc is a company listed on AIM and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given at the front of this report. The nature of the Group's operations and its principal activities are set out in the report of the directors on page 6. The financial statements are presented in pounds sterling which is the Group's functional and presentation currency. The figures shown in the financial statements are rounded to the nearest pound.

Basis of preparation of financial statements

The Group'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 except as noted below.

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 2.

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.

SUMMARY OF SIGNIFICANT GROUP ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

IFRS standards and interpretations issued (and EU adopted) but not yet effective **Title**	**Effective date – accounting period beginning on or after**
IFRS 7 Amendments to Financial Instruments Disclosures	01/07/2011

IFRS Standards and Interpretations issued by IASB but not yet EU approved **Title**	**Effective date – accounting period beginning on or after**
IFRS 1 Amendments Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters	01/07/2011
IAS 12 Amendments to Deferred tax: Recovery of Underlying Assets	01/01/2012
IAS 1 Amendment – Presentation of items of other comprehensive income	01/07/2012
IAS 19 Amendment – Employee Benefits	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
IFRS 9 Financial Instruments	01/01/2013
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine	01/01/2013

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.

Basis of Consolidation

The Group financial statements consolidate the financial statements of PHSC plc and all its subsidiary undertakings made up to 31 March 2012.

Subsidiaries are entities over which the Group has control. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights.

The acquisition of subsidiaries has been accounted for using the acquisition method of accounting. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Goodwill arising on purchases prior to 1 April 2006 was capitalised and amortised over its useful economic life.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Property, Plant and Equipment

Property, plant and equipment are stated at cost or fair value, net of depreciation and any provision for impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

At the date of transition to IFRSs, the carrying value of land and freehold buildings that had previously been revalued is shown as deemed cost, and not subsequently revalued.

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income in the period in which they are incurred.

All other decreases are charged to the statement of comprehensive income.

Depreciation is provided on all property, plant and equipment, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life, as follows:

Freehold building	–	2% on cost
Improvements to property	–	shorter of the lease term and 10% on cost
Fixtures and equipment	–	25% on reducing balance
Motor vehicles	–	25% on reducing balance

Material residual value estimates are updated as required.

An asset is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount, and are recognised in the statement of comprehensive income.

Operating Lease Commitments

An operating lease is one in which a significant portion of the risks and rewards of ownership are retained by the lessor. Rentals payable under operating leases are charged to the statement of comprehensive income on a straight-line basis over the term of the lease.

Intangible Assets

Goodwill arises on the acquisition of subsidiary undertakings and interests and represents the excess of the cost of acquisition over the net asset values of the subsidiaries or interests acquired. Such goodwill is capitalised as an intangible asset and is stated at cost less accumulated amortisation and impairment losses.

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 within the Group 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.

Inventories

Inventories are stated at the lower of cost and net realisable value, calculated on purchase cost on a first-in, first-out basis.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, demand deposits, bank overdrafts, and short-term, highly liquid investments that are readily convertible into known amounts of cash, and are subject to an insignificant risk of changes in value.

Financial Instruments

Provision is made for diminution in value where appropriate.

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

Trade payables are recognised at initially fair value and subsequently measured at amortised cost.

Financial Liabilities

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities categorised as at fair value through profit or loss are measured initially at fair value, with all transaction costs being recognised immediately in the statement of comprehensive income. All other financial liabilities are measured initially at fair value, net of direct issue costs.

Financial liabilities categorised as at fair value through profit or loss are measured after initial recognition at fair value, with changes in fair value being taken to the statement of comprehensive income in the period in which they occur. All other financial liabilities are recorded at amortised cost, using the effective interest method, with interest-related charges being recognised as an expense under finance costs in the statement of comprehensive income. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the statement of comprehensive income on an accruals basis, using the effective interest method, and are added to the carrying amount of the instrument, to the extent that they are not settled in the period in which they arise.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged, is cancelled, or expires.

Taxation

Current tax is the tax currently payable based on the taxable profit for the year.

Deferred tax is provided in full, using the liability method, on temporary differences between the carrying amounts of assets and liabilities and their tax bases, except when, at the initial recognition of the asset or liability, there is no effect on accounting or taxable profit or loss. Deferred tax is determined using tax rates and laws that have been substantially enacted by the statement of financial position date, and that are expected to apply when the temporary difference reverses.

Tax losses available to be carried forward, and other tax credits to the Group, are recognised as deferred tax assets, to the extent that it is probable that there will be future taxable profits against which the temporary differences can be utilised.

Changes in deferred tax assets or liabilities are recognised as a component of the tax expense in the statement of comprehensive income, except where they relate to items that are charged or credited directly to equity (such as the revaluation of land), in which case the related deferred tax is also charged or credited directly to equity.

Provisions

These are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation, using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

Share Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

The proceeds of share issues, received net of any directly attributable transactions costs are credited to share capital at nominal value and the excess credited to the share premium account. The capital redemption reserve arose when the company repurchased some of its own shares. At that point the nominal value of those shares was transferred to the capital redemption reserve.

Employee Benefits

The Group supports various personal pension arrangements. Agreed contributions are charged to the statement of comprehensive income as they become payable.

ACCOUNTING POLICIES *(continued)*

for the year ended 31 March 2012

Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable by the Group for services provided in the ordinary course of the Group's activities, excluding VAT and trade discounts. Revenue is recognised in line with contract activity and reflects the accrual to consideration as the contract activity progresses.

Dividend Distribution

Dividend distributions payable to equity shareholders are included in "trade and other payables" when the dividends are approved in general meeting.

