Annual Report
2019

PHSC plc

B2BSG Solutions

Envex
Health, Safety & Risk Consultants

IH In House
In House The Hygiene Management Company

Inspection Services (U.K.)

PHSC Ltd
Personnel Health & Safety Consultants

QCS International

QLM
QUALITY LEISURE MANAGEMENT

RSA Environmental Health

National Safety Certification Scheme for Schools
SafetyMARK

PHSC plc

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for the year ended 31 March 2019

COMPANY INFORMATION

for the year ended 31 March 2019

DIRECTORS:	S A King N C Coote G N Webb MBE L E Young
SECRETARY:	SGH Company Secretaries Limited
REGISTERED OFFICE & BUSINESS ADDRESS:	The Old Church 31 Rochester Road Aylesford Kent ME20 7PR
REGISTERED NUMBER:	4121793 (England and Wales)
AUDITOR:	Crowe U.K. LLP Chartered Accountants & Registered Auditor 40-46 High Street Maidstone Kent ME14 1JH
SOLICITORS:	Gullands 16 Mill Street Maidstone Kent ME15 6XT
REGISTRARS:	Neville Registrars Limited Neville House Steelpark Road Halesowen West Midlands B62 8HD
NOMINATED ADVISER:	Strand Hanson Limited 26 Mount Row London W1K 3SQ
BROKER:	Novum Securities Limited 8-10 Grosvenor Gardens London SW1W 0DH

STRATEGIC REPORT

for the year ended 31 March 2019

FINANCIAL HIGHLIGHTS

- EBITDA* of £0.116m excluding exceptional gain on property sale of £0.17m, down from £0.14m last year
- Profit after tax of £0.001m compared with a loss of £0.16m last year
- Group revenue of £5.2m compared with £7.0m last year
- Cash reserves of £0.64m at year end compared to £0.24m last year
- Write-down of £0.20m due to impaired goodwill, the same as last year
- Group net assets at £5.14m after goodwill impairment compared to £5.29m last year
- Profit per share of 0.005p compared to a loss per share of 1.095p last year
- Final dividend of 0.5p proposed, making a total of 1.0p for the year, matching the 1.0p paid last year

	31.3.19	31.3.18
	£	£
Profit/(loss) before tax	**42,494**	(145,861)
Less: interest received	**(303)**	(3)
Add: interest paid	**1,514**	3,778
Add: depreciation	**38,179**	34,590
Add: impairment B2BSG Solutions Limited goodwill	**200,000**	200,000
Less: net gain on sale of property	**(166,270)**	–
Add: redundancy costs regarding closure of Adamson's Laboratories Services Limited	**–**	47,000
Underlying EBITDA*	**115,614**	139,504

* Underlying EBITDA is calculated as earnings before interest, tax, depreciation, impairment charges and non-recurring costs. This is used by the board as a measure of underlying trading and has been provided to assist shareholders in understanding the Group's trading activities.

OPERATIONAL HIGHLIGHTS

- Completion of the integration process of the two security businesses.
- Consolidation of operational sites within the safety division, with Northleach office vacated at end of lease.
- Refurbishment of existing Cumbernauld premises and additional lease taken on adjoining office space.
- Disposal of freehold property previously used by discontinued asbestos consultancy business.

STRATEGIC REPORT *(continued)*

for the year ended 31 March 2019

On behalf of the board, I present my review of the Group's activities and performance during the financial year 2018-19, along with some commentary about the Group's plans and expectations for 2019–20.

GENERAL BUSINESS REVIEW AND OUTLOOK

The Group's revenue profile continues to be dominated by its security business, B2BSG Solutions Limited (B2BSG), which was formed at the start of the year by the amalgamation of two separate subsidiaries operating in this sector. It accounted for approximately 52% of income, with the safety businesses contributing a combined 33% and our quality systems subsidiary, QCS International Limited (QCS), making up the remaining 17%. In the prior year the split was 60%, 23% and 11% respectively, but based on total Group revenues that were around a third higher. This illustrates the effect on the Group of a general downturn in the demand for security-related services in the present retail environment.

Despite the recent difficulties at its security business caused by weak demand from retailers, the Group's decision to diversify away from core health and safety services in 2012 can be shown to have been the right strategy overall. The move into quality systems that took place at the same time has reaped rewards with QCS accounting for circa £0.242m of profit before tax and management charges last year. Management's task is to improve the bottom line at the security business whilst continuing to develop the full potential of QCS.

During 2018, the national retailer who had been the largest client of B2BSG encountered difficulties along with many others with a high street presence, and temporarily suspended further investment. This had a severe impact on our workload and meant that much of the infrastructure in place to serve the client was no longer required, at least until further notice. In response we had no alternative but to scale down the operation and this led to some staff cuts and other actions with adverse financial consequences. Ultimately in Q4 the client was able to secure a company voluntary agreement with its creditors and landlords and a slow improvement to the order book has since been observed. There is no expectation that it will return to previous levels although the board is optimistic that the trend will be upwards.

Given the reliance upon retail clients and the well-publicised problems across this sector, the board decided that it was appropriate to make a provision of £200,000 against the carrying value of the security business. Progressively during the year we were transferring the contents of the Amesbury warehouse into the Finchampstead facility as part of the amalgamation of our security businesses that formed B2BSG, and this process identified certain stock totalling £37,100 that was deemed to be slow-moving or for which there was no current client demand. The majority of this stock, whilst written down, remains on shelves and available for sale should the opportunity arise.

The subsidiaries that make up the health and safety division were each net contributors to the Group and we continue to have a strong presence in sectors such as leisure, education, healthcare and transport. At the end of calendar year 2018 our Quality Leisure Management Limited subsidiary vacated its office at The Old Police Station in Northleach, Gloucestershire upon expiry of the lease and moved to Northamptonshire where it now shares the office space with RSA Environmental Health Limited. Space had become available there following the closure of our asbestos business which had occupied an area of the premises.

In last year's report we stated that QCS was proposing to take on additional space at the Cumbernauld office park that it occupies. We negotiated a new lease for the existing offices and took on the adjoining offices which had been vacant for some time, doubling the space available for the delivery of public training courses. An investment approaching £50,000 was made to completely refurbish both units and now QCS has a modern and spacious facility from which to continue developing its offering.

Our freehold property in Essex was sold following the closure of our asbestos business and this contributed a net gain of circa £166,000. At the time of acquisition in 2005, the Group paid for the property in line with an independent market valuation. However, the book value at that time included an unrealised gain from when the property was originally purchased some years before and on which the former owners had not made a tax provision. The effect is that the Group's tax liability on disposal was increased to reflect tax on the unrealised gain element as well as the appreciation in value since 2005.

Net asset value

As at 31 March 2019, the Group's consolidated net assets stood at £5.14m. There were 14,677,257 ordinary shares in issue at that date which equates to a net asset value per share of 35p.

We note that the company's ordinary shares continue to trade at a discount to the net asset value, which we believe to be a response to the high value of goodwill on the balance sheet. The board reviews the carrying value of goodwill each year to ensure that the book value is fairly stated and is within a range commensurate with good accounting practice. As has been noted above, we resolved to reduce the carrying value of our retail-dependent security businesses by £200,000, something that we also did in the previous year, and this represents a reduction of approximately 4% in the consolidated net assets of the Group. The board is satisfied that all other goodwill valuations can presently be justified.

Outlook

The delay in resolving issues surrounding the UK's membership of the European Union (EU) continues to create an uncertain environment for many of the Group's clients. Many of those organisations we work with are cutting back or delaying decisions until the political situation is resolved. In turn, this causes constraints on what those organisations are prepared to invest in the services and products that we provide. Whilst we do not generally sell into the EU ourselves, there is a direct effect in that all the products supplied by B2BSG are sourced abroad. The purchasing power of sterling has deteriorated because of political uncertainty and this negatively impacts our margins. Potentially, there may be additional costs associated with bringing goods into the UK from the EU but these matters are not yet quantifiable. The prospects for B2BSG are therefore hard to predict with any certainty but we are doing all we can to contain costs and maximise income and margins.

We expect continued stability across the safety division where we have a particularly loyal client base. We believe the cost base is where it should be, and our focus will be on continuing to drive sales.

With refurbished premises and additional training facilities now in place at QCS, we will look to exploit the opportunities that this gives us in terms of higher numbers of paying delegates on public courses and the potential to hold more than one training event at the same time.

Trading update

Unaudited management accounts for the first quarter of 2019-20 indicate that Group revenues were £1.08m and this generated EBITDA of £84,600. This compares with total revenues of £1.56m for the first quarter of 2018-19 and EBITDA of £121,800. Cash at bank on 31 July 2019 was £660,700.