SUMMARY OF SIGNIFICANT COMPANY ACCOUNTING POLICIES

The financial statements of PHSC plc (the company) have been prepared under UK GAAP but are similar to those of the Group which are prepared under IFRS except for the following policies.

Goodwill

Goodwill in the company financial statements represents the amount paid in connection with the acquisition of a business and is being amortised evenly over 20 years.

Investments

Investments in subsidiary undertakings are stated at cost less amounts provided for any impairment in value. An impairment review is carried out at the end of the first year in which the acquisition took place and as a minimum every three years thereafter. Where the consideration for the acquisition of shares in a subsidiary undertaking is satisfied by the issue of equity shares and the provisions of Section 612 of the Companies Act 2006 apply, cost is taken as the nominal value of the shares issued together with the fair value of any other consideration given.

Deferred Tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax. Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax balances are not discounted.

1. FINANCIAL RISK MANAGEMENT

Financial Risk

The Group's activities expose it to a variety of financial risks. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the board who evaluate and manage financial risks in close co-operation with the managing directors of the subsidiary companies. The Group

- regularly reviews credit extended to customers with appropriate action being taken to minimise the cost of bad debts;
- balances risk and return when assessing where to place cash surplus to the Group's immediate requirements; and
- keeps open options to employ debt finance to ensure that the Group has sufficient funds for continuing operations and planned expansions.

Market Risk

The Group has interest-bearing assets which are subject to a variable rate of interest. Thus the Group is only exposed to fair value interest rate risk, which is not expected to have a significant impact on profit or loss or equity.

Credit Risk

The Group has implemented policies that require appropriate credit checks on potential customers before sales are made.

No credit limits were exceeded during the year, and management does not expect any losses from non-performance by these counterparties.

Liquidity Risk

The Group did not rely on any loan finance during the year but avenues for securing debt finance are kept open to ensure that funds may be called upon if and when needed for operations and planned expansions. The board monitors the Group's liquidity position on the basis of expected cash flow on a regular basis.

The following table analyses the Group's financial liabilities, which will be settled on a net basis, into relevant maturity groupings, based on the remaining period to maturity at 31 March. The amounts disclosed are the contractual undiscounted cash flows:

	Less than 1 year £	Between 1 & 2 yrs £	Between 2 & 5 yrs £	Over 5 yrs £
At 31 March 2012				
Trade and other payables	667,200	–	–	–
At 31 March 2011				
Trade and other payables	755,562	–	–	–

Capital Risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders. The Group defines capital as share capital plus reserves. The Group is not subject to any externally imposed capital requirements. The board monitors levels of cash and any excess levels have historically been used for acquisitions. Since 2008 the Group has run a share buy-back programme and is proposing a special additional dividend to be paid in September 2012 to continue providing shareholder returns.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical Accounting Estimates and Assumptions

The directors are required to make estimates and judgements 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 areas involving a higher degree of judgement or complexity and areas where assumptions are significant to the production of these financial statements are disclosed below.

(a) Provisions

The Group recognises a provision where a legal or constructive obligation exists at the balance sheet date and a reliable estimate can be made of the likely outcome.

Note 14 provides details of a £100,000 liability included in short-term provisions as at 31 March 2011 relating to the payment due on the second anniversary of the acquisition of QLM. The sale and purchase agreement provided for the figure to be adjusted, pound for pound up or down, according to performance against the target. The actual amount paid was £107,097.

Although provisions are reviewed on a regular basis and adjusted for the director's best current estimates, the judgemental nature of these items means that future amounts settled may be different from those provided.

(b) Impairment of goodwill

An impairment of goodwill has the potential to significantly impact upon the Group's statement of comprehensive income for the year. In order to determine whether impairments are required the directors estimate the recoverable amount of the goodwill. This calculation is based on the Group's forecasts for the following financial year extrapolated over a six year period assuming a zero growth rate. In accordance with the provisions of IAS 36 the estimated disposal proceeds, should the business be sold at the end of year 6, are included in the recoverable amount. Estimated future results for impairment calculations are based on the directors expectations of future volumes and margins based on the business plan. Full details are disclosed in note 6.

Critical Judgements in applying the Entity's Accounting Policies

Income as at 31 March 2012 has been valued in accordance with UITF40 (Revenue Recognition and Service Contracts). Revenue has been recognised in line with contract activity and reflects the accrual to consideration as the contract activity progresses.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2012

3. SEGMENTAL REPORTING

IFRS 8 requires that operating segments be identified on the basis of internal reporting and decision-making. PHSC plc's operating segments are by subsidiary company as the directors and management team receive and make decisions based on monthly management accounts by subsidiary. A description of each subsidiary's trade is provided in the director's report on page 6.

The following table shows the Group's revenue and results for the year under review analysed by operating segment. Segment operating profit represents the trading profit after depreciation, but before tax and management charge. All revenue arose in the UK and all assets and liabilities are located in the UK. The Group's key customer profile is given in note 8.

	PHSC plc £'000	PHSCL £'000	RSA £'000	ALS £'000	Envex £'000	ISL £'000	QLM £'000	Total £'000
As at 31 March 2012								
Total revenue (all external)	–	771	474	2,121	103	242	723	4,434
Depreciation	7	11	1	19	–	–	9	47
Taxation	3	32	–	43	–	–	36	114
Deferred taxation	–	–	–	(1)	–	–	(5)	(6)
Subsidiary operating profit/(loss)	(389)	313	(3)	302	(2)	13	161	395
Consolidation adjustment:								
Goodwill amortisation								3
Group profit from operations								398
Dividends receivable	587	–	–	–	–	–	–	587
As at 31 March 2011								
Total revenue (all external)	–	928	661	2,095	177	247	706	4,814
Grant income	–	–	–	–	–	–	60	60
Other income	–	–	–	–	–	–	6	6
Depreciation	8	12	2	20	1	1	8	52
Taxation	–	56	1	2	9	1	14	83
Deferred taxation	4	–	–	–	–	–	2	6
Subsidiary operating profit/(loss)	(413)	379	17	160	53	18	109	323
Consolidation adjustment:								
Goodwill amortisation								4
Group profit from operations								327
Dividends receivable	–	–	–	–	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2012

3. SEGMENTAL REPORTING – continued

The table below shows assets and liabilities by subsidiary, exclusive of inter-company balances.

		PHSC plc £'000	PHSCL £'000	RSA £'000	ALS £'000	Envex £'000	ISL £'000	QLM £'000	Total £'000
Year ended 31 March 2012									
Non-current assets		4,075	368	424	233	–	1	21	5,122
Current assets		792	265	131	1,143	15	118	294	2,758
Total assets		4,867	633	555	1,376	15	119	315	7,880
Current liabilities		46	90	552	420	–	106	192	1,406
Non-current liabilities		–	–	–	6	–	–	1	7
Total liabilities		46	90	552	426	–	106	193	1,413
Net operating assets		4,821	543	3	950	15	13	122	6,467
Consolidation adjustments									
Non-current assets	i								(1,034)
Non-current liabilities	ii								(63)
Net assets									5,370
Year ended 31 March 2011									
Non-current assets		4,132	378	427	204	1	1	30	5,173
Current assets		496	373	176	1,132	109	166	279	2,731
Total assets		4,628	751	603	1,336	110	167	309	7,904
Current liabilities		144	128	585	291	30	135	200	1,513
Non-current liabilities		–	–	–	7	–	–	6	13
Total liabilities		144	128	585	298	30	135	206	1,526
Net operating assets		4,484	623	18	1,038	80	32	103	6,378
Consolidation adjustments									
Non-current assets	i								(1,037)
Non-current liabilities	ii								(68)
Net assets									5,273

(i) Adjustment of goodwill on consolidation including goodwill amortisation write back under IFRS and goodwill impairment.

(ii) Provision for deferred taxation under IFRS.

4. AUDITOR REMUNERATION

	31.3.12 £	31.3.11 £
Fees payable to the company's auditor for the audit of the annual parent company and consolidated accounts	**6,055**	8,420
Release of accrual from previous years	**(2,180)**	(4,660)
Fees payable to the company's auditor for other services provided to the company and its subsidiaries:		
The audit of the company's subsidiaries under legislative requirements	**12,520**	11,700
Other services under legislative requirements	**6,470**	–
Tax services	**6,100**	5,980
	28,965	21,440

5. TANGIBLE FIXED ASSETS

GROUP	Freehold property £	Improvements to property £	Fixtures and equipment £	Motor vehicles £	Totals £
COST					
At 1 April 2010	786,500	23,717	292,715	56,489	1,159,421
Additions	–	–	33,463	–	33,463
Disposals	–	–	(23,325)	(11,295)	(34,620)
At 31 March 2011	786,500	23,717	302,853	45,194	1,158,264
Additions	–	–	6,009	–	6,009
Disposals	–	–	(4,223)	(21,275)	(25,498)
At 31 March 2012	786,500	23,717	304,639	23,919	1,138,775
DEPRECIATION					
At 1 April 2010	68,752	8,746	200,212	42,563	320,273
Charge for the year	15,730	4,327	28,569	3,104	51,730
Disposals	–	–	(20,570)	(9,788)	(30,358)
At 31 March 2011	84,482	13,073	208,211	35,879	341,645
Charge for the year	15,730	3,715	25,013	2,504	46,962
Disposals	–	–	(3,150)	(16,261)	(19,411)
At 31 March 2012	100,212	16,788	230,074	22,122	369,196
NET BOOK VALUE					
At 31 March 2012	686,288	6,929	74,565	1,797	769,579
At 31 March 2011	702,018	10,644	94,642	9,315	816,619
At 1 April 2010	717,748	14,971	92,503	13,926	839,148

Depreciation expenses of £46,962 (2011: £51,730) are included in administrative expenses in the statement of comprehensive income.

No tangible fixed assets are subject to a finance lease.

Lease rentals amounting to £133,232 (2011: £172,382), relating to the lease of buildings and motor vehicles are included in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2012

5. TANGIBLE FIXED ASSETS – continued

COMPANY	Freehold property £	Improvements to property £	Motor vehicles £	Totals £
COST				
At 1 April 2010 and 31 March 2011	196,500	15,396	21,275	233,171
Disposals	–	–	(21,275)	(21,275)
At 31 March 2012	196,500	15,396	–	211,896
DEPRECIATION				
At 1 April 2010	11,520	5,389	12,051	28,960
Charge for the year	3,930	1,540	2,306	7,776
At 31 March 2011	15,450	6,929	14,357	36,736
Charge for the year	3,930	1,540	1,905	7,375
Disposals	–	–	(16,262)	(16,262)
At 31 March 2012	19,380	8,469	–	27,849
NET BOOK VALUE				
At 31 March 2012	177,120	6,927	–	184,047
At 31 March 2011	181,050	8,467	6,918	196,435

6. INTANGIBLE FIXED ASSETS

GROUP	Goodwill £
COST	
At 1 April 2010	3,562,937
Revisions to net assets	64,594
Disposals	(6,800)
At 31 March 2011 and 31 March 2012	3,620,731
AMORTISATION	
At 1 April 2010, 31 March 2011 and 31 March 2012	305,469
NET BOOK VALUE	
At 31 March 2011	3,315,262
At 31 March 2010	3,315,262
At 1 April 2010	3,257,468

COMPANY	Goodwill £
COST	
At 1 April 2010	53,739
Disposal	(8,000)
At 31 March 2011 and 31 March 2012	45,739
AMORTISATION	
At 1 April 2010	12,735
Charge for the year	2,687
Disposal	(1,200)
At 31 March 2011	14,222
Charge for the year	2,287
At 31 March 2012	16,509
NET BOOK VALUE	
At 31 March 2012	29,230
At 31 March 2011	31,517

6. INTANGIBLE FIXED ASSETS – continued

Impairment Tests for Goodwill

Goodwill is allocated to the Group's cash-generating units, identified according to subsidiary.