PRE-TAX PROFIT/(LOSS) PER SUBSIDIARY BEFORE GROUP MANAGEMENT CHARGES

Profits before tax and management charges are reviewed by each subsidiary and the board every month to ensure that each subsidiary trades profitably. To 31 March 2019, the Group did not adopt a policy of cross-charging between subsidiaries with only informal account being taken of significant work done by one subsidiary on behalf of another. With consultants increasingly undertaking work across a number of subsidiaries, this policy has been changed from 1 April 2019 to more accurately reflect the profits generated by each subsidiary.

A review of the activities of each trading subsidiary is provided below. The profit figures stated are before tax, central management charges and impairment charges. The management charges are the individual subsidiary's contribution to Group overheads and are not directly attributable costs.

B2BSG Solutions Limited (B2BSG)

Note: Figures shown for 2018 are the sum of the former B to B Links Limited and SG Systems (UK Limited).

- 2019: revenues of £2,724,000 yielding a loss of £137,400
- 2018: revenues of £4,226,300 yielding a loss of £17,900

It is clear from the performance outcome that there was a material reduction in revenues in the year, and it was not possible to rapidly restructure the business to accommodate this lower revenue. Many cost saving measures have progressively been implemented but will take time to have full effect. As described in the business review section above, income was reduced due to the hiatus in orders from the largest customer, along with depressed sales generally across the retail sector. Cost savings will largely accrue through closure of the Amesbury offices and warehouse at the end of March 2019, and reduced staffing.

The profit is shown after a non-cash provision has been made of £37,068 (2018 - £45,000) for slow moving stock.

Inspection Services (UK) Limited (ISL)

- 2019: revenues of £232,600 yielding a profit of £43,500
- 2018: revenues of £215,500 yielding a profit of £46,300

There was sales growth of around 8% compared with the previous year but there were higher costs and this led to profits dropping overall by 6%. The profile of the business has not changed, with ISL obtaining most work from insurance brokers who place inspection business with the company on behalf of their clients. The work consists of statutory examination and inspection of lifting plant and equipment, and of pressure systems, along with ancillary equipment.

Notable contracts during the year included conducting safety reviews of numerous pressure systems that form part of coffee machines leased to offices across London and the south, and the inspection of roof edge protection systems on several buildings for a large housing provider.

Personnel Health & Safety Consultants Limited (PHSCL)

- 2019: revenues of £657,100 yielding a profit of £278,000
- 2018: revenues of £615,700 yielding a profit of £240,000

An increase in revenue of 6% led to a 15% rise in profitability because the fixed cost base is relatively stable. As has been mentioned in previous reports, this subsidiary is a net provider of consultancy time to others within the safety division and hitherto the effect of that utilisation of labour has not been reflected in results. This will change next year.

PHSCL's clients tend to maintain their relationship with the business over many years, in particular those using the company's flagship product which is the Appointed Safety Advisor Service.

QCS International Limited (QCS)

- 2019: revenues of £759,500 yielding a profit of £242,300
- 2018: revenues of £767,600 yielding a profit of £285,200

QCS continued to perform strongly, consolidating gains made in the previous year when there had been significant uplift due to orders relating to changes in ISO standards. Whilst demand for transition to the new quality and environmental standards has ended, the company is now experiencing further enquiries regarding the brand-new ISO 45001 standard for health and safety.

Sales in public training and consultancy services for the year remained strong, both ahead of revenues for the previous year; these together normally account for around 80% of total income. In-house training sales weakened, and it is this area of performance that caused total sales for the year to dip very slightly, by around 1% in total.

In the financial year the company made considerable investment in its training facilities allowing an increase in capacity to accommodate more delegates and to offer more than one size of training room. This has been linked to a medium-term target to grow sales for public training and to also increase profit. Early indications are that sales are higher, and that delegate feedback is positive.

New services for information security management and training on the associated ISO 27001 standard were launched in the year. This is linked to the company's long-term strategy to offer as wide a range of ISO standard support for consultancy and training as practicable. The year also saw QCS deliver work for the first time on the ISO 50001 standard for energy management.

The UK's potential departure from the EU has not yet had an obvious direct effect on sales. A significant proportion of medical device work is associated with an ability to offer services linked to EU regulation. QCS will offer a 'UK Responsible Person' service in the event of a no deal departure, which may present some opportunities with the company acting as a UK address for manufacturers of medical devices within the EU. The weakness of sterling has the potential to work in the company's favour in that scenario.

QCS continues to operate on the secure foundation of repeat business with all outsource consultancies renewing contracts during the year and many clients continuing to send delegates to courses based on a positive experience of course delivery. Indications are such that current performance is expected to continue.

Quality Leisure Management Limited (QLM)

- 2019: revenues of £437,600 yielding a profit of £106,500
- 2018: revenues of £439,400 yielding a profit of £111,900

Revenue was similar to the prior year although this resulted in profit down around 5% but in line with management expectations. QLM continued to operate well in key areas of income generation including audits, training and accident investigation. There was a noticeable trend toward leisure and culture area-specific audits that targeted higher risk or specialist areas rather than facility wide audits. There was however significant development which saw quality systems consultancy and training bring in revenue of £18,000 which was double that expected.

QLM's value to support service clients is not always reflected in the income recorded in this area. Clients generally appear to be placing greater reliance on the QLM team and across a broader range of topics. Mainly, it would appear, as a result of internal efficiency savings and cost cutting exercises.

Sub-contractor costs were noticeably down at £27,000; better and more efficient use of contracted staff prior to using sub-contractors led to reduced expenditure in this area.

Further time and investment will be put into the development of QLM Leisuresafe™ in 2019-20 as a key income generator as an audit in its own right and as a template for bespoke health and safety reviews.

QLM's focus in the coming year is to ensure that the high levels of client retention are maintained, primarily though the quality and diversity of the support offered, as well as developing in the broader leisure, culture and hospitality industries.

RSA Environmental Health Limited (RSA)

- 2019: revenues of £404,300 yielding a profit of £66,700
- 2018: revenues of £370,400 yielding a profit of £75,400

Revenue for the year was 9% above that generated the previous year mainly due to the inclusion of income from the Envex brand that moved to the company upon closure of the Group's asbestos subsidiary. The increase in revenue was outstripped by higher costs and this led to a reduction in profits of about 11%.

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

RSA's core offering remains the SafetyMARK service, with it still being the largest income stream. The year saw a decline in revenue with the market being more competitive, schools in both the state and independent sectors seeing increases in their cost pressures due to government policy. That caused the amount of renewals and new contracts to be down from the previous year. Schools report that they still value our services but they are having to justify all of their expenditure and in some circumstances may not be able to afford them. This area continues to be a focus of activity with more effort being made with multi academy trusts. Management will look to improve service delivery to make the offering compelling to clients and making it more likely they will renew.

This sector will continue to be difficult to operate in until there is a change in government policy that will ease the school funding burden. In addition to the above, SafetyMARK operates on a two-year cycle with renewals in 2018-19 corresponding to contracts gained in 2016-17 which was itself a period when fewer new schools were joining.

The company did sign up two medium sized multi academy trusts towards the end of the year, which has generated a tranche of work for the next financial year. Therefore, the company is to continue to focus attention on obtaining additional trusts as our marketing strategy for the next financial year.

The key will now be to ensure that profitability is maximised by using the economies of scale afforded by a larger client base, as well as ensuring that costs are well controlled and standard fees are reviewed, where appropriate.

PHSC plc

- 2019: net loss of £523,700 before management charges, exceptional costs and dividends received
- 2018: net loss of £521,700 before management charges, exceptional costs and dividends received

The parent company incurs costs on behalf of the Group and does not generate any income. The costs incurred by PHSC plc represent the costs of running an AIM quoted Group and are generally consistent with the previous year.

PRINCIPAL RISKS AND UNCERTAINITIES

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. 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 has diversified the Group's range of offerings for example, through investing in its security businesses and is exploring non-regulatory areas of environmental work to add to the current portfolio of services.

In the event of a "no deal" Brexit, the Group's security division will take appropriate steps to ensure that sufficient supplies are held of relevant products to meet the predicted needs of customers. In doing so, customers can expect more frequent requests to forecast their likely requirements over longer time horizons than usual. The security division is already dealing extensively with a wide range of imported goods, some from within the EU and others from countries beyond the EU. It is therefore well-versed in customs processes and expects to be able to apply the same or similar processes to imports from within the EU (albeit at potentially different tariff rates) should that prove necessary under a "no deal" Brexit. Matters outside the Group's control would include delays caused at customs if administrative demands on border officials are suddenly increased, resulting in slower clearance times for imported goods.