The following table shows a summary of the goodwill allocation by subsidiary:

	31.3.12 £	31.3.11 £
Personnel Health & Safety Consultants Limited and dormant subsidiaries	**594,952**	594,952
RSA Environmental Health Limited	**608,130**	608,130
Adamson's Laboratory Services Limited	**1,234,127**	1,221,321
Envex Company Limited	**–**	12,806
Inspection Services (UK) Limited	**244,594**	244,594
Quality Leisure Management Limited	**582,844**	582,844
	3,264,647	3,264,647
At Company level	**50,615**	50,615
Total goodwill for Group	**3,315,262**	3,315,262

When considering impairment, the directors have taken the cash flow forecasts prepared for the year ended 31 March 2013 and have assumed that these will continue unchanged over a six-year horizon. A six year period has been used as the board 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 Group's business to achieve growth by organic means as well as through acquisitions.

The cash flow projections:

- are based on profits before tax and inter group management charges;
- allow for estimated disposal proceeds should the business be sold at the end of year six in accordance with the provisions of IAS36 based upon a multiple of EBITDA of 8.4; and
- have been discounted using the Group's weighted average cost of capital (WACC) which has been calculated to be 8.34%.

The table below shows the amount by which each subsidiary's recoverable amount exceeds its carrying value. An illustration is also provided of the extent to which the key assumptions regarding cash flow and WACC need to change before impairment would be necessary.

	Margin in carrying value £	Annual cash flow at which impairment required £	WACC at which impairment required %
Personnel Health & Safety Consultants Limited and dormant subsidiaries	2,230,038	66,950	40
RSA Environmental Health Limited	27,216	68,425	9
Adamson's Laboratory Services Limited	1,405,382	138,800	23
Inspection Services (UK) Limited	15,270	27,520	9
Quality Leisure Management Limited	602,167	65,500	22

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2012

7. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

Shares in Group Undertakings

COMPANY	31.3.12 £	31.3.11 £
At 31 March	**3,861,500**	3,902,580

Investments in group undertakings are stated at cost and include the following subsidiaries:

Name of Company	Country of registration	Proportion of voting rights held	Nature of business
Personnel Health & Safety Consultants Limited	England	100%	Health and safety
Personnel Health & Safety Consultants (Southern) Limited	England	100%	Dormant
Personnel Health & Safety Consultants (Northern) Limited	England	100%	Dormant
Personnel Health & Safety Consultants (Midlands) Limited	England	100%	Dormant
Safetymark Certification Services Limited (formerly CounterClaim UK Limited)	England	100%	Dormant
RSA Environmental Health Limited	England	100%	Health and safety
Adamson's Laboratory Services Limited	England	100%	Health and safety
Envex Company Limited*	England	100%	Dormant
In House The Hygiene Management Company Limited	England	100%	Dormant
Inspection Services (UK) Limited	England	100%	Health and safety
Quality Leisure Management Limited	England	100%	Health and safety

* The trade and assets of Envex Company Limited were transferred to Adamson's Laboratory Services Limited, a fellow subsidiary on 31 March 2012. The company will remain dormant in the foreseeable future. Prior to the transfer, the nature of the company's business was health and safety and that business will continue as a division within Adamson's Laboratory Services Limited.

8. TRADE AND OTHER RECEIVABLES

	Group		Company	
	31.3.12 £	31.3.11 £	31.3.12 £	31.3.11 £
Trade receivables	**1,029,304**	1,137,165	–	–
Less provision for impairment of trade receivables	**(9,128)**	(2,375)	–	–
Trade receivables – net	**1,020,176**	1,134,790	–	–
Amounts due from related parties	–	–	**606,812**	592,427
Other debtors, prepayments and accrued income	**205,625**	246,584	**17,624**	16,359
Deferred tax asset	–	–	–	1,239
Total	**1,225,801**	1,381,374	**624,436**	610,025

8. TRADE AND OTHER RECEIVABLES – continued

The following entities within the Group received revenues from transactions with a single external customer which amounted to 10 per cent. or more of their turnover for the year ended 31 March 2012.

Entity	Percentage of turnover derived from a single customer
Adamson's Laboratory Services Limited	11%
Envex Company Limited	12%
Inspection Services (UK) Limited	13%
Personnel Health & Safety Consultants Limited	16%
Quality Leisure Management Limited	25%

There are no non-current receivables and no adjustment is required to result in a fair value.

At 31 March 2012, there were £9,128 impaired trade receivables (2011: £2,375).

The ageing of receivables over the Group's normal credit terms is:

	Group		Company	
	31.3.12	31.3.11	**31.3.12**	31.3.11
	£	£	**£**	£
Up to 3 months	**223,229**	333,865	–	–
3 – 6 months	**78,527**	135,016	–	–
Over 6 months	**23,789**	26,481	–	–
	325,545	495,362	–	–

The majority of year end trade receivable over 6 months relate to blue chip organisations including local authorities and universities. Historically the Group has had a good record of collecting debts with few bad debts.

Movements on the Group provision for impairment of trade receivables are as follows:

	Group		Company	
	31.3.12	31.3.11	**31.3.12**	31.3.11
	£	£	**£**	£
At 1 April	**2,375**	–	–	–
Provision for receivables impairment	**20,446**	9,947	–	–
Receivables written off during the year as uncollectible	**(13,693)**	(7,572)	–	–
At 31 March	**9,128**	2,375	–	–

The creation and release of the provision for impaired receivables is included in administrative expenses in the statement of comprehensive income. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the year-end is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2012

9. INVENTORIES

	Group		Company	
	31.3.12	31.3.11	**31.3.12**	31.3.11
	£	£	**£**	£
Stocks	**6,425**	2,650	**–**	–

10. CASH AND CASH EQUIVALENTS

The cash balance for the purposes of the cash flow statement were as follows:

	Group		Company	
	31.3.12	31.3.11	**31.3.12**	31.3.11
	£	£	**£**	£
Cash at bank and in hand	**902,582**	749,059	**168,072**	–

On 1 October 2008, PHSC plc entered into an unlimited multilateral guarantee with HSBC plc (see note 13).

11. CALLED UP SHARE CAPITAL

GROUP AND COMPANY	Number of shares	Ordinary shares £	Share premium £	Total £
Called up, allotted and fully paid				
At 31 March 2011 and 2012	10,381,973	1,038,196	1,497,409	2,535,605

12. TRADE AND OTHER PAYABLES

	Group		Company	
	31.3.12	31.3.11	**31.3.12**	31.3.11
	£	£	**£**	£
Current				
Bank overdrafts	**–**	–	**–**	112,193
Trade payables	**43,537**	78,950	**432**	2,389
Amounts due to related parties	**–**	–	**609**	–
Social security and other taxes	**268,052**	288,311	**29,525**	24,969
Other creditors (see note 14)	**–**	–	**–**	100,000
Accrued expenses	**354,988**	388,301	**15,685**	16,794
Total	**666,577**	755,562	**46,251**	256,345

13. FINANCIAL LIABILITIES

	Group		Company	
	31.3.12	31.3.11	**31.3.12**	31.3.11
	£	£	**£**	£
Current				
Bank loans	**–**	–	**–**	112,193

On 1 October 2008, PHSC plc entered into an unlimited multilateral guarantee with HSBC plc. Each company within the Group operates its own current account, the balance on which is allowed to fluctuate according to trading conditions. Interest is only charged on a net overdrawn balance as the Group has the right to offset overdrawn accounts with accounts in credit across the Group. For technical reasons, HSBC plc granted the Group an overdraft facility of £100 that has not been used to date. Should the facility be called upon it would be secured by a debenture including a fixed charge over all present freehold and leasehold property; first fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future; and first floating charge over all assets and undertakings both present and future. The facility is reviewed annually in July.

On 31 March 2012, PHSC plc's company balance was £168,072 (2011: £112,193 overdrawn) within the Group's cash at bank and in hand figure of £902,582 (2011: £749,059).

14. PROVISIONS

GROUP AND COMPANY	**Current** £	**Non-current** £	**Total** £
At 1 April 2010	250,000	100,000	350,000
Paid in year	(250,000)	–	(250,000)
Change from non-current to current	100,000	(100,000)	–
At 31 March 2011	100,000	–	100,000
Increase in provision	7,097	–	7,097
Paid in year	(107,097)	–	(107,097)
At 31 March 2012	–	–	–

The QLM sale and purchase agreement provided that should QLM achieve pre-tax profits averaging £100,000 for each of the two years immediately following acquisition, an additional amount of £100,000 would be payable, adjusted pound for pound up or down, according to performance against the target. The final figure due was £107,097, £7,097 in excess of the provision made as at 31.03.12, which is included within administrative expenses in the company and Group accounts.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2012

15. DEFERRED TAX

Deferred tax asset	Provision revalued properties £	Accelerated capital allowances £	Other short term timing differences £	Total £
At 1 April 2010	–	1,138	4,083	5,221
Debited/(credited) to income statement	–	101	(4,083)	(3,982)
At 31 March 2011	–	1,239	–	1,239
(Credited)/debited to income statement	–	(1,239)	2,600	1,361
At 31 March 2012	–	–	2,600	2,600

Deferred tax liabilities	Provision revalued properties £	Accelerated capital allowances £	Other short term timing differences £	Total £
At 1 April 2010	69,381	11,059	–	80,440
(Credited)/debited to income statement	(5,768)	2,607	3,990	829
At 31 March 2011	63,613	13,666	3,990	81,269
(Credited)/debited to income statement	(5,588)	(3,225)	543	(8,270)
At 31 March 2012	58,025	10,441	4,533	72,999

Deferred tax has been provided on the revalued fixed assets at 26 per cent. (2011: 26 per cent.). At present it is not envisaged that any tax will become payable in the foreseeable future.

16. OTHER INCOME

	31.3.12 £	31.3.11 £
Rent received	**5,425**	6,340
Grant income	**–**	60,000
Miscellaneous income	**1,312**	253
	6,737	66,593

During the year to 31 March 2011, QLM received financial assistance from the Scottish Government to deliver an assessment tool to assess the impact of physical activity interventions on the health of communities. The desired outcome is to improve good practice amongst physical activity providers and recognise their achievements. The Group recognised as income a grant of £60,000 for the year to 31 March 2011. The programme ended in April 2011, QLM having fulfilled all its obligations.