There are predictions by economists that the value of sterling may significantly deteriorate if the UK leaves the EU without a deal. Whilst the Group will take reasonable steps to hedge against the effects of a weaker pound, customers are being advised to consider pre-ordering and/or increasing their stock levels of those products supplied by the Group's security division which they see as critical to their business. Higher stock levels would have the double benefit of reducing the risk of an interruption to supply, and mitigating the impact of price rises that would ultimately work their way through to all imported goods if there is a materially weaker exchange rate. The warehouse at B2BSG has the capacity for storage of additional product and close partnership with logistics providers will allow access to further warehousing space should that prove necessary.

The Group's security division works almost exclusively in the retail sector and this has continued to suffer as a result of weaker consumer demand on the high street and the move towards on-line purchasing. Any further material deterioration in the retail sector and specifically in B2BSG's client base may have a significant negative effect on the company's and hence the Group's prospects.

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. Additionally, 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 and the number of training courses commissioned may be affected by moves towards screen-based interactive learning. The subject of IT security is regularly reviewed by the board to ensure that appropriate strategies are in place.

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 a number of organisations see benefit in using consultancies that are local to them and internet search engines favour local providers. The acquisitions made, particularly QCS with an office in Scotland, have increased the geographical spread of the Group and assist in mitigating this risk.

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, any licence or accreditation, this would have a material adverse effect on the business of the Group. The Group has internal processes in place to ensure that the licences and accreditations are maintained.

STRATEGIC REPORT *(continued)*

for the year ended 31 March 2019

GOING CONCERN

Company law 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 as the Group has adequate resources to continue in operational existence for the foreseeable future based upon the Group's forecasts and current banking facilities. The cashflow forecasts do not indicate that the facility will need to be increased. Thus the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

In closing I would like to extend thanks to all our shareholders for their continued support, and to everyone employed across the Group for their hard work and effort.

On behalf of the board

Stephen King
Group Chief Executive

16 August 2019

REPORT OF THE DIRECTORS

for the year ended 31 March 2019

The directors present their report with the audited financial statements of PHSC plc (company and Group) for the year ended 31 March 2019.

DIRECTORS

The directors who held office during the year under review were:

S A King
N C Coote
G N Webb MBE
L E Young

DIVIDENDS

A total dividend of 1.0p per ordinary share, (£146,772) was paid in respect of the year ended 31 March 2018; half was paid in February 2018 and the balance in October 2018. An interim dividend of 0.5p in respect of the year ended 31 March 2019 was paid in February 2019 and a final dividend of 0.5p is proposed for payment in October 2019, matching the total of 1.0p paid last year.

FINANCIAL RISK MANAGEMENT

The Group's operations expose it to a variety of financial risks which are outlined in note 1 to the financial statements on page 32.

SHARE CAPITAL

The issued share capital of the company throughout the financial year was 14,677,257 ordinary shares of £0.10 each.

ENVIRONMENTAL, SOCIAL AND COMMUNITY ISSUES

The directors are aware of the impact of the Group's business on the environment but believe this to be minimal due to the nature of its operations. Details of the Group's involvement in the community can be found on the company's website (www.phsc.plc.uk).

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 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. During the year, a review was conducted to identify any gender-related pay anomalies across the Group. As at the date of this report, there are no known anomalies in any subsidiary that would fall into this category.

The board would like to formally acknowledge the valuable work carried out by every employee and recognises that it is reliant upon each individual member of staff and management if it is to succeed and prosper.

DATA PROTECTION

The company has introduced a policy to meet the requirement of the General Data Protection Regulations (GDPR) and this has been issued across the Group.

SUBSTANTIAL SHAREHOLDINGS

As at 3 August 2019, the following persons had notified the company of an interest of 3% or more of its issued share capital.

Name	No. of ordinary shares	% of issued share capital
S A King	3,190,000	21.73
N C Coote	3,144,342	21.42
Unicorn Asset Management Limited and Unicorn AIM VCT II plc	1,071,440	7.30
Downing LLP held via Downing ONE VCT	510,767	3.48
James Faulkner	455,000	3.10

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 AGM will be held at 10.00 am on Monday 30 September 2019 at The Old Church, 31 Rochester Road, Aylesford, Kent ME20 7PR. The notice of meeting is set out on pages 62 to 63 of this document and a form of proxy is on page 65.

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

Report and accounts (Resolution 1)

It is a requirement of company law that the annual report and accounts is laid before shareholders in general meeting.

Dividend (Resolutions 2)

As noted above, the directors recommend a final dividend of 0.5p per share.

Re-election of directors (Resolutions 3 and 4)

Under the company's articles of association, both Nicola Coote and Lorraine Young retire by rotation and offer themselves for re-election. The board has considered their respective contributions to the board and the company and supports their re-election by shareholders.

Appointment of auditor (Resolution 5)

During the year the audit was put out to tender. After a thorough process the board (on the recommendation of the audit committee) decided to retain Crowe UK LLP (Crowe) as the company's auditor. A resolution for the re-appointment of Crowe will be put to the AGM together with the usual practice of authorising the directors to determine the auditor's fees.

Authority of directors to allot shares (Resolutions 6 and 7)

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 6 gives the directors the necessary authority until the earlier of next year's AGM or 30 September 2020 to allot securities up to an aggregate nominal amount of £489,242 being equivalent to one third of the companies issued shared capital as at 16 August 2019.

REPORT OF THE DIRECTORS *(continued)*

for the year ended 31 March 2019

Resolution 7 empowers the directors, until the earlier of next year's AGM or 30 September 2020 to allot such securities for cash otherwise than on a pro-rata basis to existing shareholders, up to an aggregate nominal amount of £293,545 being equivalent to 20% of the company's issued share capital as at 16 August 2019. It is intended to renew this authority and power at each annual general meeting.

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 (excluding non-working days) 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.

Subsequent events and future developments

There have been no significant events affecting the company since the year end. Future developments have been discussed in the strategic report.

On behalf of the board

SGH Company Secretaries Limited
Secretary

16 August 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

for the year ended 31 March 2019

The directors are responsible for preparing the strategic report, the directors' report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent company financial statements for each financial year. Under that law the directors have elected to prepare the consolidated financial statements and company accounts in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company 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 judgements 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; and
- 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 strategic report, the report of the directors and other information included in the annual report and financial statements is prepared in accordance with applicable law and regulations in the UK.

The maintenance and integrity of the PHSC plc website is the responsibility of the directors; the work carried out by the auditors does not involve the consideration of these matters and, accordingly, the auditors 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.

CORPORATE GOVERNANCE STATEMENT

for the year ended 31 March 2019

Dear Shareholder,

The board has an obligation to ensure that good standards of corporate governance are embraced throughout the company and its subsidiaries (together, the "Group"). As a board, we set clear expectations concerning the Group's culture, values and behaviours. Our values are to ensure our customers receive quality service and support, our customers, staff and other stakeholders are treated fairly and equally and that we develop our staff so they can provide the most innovative and effective solutions. We firmly believe that by encouraging the right way of thinking and behaving across all our people, our corporate governance culture is reinforced, enabling us to drive our premium, customer-focussed, people-led strategy and deliver value for our stakeholders.

It is the board's job to ensure that the Group is managed for the long-term benefit of all shareholders, with effective and efficient decision-making. Corporate governance is an important part of that job, reducing risk and adding value to our business.

In September 2018 the company adopted the 2018 Quoted Companies Alliance Corporate Governance Code (the 'QCA Code') in line with the amendments to the AIM Rules which now require all AIM quoted companies to adopt and comply with a recognised corporate governance code.

The below statement sets out how the company complies with the 10 principles of the QCA Code.

Stephen King

Group Chief Executive

ESTABLISHING STRATEGY AND BUSINESS MODEL

The Group is dedicated to being a leading provider of health, safety, hygiene and environmental consultancy services and security solutions to the public and private sectors.

The board sets the company's strategy and monitors its implementation through management and financial performance reviews. It also seeks to ensure that adequate resources are available to implement the company's strategy in a timely manner. The company has set out a strategy and business model to promote long-term value creation for shareholders and will update all shareholders on this in the annual report each year.

The board meets on a regular basis to discuss the strategic direction of the Group and any significant change will be highlighted promptly.

Further information on the Group's strategy, performance and outlook can be found within the strategic report on pages 3 to 10.

UNDERSTANDING AND MEETING SHAREHOLDER NEEDS AND EXPECTATIONS

The company remains committed to listening to, and communicating openly with, its shareholders to ensure that its strategy, business model and performance are clearly understood. The AGM is a forum for shareholders to engage in dialogue with the board. The results of the AGM will be published via a regulated information service and on the company's website.

Stephen King is the principal contact between PHSC plc and its shareholders, with whom he maintains a regular dialogue. The views of shareholders are communicated to the whole board. The company's progress on achieving its key targets is regularly communicated to investors through its announcements to the market.