17. EXPENSES BY NATURE

	31.3.12 £	31.3.11 £
Cost of sales	**689,766**	748,709
Staff related costs	**2,419,708**	2,814,395
Premises costs	**85,118**	82,295
Professional fees	**103,150**	68,754
Other expenses	**744,815**	839,541
Total cost of sales and administrative expenses	**4,042,557**	4,553,694

18. EMPLOYEES

Staff costs (including executive directors)

	31.3.12 £	31.3.11 £
Wages and salaries	**2,128,710**	2,486,894
Social security costs	**217,042**	252,481
Other pension costs	**40,326**	44,429
	2,386,078	2,783,804

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

	31.3.12	31.3.11
Directors	**8**	8
Consultants	**42**	52
Administrative	**20**	21
Total	**70**	81

19. DIRECTORS' REMUNERATION

Directors of PHSC plc only

	31.3.12 £	31.3.11 £
Emoluments	**152,760**	188,839
Pension contributions to money purchase schemes	**5,883**	7,337
	158,643	196,176

The corporate governance statement on pages 14 and 15 contains additional details of the remuneration received by the executive directors. Key management personnel are each company's directors.

20. FINANCE INCOME AND COSTS

	31.3.12 £	31.3.11 £
Interest expense		
Other interest	**(242)**	–
Finance income		
Interest received	**8,906**	1,364
Net finance income	**8,664**	1,364

21. TAXATION

Analysis of tax charge in year

	31.3.12 £	31.3.11 £
Current tax:		
UK corporation tax on profits in the year	**112,292**	83,959
Adjustments in respect of previous year	**(177)**	265
Total current tax	**112,115**	84,224
Deferred tax on origination and reversal of timing differences (provided at 24%)	**(4,043)**	2,717
Adjustments in respect of previous year	**–**	2,094
Taxation	**108,072**	89,035

Factors affecting tax charge for year

The tax assessed for the year is higher (2011: higher) than the standard rate of corporation tax in the UK of 20 per cent. (2011: 21 per cent.).

The differences are explained below:

	31.3.12 £	31.3.11 £
Profit on ordinary activities before tax	**407,151**	328,036
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (2011: 28%)	**105,859**	91,850
Effects of:		
Depreciation on non-qualifying assets	**4,474**	4,805
Expenses not deductible for tax purposes	**12,191**	3,944
Marginal relief	**(3,924)**	(7,581)
Adjustments in respect of prior periods	**(177)**	2,359
Income not taxable	**(10,682)**	-
Deferred tax movement re tangible assets not recognised	**2,217**	(637)
Effect of change in deferred tax rate	**(1,886)**	(5,705)
Current tax charge	**108,072**	89,035

22. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the year.

	31.3.12	31.3.11
Profit attributable to equity holders of the Group (£)	**299,079**	239,001
Weighted average number of ordinary shares in issue	**10,276,019**	10,276,019
Basic earnings per share (pence per share)	**2.91p**	2.33p

There are no dilutive shares, options or warrants in issue.

23. DIVIDENDS

The dividends paid in 2012 and 2011 were £207,639 (1.0p per ordinary share and a special additional dividend of 1.0p per share) and £93,434 (0.90p per share) respectively. A dividend in respect of the year ended 31 March 2012 of 1.0p per ordinary share and a special additional dividend of 1.0p per share, amounting to a total dividend of £207,639 is to be proposed at the annual general meeting on 6 September 2012. These financial statements do not reflect this dividend payable.

24. COMMITMENTS

Operating lease commitments

The Group leases various offices under non-cancellable operating lease agreements.The leases have varying terms and renewal rights.The Group also leases various motor vehicles under cancellable operating lease agreements. The lease expenditure is charged to the statement of comprehensive income during the year.

The minimum lease payments to which the Group is committed under non-cancellable operating leases for the coming year are:

	31.03.12		31.03.11	
	Land and buildings £	**Motor vehicles £**	Land and buildings £	Motor vehicles £
Within one year	**–**	**18,440**	8,207	34,129
Between two and five years	**16,000**	**55,140**	–	91,230
Total	**16,000**	**73,580**	8,207	125,359

The Group had no capital commitments at the year end.

25. RELATED PARTY DISCLOSURES

A management charge is levied by PHSC plc to its subsidiary companies to reflect the central services it provides. The charges were as follows:

	31.3.12 £	31.3.11 £
Adamson's Laboratory Services Limited	**148,627**	158,906
Envex Company Limited	**12,000**	12,600
Inspection Services (UK) Limited	**12,000**	12,600
Personnel Health and Safety Consultants Limited	**162,000**	188,500
Quality Leisure Management Limited	**36,000**	37,700
RSA Environmental Health Limited	**12,000**	12,600
Total	**382,627**	422,906

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2012

25. RELATED PARTY DISCLOSURES – continued

The inter-company balances between PHSC plc and its subsidiary companies at the year end are summarised below:

	31.3.12 £	31.3.11 £
Trade receivables:		
Adamson's Laboratory Services Limited	**64,475**	47,015
Envex Company Limited	**–**	3,600
Inspection Services (UK) Limited	**–**	3,600
Personnel Health and Safety Consultants Limited	**–**	52,200
Quality Leisure Management Limited	**–**	10,800
RSA Environmental Health Limited	**–**	3,600
Loans to related parties:		
Adamson's Laboratory Services Limited	**72,745**	15
In House The Hygiene Management Company Limited	**469,304**	469,304
Personnel Health and Safety Consultants Limited	**–**	1,093
RSA Environmental Health Limited	**–**	600
Quality Leisure Management Limited	**290**	600
Amounts due to related parties:		
Personnel Health and Safety Consultants Limited	**(447)**	-
RSA Environmental Health Limited	**(162)**	-
Net amount receivable	**606,205**	592,427

PHSC plc dividends were paid to directors as follows:

	31.3.12 £	31.3.11 £
S A King	**60,331**	27,928
N C Coote	**60,178**	27,759
G N Webb MBE	**390**	157
Total	**120,899**	55,844

26. ULTIMATE CONTROLLING PARTY

PHSC plc, incorporated in England and Wales, is the ultimate parent company of the Group. There is no ultimate controlling party, but Mr S A King, group chief executive, holds 29.9 per cent. (2011: 29.9 per cent.) of the issued share capital of PHSC plc.

27. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31.3.12 £	31.3.11 £
COMPANY		
(Loss)/profit for the financial year	**(42,094)**	6,491
Dividends paid	**(207,639)**	(93,434)
Dividends received from subsidiary companies	**586,555**	-
Net addition/(reduction) to shareholders' funds	**336,822**	(86,943)
Opening shareholders' funds	**4,484,212**	4,571,155
Closing shareholders' funds	**4,821,034**	4,484,212
Equity interests	**4,821,034**	4,484,212

PHSC plc

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of PHSC plc will be held at 10.00am on Thursday 6 September 2012 at The Old Church, 31 Rochester Road, Aylesford, Kent ME20 7PR to consider the following resolutions of which resolutions 1 to 5 will be proposed as ordinary resolutions and resolutions 6 and 7 will be proposed as special resolutions.

1. To receive the annual report and audited accounts for the year ended 31 March 2012.

2. To declare a final dividend of 2.0p per ordinary share.

3. To re-elect Mr S A King as a director.

4. To appoint Crowe Clark Whitehill LLP as auditor to the company to hold office until the conclusion of the next general meeting at which accounts are laid before the members and to authorise the directors to determine their remuneration.

5. THAT, in substitution for any existing such authority, the directors be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the company to allot relevant securities (within the meaning of the said section 551) up to a total nominal amount of £346,065 during the period commencing on the date of the passing of this resolution and expiring at the conclusion of the annual general meeting in 2013 or on 30 September 2013, whichever is earlier, but so that the authority shall allow the company to make before the expiry of this authority offers or agreements which would or might require relevant securities to be allotted after such expiry and notwithstanding such expiry the directors may allot relevant securities under such offers or agreements.

6. THAT, subject to and conditional upon the passing as an ordinary resolution of resolution number 5 set out in the notice of this meeting the directors be empowered under section 570 of the Companies Act 2006 (the "Act") to allot equity securities (as defined in section 560 of the Act) for cash; under the authority conferred by resolution 5 above as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

   (a) the allotment of equity securities in connection with a rights issue, open offer or other offer of securities in favour of the holders of ordinary shares on the register of members at such record date(s) as the directors may determine where the equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them on any such record date(s), subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter whatever; and

   (b) the allotment (otherwise than under sub-paragraph (a) above) to any person or persons of equity securities up to an aggregate nominal amount of £207,639.

   such power to expire at the conclusion of the annual general meeting of the company in 2013 or, if earlier, on 30 September 2013, unless such power is varied, revoked or renewed prior to such time by the company in general meeting by special resolution; except that the company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and notwithstanding such expiry the directors may allot equity securities under such offers or agreements.

7. THAT, the company be generally and unconditionally authorised to make market purchases (as defined in the Companies Act 2006) of ordinary shares of 10 pence each in the capital of the company ("ordinary shares") on such terms and in such manner as the directors may from time to time determine, provided that:

   (a) the maximum number of ordinary shares authorised to be purchased shall be 1,557,295;

   (b) the minimum price which may be paid for an ordinary share is 10 pence;

   (c) the maximum price which may be paid for an ordinary share is an amount equal to 105 per cent. of the average of the middle market quotations for an ordinary share (as derived from the Daily Official List) for the five business days immediately preceding the date on which the ordinary share is contracted to be purchased;

   (d) the minimum and maximum prices per ordinary share referred to in sub-paragraphs (b) and (c) of this resolution are in each case exclusive of any expenses payable by the company;

   (e) the authority conferred by this resolution shall expire at the conclusion of the annual general meeting of the company in 2013 or, if earlier, at the close of business on 30 September 2013, unless such authority is varied, revoked or renewed prior to such time by the company in general meeting by special resolution; and

(f) the company may make a contract to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be completed wholly or partly after the expiration of such authority.

By order of the board

L E Young
Secretary

24 July 2012

Registered Office:
The Old Church
31 Rochester Road
Aylesford
Kent ME20 7PR

Notes

1. Right to attend, speak and vote

If you want to attend, speak and vote at the AGM you must be on the Company's register of members at 6.00pm on 4 September 2012. This will allow us to confirm how many votes you have on a poll. Changes to the entries in the register of members after that time, or, if the AGM is adjourned, 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend, speak or vote at the AGM.

2. Appointment of proxies

If you are a member of the Company you may appoint one or more proxies to exercise all or any of your rights to attend, speak and vote at the meeting. You may only appoint a proxy using the procedures set out in these notes and in the notes on the proxy form, which you should have received with this notice of meeting.

A proxy does not need to be a member of the Company but must attend the meeting to represent you. Details of how to appoint the Chairman of the meeting or another person as your proxy using the proxy form are set out in the notes on the form. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.

You may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares which you hold. If you wish to appoint more than one proxy you may photocopy the proxy form or alternatively you may contact the Company Secretary.