The company also uses other professional advisers such as the company's nomad, broker, auditor and company secretary who provide advice and recommendations on shareholder communication.

CONSIDERING STAKEHOLDER AND SOCIAL RESPONSIBILITIES

The board recognises its responsibilities to stakeholders including staff, suppliers, customers and the community within which it operates. The heads of each of its operating subsidiaries provide regular feedback to the executive directors, who then ensure that the board as a whole is informed of any major developments.

The Group's initiatives in relation to its employees are detailed in the directors' report on page 11.

EMBEDDING EFFECTIVE RISK MANAGEMENT

The board regularly reviews the risks facing the business and the internal controls which are in place to address these risks. Each operating subsidiary has reviewed its business and identified the key risks which it faces. As a result, plans have been put in place to deal with various contingencies which might arise. 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 for the business.

The Group's operations expose it to a variety of financial risks which are outlined in note 1 to the financial statements on page 32.

MAINTAINING A BALANCED AND WELL-FUNCTIONING BOARD

It is the role of the board to ensure that the company is managed for the long-term benefit of all shareholders and other stakeholders with effective and efficient decision-making. Good corporate governance is an important contributor, reducing risk and adding value to PHSC plc. The board will continue to monitor the governance framework of the company on an ongoing basis.

The board comprises four directors, of which two are executives and two are non-executives, reflecting a blend of different experience and backgrounds. The chair of the board is Stephen King, who is also the group chief executive. He oversees the financial position of the Group on a day to day basis with assistance from the group accountant. Nicola Coote is the deputy group chief executive and she leads on the Group's marketing initiatives and oversees PHSCL. Graham Webb and Lorraine Young are the non-executive directors, whom the board considers to be independent.

The board sets direction for the company and has a formal schedule of matters reserved for its decision, including Group strategy, approval of major capital expenditure, approval of the annual and interim results, annual budgets, dividend policy and board structure. The board monitors the exposure to key business risks and reviews the strategic direction of all trading subsidiaries, their annual budgets, their performance in relation to those budgets and their capital expenditure. The board delegates day-to-day responsibility for managing the business to the executive directors and the operational board.

The QCA Code recommends that the chair and chief executive should not be the same person. Currently Stephen King, the group chief executive, is also the company's chair. As the board is comprised of only four members, two of whom are independent non-executive directors, the directors are of the view that there is no need to split these roles. For the same reason the board has not appointed a senior independent director.

Graham Webb has served on the board for 15 years. The board is of the view that he retains his independent judgement and continues to make a valuable contribution to the board. Regular board meetings are held (a minimum of four per year) and other meetings are scheduled as required. Brief biographical details of the directors can be found below:

Stephen King

Group Chief Executive and Chair

Stephen King co-founded PHSCL in 1990 with Nicola Coote. He has over 30 years' experience in health and safety management, having qualified in 1985. He left a role as personnel manager at Delta Enfield Cables Ltd in 1986, moving to the News International printing facility at Wapping, London. At News International, he was occupational health and safety manager, in charge of a team of practitioners responsible for the well-being of over 4,000 staff. In 1990, he joined Reuters plc as UK health and safety manager. He left employment with Reuters plc in 1992 and continued to service their health and safety requirements through PHSCL. He has acted as secretary of the south east branch of the Institution of Occupational Safety and Health and served a two-year term as chair of the London Occupational Health and Safety Group by whom he was granted honorary life membership. He chaired the annual Tolley Health and Safety Conference for three successive years and has presented papers at several conferences. He chaired the Kent Health and Safety Consultants Forum, a group set up by the Health and Safety Executive with a remit of improving the standard of advice given by all independent safety consultants in the county, for the whole of its six-year existence. Currently he is chair of Kent Executive Club, a long-established group that promotes links between business people across the county. His other activities include serving as a trustee of a local animal sanctuary and chairing a semi-professional women's football team.

Nicola Coote

Deputy Group Chief Executive and Deputy Chair

Nicola Coote co-founded PHSCL in 1990 with Stephen King, after working with him in occupational safety and health at both News International and Reuters plc. She left Reuters plc in 1992 and continued to service their health and safety requirements through PHSCL. Nicola's role includes heading the marketing function of PHSC plc. Nicola has served as secretary of the south east branch of the Institution of Occupational Safety and Health (IOSH) and has chaired the annual Tolley health and safety conference. She was the first female fellow of IOSH in the south of England and supports the institution by sitting on the panel for applicants applying for chartered membership and chartered fellowship status. She has been a national examiner for the National Examination Board in Occupational Safety and Health (NEBOSH) and continues to work on the editorial board of Lexis Nexus Butterworth Tolley, whilst being a contributor to their publication "Tolley's Health & Safety at Work Handbook". Nicola is the vice chair of a board of governors at a secondary school, which is part of a multi-academy trust.

Graham Webb MBE

Non-Executive Director

Graham Webb was appointed a non-executive director of PHSC plc in June 2003. He served as a Kent Ambassador for 12 years, appointed by Kent County Council. Prior to its sale, Graham was chair in the UK for many years of the international hair and beauty group that bears his name. The US company was sold to Wella and subsequently acquired by Procter & Gamble for whom Graham served in North America as their goodwill ambassador for 6 years. He was chair of the Institute of Directors, Kent branch, from 1996 to 1999 and was appointed as a member of the Confederation of British Industry South Eastern Regional Council (1994 to 2000). Graham was chair of the Kent Business Awards for 9 years and chair of the Kent Excellence in Business Awards for 3 years. His charitable activities include being an ambassador for the Kent Association for Spina Bifida and Hydrocephalus. As chair of the Kent and Medway NSPCC Full Stop Appeal, Graham helped raise over £460,000. In the 2005 New Year Honours list, Graham was awarded an MBE for his services to business, and charity in Kent. Graham is chair of the remuneration committee and is a member of the audit committee.

Lorraine Young

Non-Executive Director

Lorraine Young was appointed a non-executive director of PHSC plc with effect from April 2016. Lorraine runs a board advisory practice and is also a non-executive director of City of London Group plc, an AIM listed company in the financial services sector. Lorraine is a past president and Fellow of ICSA, the Governance Institute. She has held senior governance roles at a number of blue-chip companies, including Standard Chartered plc and Brambles Industries plc. She ran her own company secretarial and corporate governance advisory practice for 13 years, which in 2016 she merged with the company secretarial team at Shakespeare Martineau, where she was a partner. She left the firm in February 2019 to pursue her own consultancy interests once more. Lorraine is chair of the audit committee and is a member of the remuneration committee.

Independence of directors

At present, the company has two Independent non-executive directors, Graham Webb and Lorraine Young.

Time commitments

The non-executive directors are expected to commit sufficient time to fulfil their duties in that role. All current executive directors work full-time.

Attendance at meetings

	Board	Audit	Remuneration
Stephen King*	5/5	–	–
Nicola Coote*	5/5	–	–
Graham Webb	5/5	2/2	1/1
Lorraine Young	5/5	2/2	1/1

* Stephen King and Nicola Coote are not members of the audit and remuneration committee, however they are both invited to attend committee meetings as and when required.

Board committees

The board has delegated certain matters to committees. There is an audit committee and a remuneration committee. The terms of reference of these committees were reviewed during the year and 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.

Audit committee

During the year the audit was put out to tender. A tender document was circulated to a short-list of three audit firms. Based on responses received, two firms were invited for interview by the board. The decision to retain the services of Crowe as the company's auditor was a result of their proven track record of good service and competitive fee quote.

The audit committee comprises Lorraine Young (chair) and Graham Webb. During the year it has considered internal controls and risk management issues which are relevant to the Group. A risk register has been set up which will be kept under review as the Group's strategy evolves. 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. The committee also reports to the board any significant estimates and judgements that have been made during the preparation of the Group's financial statements.

There is an annual audit planning meeting between the external auditor and the committee chair 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 level 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.

Remuneration committee

The remuneration committee comprises Graham Webb (chair) and Lorraine Young. The committee has written terms of reference and considers all aspects of the remuneration of the executive directors and other senior executives. The members of the committee maintain knowledge and awareness of the latest regulatory requirements and current market practice. As in prior years, any payments to senior executives under the Group bonus plan are approved by the committee. It also hears representations on any proposed general pay increases across Group subsidiaries and is responsible for approving those.

CORPORATE GOVERNANCE STATEMENT *(continued)*

for the year ended 31 March 2019

Nominations committee

The board has not set up a separate nominations committee. Any matters which would normally be dealt with by such a committee will be considered by the whole board.

Directors' remuneration

The remuneration of the executive directors was as follows:

	Year ended 31.3.19 Short term employee benefits							
	Salary £	Bonus £	Waiver £	Pension salary sacrifice £	Benefits £	Post employment benefits Pension £	Total £	Year ended 31.3.18 Total £
S A King	**90,000**	**1,013**	**(1,380)**	**(8,600)**	**2,480**	**12,851**	**96,364**	92,723
N C Coote	**70,000**	**1,013**	**–**	**(5,400)**	**4,116**	**8,630**	**78,359**	82,511

Stephen King's benefits relate to health insurance and Nicola Coote's to a company car and health insurance. Both directors opted to take their bonus as a pension contribution.

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

	Year ended 31.3.19 £	Year ended 31.3.18 £
G N Webb	**15,000**	14,000
L E Young	**15,000**	14,000

EVALUATING BOARD PERFORMANCE

Given the company's current size, the board has not considered it necessary to undertake a formal assessment of the board's performance and effectiveness.

PROMOTING ETHICAL VALUES AND BEHAVIOURS

The company has a corporate culture that is based on ethical values and behaviours. It will maintain a quality system appropriate to the standards required for a company of its size. The board communicates regularly with staff through meetings and other forms of internal communication. Information is cascaded to staff at subsidiaries via operational board meetings (which are held at least quarterly). The head of each subsidiary attends these meetings with the executive directors. The non-executive directors attend these meetings from time to time to keep up to date with performance and developments throughout the business.

SGH Company Secretaries Limited
Secretary

16 August 2019

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PHSC PLC

for the year ended 31 March 2019

OPINION

We have audited the financial statements of PHSC plc (parent company) and its subsidiaries (Group) for the year ended 31 March 2019, which comprise:

- the Group statement of comprehensive income for the year ended 31 March 2019;
- the Group and parent company statements of financial position as at 31 March 2019;
- the Group and parent company statements of cash flows for the year then ended;
- the Group and parent company statements of changes in equity for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

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

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 2019 and of the Group's profit for the period then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

OVERVIEW OF OUR AUDIT APPROACH

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be £38,000 (FY18 £50,000), based on a percentage of Group revenue.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PHSC PLC *(continued)*

for the year ended 31 March 2019

We use a different level of materiality (performance materiality) to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the audit committee to report to it all identified errors in excess of £2,500 (2018: £2,500). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

The audit scope was established during the planning stage and was based around the key matters set out below.

All subsidiaries were considered significant components and a full scope audit was undertaken on each of these. The audit approach for each component was consistent with the overall scope of the audit.

The parent and subsidiaries were all audited by Crowe and no component auditors were used.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Key audit matter	How the scope of our audit addressed the key audit matter
Goodwill valuations and impairment reviews are considered to be a significant risk due to the size of the balances and application of judgement by the directors.	Impairment reviews were conducted by management based upon current forecasts. We challenged management on assumptions used, conducted sensitivity analysis on key criteria and checked the calculations.
Stock is a considered a key matter due to significant amount of stock held at any one time.	We carried out substantive testing on a sample of stock items to check whether stock was being recorded at the lower of cost and net realisable value. We also reviewed the ageing of stock items and the provisions in place for slow moving stock.
Going concern is considered a key matter due to the current economic climate and due to the fact that one of the group's subsidiaries has made losses in the current year.	We reviewed forecasts prepared by management along with current financing and post year end trading. We also reviewed historic forecasts to actual result's achieved to assess accuracy.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PHSC PLC *(continued)*

for the year ended 31 March 2019

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion based on the work undertaken in the course of our audit:

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

We have nothing to report in respect of the following matters 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.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PHSC PLC *(continued)*

for the year ended 31 March 2019

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF OUR REPORT

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.

Mark Anderson
(Senior Statutory Auditor)
for and on behalf of
Crowe U.K. LLP
Statutory Auditor
Maidstone

16 August 2019

GROUP STATEMENT OF FINANCIAL POSITION

as at 31 March 2019

	Note	31.3.19 £	31.3.18 £
Non-Current Assets			
Property, plant and equipment	5	**488,585**	594,343
Goodwill	6	**3,478,463**	3,678,463
Deferred tax asset	13	**17,627**	21,105
		3,984,675	4,293,911
Current Assets			
Stock	8	**316,556**	389,034
Trade and other receivables	7	**973,130**	1,568,625
Cash and cash equivalents	9	**642,466**	244,290
		1,932,152	2,201,949
Total Assets		**5,916,827**	6,495,860
Current Liabilities			
Trade and other payables	11	**675,162**	1,137,094
Current corporation tax payable		**54,707**	16,230
		729,869	1,153,324
Non-Current Liabilities			
Deferred tax liabilities	13	**46,313**	55,818
		46,313	55,818
Total Liabilities		**776,182**	1,209,142
Net Assets		**5,140,645**	5,286,718
Capital and reserves attributable to equity holders of the Group			
Called up share capital	10	**1,467,726**	1,467,726
Share premium account	10	**1,916,017**	1,916,017
Capital redemption reserve		**143,628**	143,628
Merger relief reserve		**133,836**	133,836
Retained earnings		**1,479,438**	1,625,511
		5,140,645	5,286,718

The financial statements were approved and authorised for issue by the board of directors on 16 August 2019, and were signed on its behalf by:

S A King *Director*

Accounting policies and notes on pages 28 to 48 form part of these financial statements.

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2019

	Note	31.3.19 £	31.3.18 £
Continuing operations:			
Revenue		**5,215,341**	7,012,864
Cost of sales	14	**(2,719,724)**	(3,937,451)
Gross profit		**2,495,617**	3,075,413
Administrative expenses	14	**(2,418,182)**	(3,042,499)
Goodwill impairment	6	**(200,000)**	(200,000)
Other income		**166,270**	25,000
Profit/(loss) from operations		**43,705**	(142,086)
Finance income	17	**303**	3
Finance costs	17	**(1,514)**	(3,778)
Profit/(loss) before taxation		**42,494**	(145,861)
Corporation tax expense	18	**(41,795)**	(14,836)
Profit/(Loss) for the year after tax attributable to owners of the parent		**699**	(160,697)
Other comprehensive income		**–**	-
Total comprehensive income attributable to owners of the parent		**699**	(160,697)
Basic and diluted Earnings per Share from continuing operations	19	**0.005p**	(1.095)p

Accounting policies and notes on pages 28 to 48 form part of these financial statements.

GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2019

	Share Capital £	Share Premium £	Merger Relief Reserve £	Capital Redemption Reserve £	Retained Earnings £	Total £
Balance at 1 April 2017	1,467,726	1,916,017	133,836	143,628	1,859,594	5,520,801
Loss for year attributable to equity holders	–	–	–	–	(160,697)	(160,697)
Dividends	–	–	–	–	(73,386)	(73,386)
Balance at 31 March 2018	1,467,726	1,916,017	133,836	143,628	1,625,511	5,286,718
Balance at 1 April 2018	1,467,726	1,916,017	133,836	143,628	1,625,511	5,286,718
Profit for year attributable to equity holders	–	–	–	–	699	699
Dividends	–	–	–	–	(146,772)	(146,772)
Balance at 31 March 2019	**1,467,726**	**1,916,017**	**133,836**	**143,628**	**1,479,438**	**5,140,645**

Accounting policies and notes on pages 28 to 48 form part of these financial statements.

GROUP STATEMENT OF CASH FLOWS

for the year ended 31 March 2019

	Note	31.3.19 £	31.3.18 £
Cash flows from operating activities:			
Cash generated from operations	I	**325,587**	143,360
Interest paid		**(1,514)**	(3,778)
Tax paid		**(9,345)**	-
Net cash generated from operating activities		**314,728**	139,582
Cash flows from/(used in) investing activities			
Purchase of property, plant and equipment		**(69,578)**	(19,358)
Disposal of fixed assets		**299,495**	15,730
Interest received		**303**	3
Net cash from/(used in) investing activities		**230,220**	(3,625)
Cash flows used in financing activities			
Payment of contingent consideration		**–**	(25,000)
Dividends paid to shareholders		**(146,772)**	(73,386)
Net cash used in financing activities		**(146,772)**	(98,386)
Net increase in cash and cash equivalents		**398,176**	37,571
Cash and cash equivalents at beginning of year		**244,290**	206,719
Cash and cash equivalents at end of year		**642,466**	244,290

The above statement of cash flows relates to the Group.

NOTES TO THE GROUP STATEMENT OF CASH FLOWS

for the year ended 31 March 2019

	31.3.19 £	31.3.18 £
I. CASH GENERATED FROM OPERATIONS		
Operating profit/(loss) – continuing operations	**43,705**	(142,086)
Depreciation charge	**38,179**	34,590
Goodwill impairment	**200,000**	200,000
(Profit)/loss on sale of fixed assets	**(162,338)**	919
Decrease in stock	**72,478**	98,333
Decrease/(increase) in trade and other receivables	**595,495**	(121,132)
(Decrease)/increase trade and other payables	**(461,932)**	72,736
Cash generated from operations	**325,587**	143,360

ACCOUNTING POLICIES

for the year ended 31 March 2019

General information

PHSC plc is a company quoted 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 strategic report on page 3. 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 EU, 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 as the Group has adequate resources to continue in operational existence for the foreseeable future based upon forecasts.