3. Appointment of proxy using hard copy proxy form

The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you do not indicate on the proxy form how your proxy should vote, they will vote or abstain from voting at their discretion. They will also vote (or abstain from voting) as they think fit in relation to any other matter which is put before the meeting.

To appoint a proxy using the proxy form, the form must be completed and signed and received by The Old Church, 31 Rochester Road, Aylesford, Kent ME20 7PR no later than 48 hours before the meeting. Any proxy forms (including any amended proxy appointments) received after the deadline will be disregarded.

The completed form may be returned by any of the following methods:

- Sending or delivering it to The Old Church, 31 Rochester Road, Aylesford, Kent ME20 7PR
- Sending it by fax to 01732 353056
- Scanning it and sending it by email to proxies@lorraineyoung.co.uk

If the shareholder is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer or attorney. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

4. Appointment of proxy by joint members

In the case of joint holders, where more than one joint holder purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

5. Changing your instructions

To change your proxy instructions simply submit a new proxy appointment using the methods set out above. The amended instructions must be received by the registrars by the same cut-off time noted above. Where you have appointed a proxy using a hard copy proxy form and would like to change the instructions using another hard copy proxy form, please contact the Company Secretary on 01732 366561. If you submit more than one valid proxy form, the one received last before the latest time for the receipt of proxies will take precedence.

6. Termination of proxy appointments

In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company, The Old Church, 31 Rochester Road, Aylesford, Kent ME20 7PR. Alternatively you may send the notice by fax to 01732 353056. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer or attorney. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

In either case, your revocation notice must be received by the Company no later than 48 hours before the meeting. If your revocation is received after the deadline, your proxy appointment will remain valid. However, the appointment of a proxy does not prevent you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

7. Communications with the Company

Except as provided above, members who have general queries about the meeting should telephone the Company Secretary on 01732 366561 (no other methods of communication will be accepted). You may not use any electronic address provided either in this notice of general meeting; or any related documents (including the proxy form), to communicate with the company for any purposes other than those expressly stated.

8. Issued shares and total voting rights

As at 5.00pm on the day immediately prior to the date of posting of this notice of meeting, the Company's issued share capital comprised 10,381,973 ordinary shares of 10p each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company at that time was 10,381,973.

PHSC plc

Proxy form for use by holders of ordinary shares in PHSC plc
at the Annual General Meeting (AGM)
to be held on Thursday 6 September 2012

Please read carefully the notice of meeting, the accompanying notes and the explanation of the business to be transacted at the AGM (contained in the directors' report) before completing this form.

As a member of PHSC plc you have the right to attend, speak at and vote at the AGM. If you cannot or do not wish to attend the AGM but still want to vote you can appoint someone to attend the AGM and vote on your behalf. That person is known as a "proxy". You can use the proxy form to appoint the Chairman of the meeting or someone else, as your proxy. Your proxy does not have to be a member of the Company.

I/We ....(FULL NAME IN BLOCK CAPITALS)

being a member(s) of PHSC plc, appoint the Chairman of the meeting or

....(see note 1) as my/our proxy to attend and, on a poll, to vote for me/us and on my/our behalf as indicated below at the AGM and at any adjournment (see notes 2, 3 and 4).

Please clearly mark the boxes below to instruct your proxy how to vote.

RESOLUTIONS	FOR	AGAINST	VOTE WITHHELD	AT DISCRETION
1. To receive the report and accounts	☐	☐	☐	☐
2. To declare a final dividend	☐	☐	☐	☐
3. To re-elect Mr S A King as a director	☐	☐	☐	☐
4. To appoint Crowe Clark Whitehill as auditor and to authorise the directors to set their fees	☐	☐	☐	☐
5. To authorise the directors to allot shares	☐	☐	☐	☐
6. To disapply pre-emption rights	☐	☐	☐	☐
7. To authorise share buy backs	☐	☐	☐	☐

Signature(s) ....(see note 5) Date ....

Notes

1. If you wish to appoint as a proxy someone other than the Chairman of the meeting, please delete the words "The Chairman of the meeting" and insert the name of the other person (who need not be a member of the Company). All alterations made to the proxy form must be initialled by the signatory.

2. The completion and return of the proxy form will not prevent you from attending the AGM and voting in person should you subsequently decide to do so.

3. If you wish your proxy to cast all of your votes for or against a resolution you should insert an "X" in the appropriate box. If you wish your proxy to cast only some votes for and some against insert the relevant number of shares in the appropriate box. In the absence of instructions your proxy may vote or abstain from voting as they think fit on the specified resolutions, and, unless instructed otherwise, may also vote or abstain from voting as they think fit on any other business (including on a resolution to amend a resolution, to propose a new resolution or to adjourn the meeting) which may properly come before the meeting.

4. The "Vote Withheld" option is provided so that you can instruct your proxy to abstain from voting on a particular resolution. A "Vote Withheld" is not a vote in law and will not be counted in the calculation of the proportion of the votes "for" or "against" a resolution. The "At Discretion" option is provided so that you can give discretion to your proxy to vote or abstain from voting on a particular resolution as they think fit.

5. The proxy form must be signed by the shareholder or their attorney. Where the shareholder is a corporation the signature must be under seal or that of a duly authorised representative. In the case of joint holders, any one may sign the form. The vote of the senior joint holder (whether in person or by proxy) will be taken to the exclusion of all others, seniority being determined by the order in which the names appear in the register of members for the joint shareholding.

6. To be valid, this proxy form and any power of attorney or other authority under which it is signed or a certified copy of such authority, must be deposited with the Company Secretary, The Old Church, 31 Rochester Road, Aylesford, Kent ME20 7PR, no later than 48 hours before the time of the AGM or any adjournment.