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective and, in some cases, have not been adopted by the EU. The directors have assessed the potential impact of IFRS 16 which may have an impact on the measurement and treatment of operating leases and the related disclosures. As at 31 March 2019 the estimated impact of the transition to IFRS 16 would be to increase tangible fixed assets and liabilities by approximately £74,000. The impact on the statement of comprehensive income is not expected to be material to the 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 2019.

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. Acquisition related costs are expensed as incurred. 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.

Inter-company transactions (including unrealised gains/losses) and balances 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.

ACCOUNTING POLICIES *(continued)*

for the year ended 31 March 2019

Property, plant and equipment

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment. Cost includes expenditure that is directly attributable to the acquisition of the items. 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 profit and loss in the period in which they are incurred.

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

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

Freehold buildings	–	2% on a straight line basis
Improvements to property	–	on a straight line basis (10% of cost if expected useful life is shorter than the lease term)
Fixtures and equipment	–	25% on reducing balance basis
Motor vehicles	–	25% on reducing balance basis

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 profit and loss.

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 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 are tested for impairment at least annually. All 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.

Stock

Stock is stated at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stock. The value of stock is 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

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

Trade receivables and contract assets are initially stated at the transaction price and subsequently measured at amortised cost using the effective interest method. The carrying amounts for accounts receivable are net of allowances for expected credit losses. The company evaluated the expected credit losses on trade receivables by reviewing historical data, adjusted for forward-looking factors to the debtors and the economic environment. Individual receivables are only written off when management deems them not collectible.

Taxation

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

Deferred tax is provided in full 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 under a business combination. 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, 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.

ACCOUNTING POLICIES *(continued)*

for the year ended 31 March 2019

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.

The merger relief reserve represents the premium of any shares issued in part consideration on acquisitions in accordance with section 612 of The Companies Act 2006.

Retained earnings represent the accumulated profits and losses, less dividends since the Group was formed.

Employee benefits

The Group supports various personal pension arrangements and is auto-enrolment compliant. Payments are made to individual defined contribution pension schemes. Agreed contributions are charged to the statement of comprehensive income as they become payable.

Revenue recognition

Revenue consists of the consideration to which the Group expects to be entitled for services provided in the ordinary course of the Group's activities, excluding VAT and trade discounts.

Revenue stream	Nature, timing of satisfaction of performance obligations and significant payment terms
Services – one-off consultancy, training, health & safety audits, editorials and safety inspections	Revenue from services is recognised as the services are provided as this is the point at which the performance obligations are fulfilled. In respect of services invoiced in advance, amounts are deferred until provision of the service. Customer payment terms are generally 30 days from the date of invoice.
Services – health and safety support, annual consultancy services, appointed safety advisor services and certification services.	Revenue is recognised evenly across the length of the contract as this is considered the best estimate of the fulfilment of the performance obligations. Customer payment terms are generally 30 days from the date of invoice.
Supply and installation of security equipment and maintenance of equipment.	Revenue from installation and maintenance is recognised as these services are provided as this is the point at which the performance obligations are fulfilled. Customer payment terms are between 30 and 60 days from the date of invoice.

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

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the date of the Group statement of financial position are reported at the rates of exchange prevailing at that date. All foreign exchange gains and losses are presented in the statement of comprehensive income within the administrative expense heading.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

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 which 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 enough 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 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 keeps open avenues for securing debt finance to ensure that funds may be called upon if and when needed for operations and payments due in respect of acquisitions. 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 2019				
Trade and other payables	675,162	–	–	–
At 31 March 2018				
Trade and other payables	1,137,094	–	–	–

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.

1. FINANCIAL RISK MANAGEMENT – continued

Foreign exchange risk

The Group purchases security-related products in foreign currencies. The Group has a number of methods to in protecting against foreign risk and do not enter into long term contracts that would increase currency exposure.

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. 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.

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 directors' expectations of future volumes and margins based on the forecast results to 31 March 2020 in perpetuity assuming a zero-growth rate. Full details are disclosed in note 6.

Provision for obsolete and slow-moving stock

Stock of approximately £37,000 (2018 – £45,000) has been identified as slow moving within the B2BSG business and a non cash provision has been made against this stock to cover potential obsolescence. The stock provision will be monitored and updated regularly.

The risks of material adjustment to provision in the next financial year are as follows:

i) Changes in technology rendering current stock technologically obsolete

ii) Customers changing their existing systems which would mean elements of current maintenance stock are unable to be utilised.

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 activities is included in the strategic report on pages 3 to 10.

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 charges. The management charges represent Group overheads and are reflected in the operating loss of the parent company. All revenue arose in the UK and all assets are located in the UK. There is an element of liabilities that derive from foreign currency due to some of the subsidiaries sourcing goods overseas.

	Revenue £'000	Depreciation £'000	Operating profit/(loss) £'000	Net interest £'000	Profit/ (loss) before tax £'000	Taxation £'000	Deferred taxation £'000	Gain on sale property £'000	Goodwill impairment £'000	Profit after tax £'000
Year ended 31 March 2019										
Security division – B2BSG	2,724	13	(137)	–	(137)	108	(2)	–	–	
Health and safety division										
ISL	233	1	43	–	43	(5)	–	–	–	
PHSCL	657	2	278	–	278	(29)	–	–	–	
QLM	438	2	107	–	107	(14)	–	–	–	
RSA	404	1	67	–	67	(6)	–	–	–	
	1,732	6	495	–	495	(54)	–	–	–	
Quality systems division – QCS	759	7	242	–	242	(80)	(3)	–	–	
Holding company – PHSC plc	–	12	(522)	(1)	(523)	(22)	11	166	–	
Total	**5,215**	**38**	**78**	**(1)**	**77**	**(48)**	**6**	**166**	**(200)**	**1**

	Revenue £'000	Depreciation £'000	Operating profit/(loss) £'000	Net interest £'000	Profit/ (loss) before tax £'000	Taxation £'000	Deferred taxation £'000	Gain on sale property £'000	Goodwill impairment £'000	Loss after tax £'000
Year ended 31 March 2018										
Security division										
B to B	2,777	7	78	–	78	–	–	–	–	
SG	1,449	2	(96)	–	(96)	–	–	–	–	
	4,226	9	(18)	–	(18)	–	–	–	–	
Health and safety division										
ISL	216	1	46	–	46	–	–	–	–	
PHSCL	616	2	240	–	240	–	–	–	–	
QLM	439	2	112	–	112	–	–	–	–	
RSA	370	1	75	–	75	–	–	–	–	
	1,641	6	473	–	473	–	–	–	–	
Quality systems division – QCS	768	2	285	–	285	(16)	(1)	–	–	
Discontinued operations – ALS	378	5	(163)	(2)	(165)	–	2	–	–	
Holding company – PHSC plc	–	13	(519)	(2)	(521)	–	–	–	–	
Total	**7,013**	**35**	**58**	**(4)**	**54**	**(16)**	**1**	**–**	**(200)**	**(161)**

3. SEGMENTAL REPORTING – continued

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

	Non-current asset additions £'000	Non current assets £'000	Current assets £'000	Total assets £'000	Current liabilities £'000	Non-current liabilities £'000	Total liabilities £'000	Net operating assets £'000
As at 31 March 2019								
Security division – B2BSG	8	267	286	553	194	–	194	359
Health and safety division								
ISL	–	2	192	194	118	–	118	76
PHSCL	2	7	943	950	92	1	93	857
QLM	3	5	321	326	124	1	125	201
RSA	1	461	176	637	57	–	57	580
	6	475	1,632	2,107	391	2	393	1,714
Quality systems division – QCS	51	51	616	667	100	4	104	563
Holding company – PHSC plc	5	4,519	(602)	3,917	45	33	78	3,839
Total	**70**	**5,312**	**1,932**	**7,244**	**730**	**39**	**769**	**6,475**

Adjustment of goodwill on consolidation including goodwill impairment	(1,327)
Deferred tax adjustment to property revaluation	(8)
Net assets	5,140

3. SEGMENTAL REPORTING – continued

	Non-current asset additions £'000	Non-current assets £'000	Current assets £'000	Total assets £'000	Current liabilities £'000	Non-current liabilities £'000	Total liabilities £'000	Net operating assets £'000
As at 31 March 2018								
Security division								
B to B	4	268	965	1,233	462	–	462	771
SG	1	7	148	155	188	–	188	(33)
	5	275	1,113	1,388	650	–	650	738
Health and safety division								
ISL	2	1	176	177	97	–	97	80
PHSCL	4	7	773	780	45	1	46	734
QLM	1	6	303	309	90	1	91	218
RSA	1	461	202	663	49	–	49	614
	8	475	1,454	1,929	281	2	283	1,646
Quality systems division – QCS	7	8	669	677	129	1	130	547
Discontinued operations – ALS	–	–	85	85	8	–	8	77
Holding company – PHSC plc	–	4,660	(1,074)	3,586	85	44	129	3,457
Total	**20**	**5,418**	**2,247**	**7,665**	**1,153**	**47**	**1,200**	**6,465**
Adjustment of goodwill on consolidation including goodwill amortisation								(1,170)
Deferred tax adjustment to property revaluation								(8)
Net assets								5,287

PHSC plc company accounts reflect the overdraft in current liabilities. In the Group's consolidated accounts and segmental analysis, the overdraft is reflected as part of the Group facility shown under current assets.

Revenues from one customer within the B2BSG business segment totalled £922,216 (2018 – £1,518,490), representing more than 10% of its total revenue.

4. AUDITOR'S REMUNERATION

	31.3.19 £	31.3.18 £
Audit		
Fees payable to the company's auditor for the audit of the annual parent company and consolidated accounts	**6,140**	6,910
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	**22,000**	25,500
Total audit	**28,140**	32,410
Tax		
Tax compliance services	**7,000**	10,560
Tax advisory services	**2,000**	2,700
Total tax	**9,000**	13,260
Total	**37,140**	45,670

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2019

5. PROPERTY, PLANT AND EQUIPMENT

	Freehold property £	Improvements to property £	Fixtures and equipment £	Motor vehicles £	Totals £
COST					
At 1 April 2017	712,000	32,299	290,348	30,910	1,065,557
Additions	–	2,010	17,348	–	19,358
Disposals	–	–	(145,944)	(4,665)	(150,609)
At 31 March 2018	712,000	34,309	161,752	26,245	934,306
Additions	–	46,987	22,591	–	69,578
Disposals	(140,730)	–	(28,246)	(12,467)	(181,443)
At 31 March 2019	**571,270**	**81,296**	**156,097**	**13,778**	**822,441**
DEPRECIATION					
At 1 April 2017	164,674	28,779	231,114	14,766	439,333
Charge for year	11,653	285	18,750	3,902	34,590
Disposals	–	–	(130,398)	(3,562)	(133,960)
At 31 March 2018	176,327	29,064	119,466	15,106	339,963
Charge for year	10,245	5,707	19,442	2,785	38,179
Disposals	(7,506)	–	(24,437)	(12,343)	(44,286)
At 31 March 2019	**179,066**	**34,771**	**114,471**	**5,548**	**333,856**
NET BOOK VALUE					
At 31 March 2019	**392,204**	**46,525**	**41,626**	**8,230**	**488,585**
At 31 March 2018	535,673	5,245	42,286	11,139	594,343
At 31 March 2017	547,326	3,520	59,234	16,144	626,224

Depreciation expenses of £38,179 (2018 – £34,590) are included in administrative expenses in the statement of comprehensive income.

Lease rentals amounting to £77,879 (2018 – £106,168), 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 2019

6. GOODWILL

	Goodwill £
COST	
At 1 April 2017 and 2018	5,514,547
Additions	–
At 31 March 2019	**5,514,547**
IMPAIRMENT	
At 1 April 2017	1,636,084
Impairment	200,000
At 31 March 2018	1,836,084
Impairment	200,000
At 31 March 2019	**2,036,084**
NET BOOK VALUE	
At 31 March 2019	**3,478,463**
At 31 March 2018	3,678,463
At 31 March 2017	3,878,463

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:

	31.3.19 £	31.3.18 £
Personnel Health & Safety Consultants Limited and dormant subsidiaries	**594,952**	594,952
RSA Environmental Health Limited	**601,644**	601,644
Inspection Services (UK) Limited	**205,207**	205,207
Quality Leisure Management Limited	**582,844**	582,844
QCS International Limited	**417,638**	417,638
B to B Links Limited	**739,066**	939,066
SG Systems (UK) Limited	**337,112**	337,112
Total goodwill for Group	**3,478,463**	3,678,463

When considering impairment, the directors have taken the cash flow forecast prepared to 31 March 2020 and used the expected cash flows for that year in perpetuity as the cash flows generated are expected to continue for the foreseeable future. The 2020 forecasts have been prepared using a range of growth assumptions compared to the results for 2019. Revenue growth ranges from 0%-8% and gross margin growth of between 0 to 7 percentage points for the cash generating units.

Zero growth rates, and zero margin improvement have been adopted in the perpetuity calculations for all cash generating units.

6. GOODWILL – continued

The cash flow projections:

- are based on profits before tax and inter group management charges; and
- have been discounted using a discount rate of 11% (2018 – 11%). The rate has been determined by calculating the Group's weighted average cost of capital (WACC) of 4% using the capital asset pricing model with a 7% risk factor added.

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

	Margin in carrying value £	Annual cash flow at which impairment required £	Discount at which impairment required %
Personnel Health & Safety Consultants Limited and dormant subsidiaries	1,148,003	65,445	32
RSA Environmental Health Limited	15,763	63,963	11.3
Inspection Services (UK) Limited	183,657	22,573	21
Quality Leisure Management Limited	575,201	64,113	22
QCS International Limited	1,739,226	45,954	57
B to B Links Limited*	(197,680)	103,297	9
SG Systems (UK) Limited	63,547	37,082	13

The impairment review undertaken by the directors identified that the value-in-use of the B to B cash generating unit was less than its carrying value and thus impairment was required. An impairment charge of £200,000 has been provided on the basis that the remaining goodwill could be supported by the value-in-use calculation.

* Figures stated prior to the impairment charge of £200,000

Sensitivity analysis

The calculations are sensitive to movements in the discount rate and revenue and may therefore result in an impairment charge to the income statement. An increase of 1% to the discount rate and 3% reduction in revenue would result in the additional impairment charges as follows:

	Reduction in revenue of % £	Increase in discount rate £
B to B Links Limited	109,870	26,129
RSA Environmental Health Limited	37,618	34,007

7. TRADE AND OTHER RECEIVABLES

	31.3.19 £	31.3.18 £
Trade receivables	**880,955**	1,456,141
Less provision for impairment of trade receivables	**(1,000)**	(1,000)
Trade receivables – net	**879,955**	1,455,141
Other debtors and prepayments	**83,988**	97,315
Contract assets	**9,187**	16,169
Total	**973,130**	1,568,625

At 31 March 2019 there were £1,000 impaired trade receivables (2018 – £1,000).

The ageing of receivables which are past due and not impaired are as follows:

	31.3.19 £	31.3.18 £
Up to 3 months	**324,024**	558,290
3 – 6 months	**89,480**	84,496
Over 6 months	**30,407**	58,855
	443,911	701,641

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

	31.3.19 £	31.3.18 £
At 1 April	**1,000**	21,982
Provision for receivables impairment	**–**	-
Release of provision	**–**	(20,982)
At 31 March	**1,000**	1,000

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.

All debts which are older than 90 days relate to long standing repeat customers and are considered to be fully recoverable based on the history of payments from these customers taking into consideration future factors.

The Group has one type of financial assets that are subject to IFRS 9's new expected credit loss model:

- Trade receivables

The Group was required to revise its impairment methodology under IFRS 9 for each of these classes of assets as there is always considered some form of risk of default. The impact of the change in impairment methodology was not considered material to the financial statements. As a result, the comparative data has not been restated.

Trade receivables and contract assets

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. This did not lead to a material change in the impairment of trade receivables so no adjustment was made.

8. STOCK

	31.3.19	31.3.18
	£	£
Stocks	**316,556**	389,034

£37,064 of stock was written down in the current year (2018: £45,000). The value of stock consumed and recognised as an expense was £1,118,577 (2018 – £1,973,806).

9. CASH AND CASH EQUIVALENTS

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

	31.3.19	31.3.18
	£	£
Cash at bank and in hand	**642,466**	244,290

On 1 October 2008, PHSC plc entered into an unlimited multilateral guarantee with HSBC plc (see note 12).

10. CALLED UP SHARE CAPITAL

	Number of shares (Nominal value of 10p)	**Ordinary shares £**	**Share premium £**	**Total £**
Called up, allotted and fully paid				
At 31 March 2018 and 2019	14,677,257	1,467,726	1,916,017	3,383,743

11. TRADE AND OTHER PAYABLES

	31.3.19	31.3.18
	£	£
Trade payables	**130,726**	515,004
Social security and other taxes	**223,678**	270,197
Other payables	**9,763**	11,655
Accruals	**71,590**	99,178
Contract liabilities	**239,405**	241,060
Total	**675,162**	1,137,094

12. FINANCIAL LIABILITIES

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. During the year the Group reduced its overdraft facility from £300,000 to £150,000 which is secured by a debenture including a fixed charge over certain 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 overdraft is next reviewed in October 2019.

13. DEFERRED TAX

Deferred tax asset	Tax losses carried forward £	Accelerated capital allowances £	Other short-term temporary differences £	Total £
At 1 April 2017	21,617	–	76	21,693
Credited to income statement	(613)	–	25	(588)
At 31 March 2018	21,004	–	101	21,105
Credited to income statement	(3,443)	–	(35)	(3,478)
At 31 March 2019	**17,561**	**–**	**66**	**17,627**

Deferred tax liabilities	Provision revalued properties £	Accelerated capital allowances £	Intangible assets £	Total £
At 1 April 2017	43,188	9,455	5,157	57,800
Credited to income statement	–	(1,982)	–	(1,982)
At 31 March 2018	43,188	7,473	5,157	55,818
Credited/(debited) to income statement	(11,919)	2,414	–	(9,505)
At 31 March 2019	**31,269**	**9,887**	**5,157**	**46,313**

Deferred tax has been provided on the revalued fixed assets at 17% (2018 – 19%). At present it is not envisaged that any tax will become payable in the foreseeable future.

14. EXPENSES BY NATURE

	31.3.19 £	31.3.18 £
Cost of sales	**1,929,541**	3,034,011
Staff related costs	**2,128,386**	2,533,300
Premises costs	**122,738**	125,181
Professional fees	**312,954**	375,697
Operating lease expenses	**79,879**	106,168
Other expenses	**564,408**	760,593
Goodwill impairment	**200,000**	200,000
Total cost of sales and administrative expenses	**5,337,906**	7,134,950

15. EMPLOYEES

Staff costs (including executive directors)

	31.3.19	31.3.18
	£	£
Wages and salaries	**1,844,924**	2,214,768
Social security costs	**184,456**	218,135
Other pension costs	**65,958**	62,266
	2,095,338	2,495,169

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

	31.3.19	31.3.18
Directors	**7**	9
Consultants	**22**	27
Administrative	**29**	36
Total	**58**	72

The aggregate compensation for key management, being the members of the board of PHSC plc and the directors of the subsidiary companies (including de facto directors), was as follows:

	31.3.19	31.3.18
	£	£
Short-term employee benefits	**403,796**	507,069
Post-employment benefits	**38,656**	47,046
Total	**442,452**	554,115

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2019

16. DIRECTORS' REMUNERATION

Directors of PHSC plc only

	31.3.19 £	31.3.18 £
Emoluments	**151,216**	183,970
Pension contributions to money purchase schemes	**23,507**	19,264
	204,723	203,234

The remuneration of the executive directors of PHSC plc, from all Group companies was as follows:

	Year ended 31.3.19 Short-term employee benefits Salary £	Bonus £	Waiver £	Pension salary sacrifice £	Benefits £	Post employment benefits Pension £	Total £	Year ended 31.3.18 Total £
S A King	**90,000**	**1,013**	**(1,380)**	**(8,600)**	**2,480**	**12,851**	**96,364**	92,723
N C Coote	**70,000**	**1,013**	**–**	**(5,400)**	**4,116**	**8,630**	**78,359**	82,511

Stephen King's benefits relate to health insurance and Nicola Coote's to a company car and health insurance. Both directors opted to take their bonus as a pension contribution.

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

	Year ended 31.3.19 £	Year ended 31.3.18 £
G N Webb	**15,000**	14,000
L C Young	**15,000**	14,000

17. FINANCE INCOME AND COSTS

	31.3.19 £	31.3.18 £
Finance income		
Interest received	**303**	3
Interest expense		
Bank interest	**–**	66
Loan interest	**–**	608
Other interest	**1,514**	3,104
	1,514	3,778
Net finance charge	**1,211**	3,775

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2019

18. TAXATION

Analysis of tax charge in year

	31.3.19 £	31.3.18 £
Current tax:		
UK corporation tax on profits in the year	**54,707**	16,230
Adjustments in respect of previous year	**(6,885)**	–
Total current tax charge/(credit)	**47,822**	16,230
Deferred tax:		
Origination and reversal of temporary differences	**(4,496)**	(2,189)
Adjustment in respect of prior period	**1,377**	795
Effect of tax rate change on opening balance	**(2,908)**	–
Taxation (credit)/charge	**(6,027)**	(1,394)
Tax on profit on ordinary activities	**41,795**	14,836

Reconciliation of tax on ordinary activities

The relationship between expected tax expense based on the effective tax rate of PHSC plc at 19% (2018 – 19%) and the tax expense actually recognised in the income statement can be reconciled as follows:

	31.3.19 £	31.3.18 £
Loss on ordinary activities before tax	**42,494**	(145,861)
Tax on loss on ordinary activities at standard rate of corporation tax of 19% (2018: 19%)	**8,075**	(27,714)
Effects of:		
Expenses not deductible for tax purposes	**41,655**	39,487
Depreciation on ineligible assets	**2,128**	2,268
Movement in revalued property deferred tax less capital gain on disposal	**(2,139)**	–
Differences due to deferred tax rate being lower than standard corporation tax rate	**(2,416)**	795
Adjustments in respect of prior periods	**(5,508)**	–
Total tax charge	**41,795**	14,836

The UK government has legislated to maintain the main rate of corporation tax at 19% for the years commencing 1 April 2018 and 2019 and then to reduce it to 17% from 1 April 2020. This will affect future tax charges.

19. 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.

	31.3.19	31.3.18
Profit/(loss) attributable to equity holders of the Group (£)	**699**	(160,697)
Weighted average number of ordinary shares in issue	**14,677,257**	14,677,257
Basic earnings per share (pence per share)	**0.005p**	(1.095)p

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

20. DIVIDENDS

A final dividend of £73,386 was paid in October 2018 in respect of the year ended 31st March 2018 and an interim dividend of £73,386 representing 0.5p per ordinary share was paid in February 2019 in respect of the year ended 31 March 2019. A final dividend of £73,386 is proposed, to be paid in October 2019, making a total dividend for the year of 1.0p.

21. 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 operating leases are:

	31.03.19		31.03.18	
	Land and building £	**Motor vehicles £**	Land and buildings £	Motor vehicles £
Within one year	**8,236**	**11,104**	27,267	17,231
Between two and five years	**45,100**	**9,946**	–	8,171
Total	**53,336**	**21,050**	27,267	25,402

The Group had no capital commitments at the year end.

22. RELATED PARTY DISCLOSURES

	31.3.19 £	31.3.18 £
PHSC plc dividends were paid to directors as follows:		
S A King	**31,894**	15,950
N C Coote	**31,439**	15,722
G N Webb MBE	**194**	97
	63,527	31,769

23. ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party, but the largest shareholder, Mr S A King, holds 21.73% (2018 – Mr S A King 21.73%) of the issued share capital of PHSC plc.

24. FINANCIAL INSTRUMENTS

Set out below are the Group's financial instruments:

	31.3.19 £	31.3.18 £
Financial assets at amortised cost		
Trade and other receivables	**973,130**	1,491,433
Cash and cash equivalents	**642,466**	244,290
	1,615,596	1,735,723
Financial liabilities at amortised cost		
Trade and other payables	**675,162**	625,837
	675,162	625,837
Due within 1 year	**675,162**	625,837
Due in over 1 year	**–**	–
	675,162	625,837

25. REVENUE

Set out below is a breakdown of revenue:

	31.3.19 £	31.3.18 £
Revenue from health and safety services provided	**1,731,712**	2,018,877
Revenue from quality systems services provided	**759,500**	767,646
Revenue from security related products	**2,724,129**	4,226,341
	5,215,341	7,012,864

The split of revenue is in line with the segmental analysis in note 3.

The following table provides information about receivables, contract assets and contract liabilities with customers:

	31.3.19 £	31.3.18 £
Receivables which are included in 'trade and other receivables'	**879,955**	1,455,141
Contract assets	**9,187**	16,169
Contract liabilities	**239,405**	241,060

Contract assets relate to uninvoiced work carried out at the reporting date where performance obligations had been met.The contract liabilities relate to the deferred revenue in respect of ongoing services and the revenue is being recognised across the term of the customer contract.

25. REVENUE – continued

Significant changes in the contract assets and contract liabilities balances during the period are as follows:

	31.3.19 **£**	31.3.18 £
Revenue deferred into future periods	**(239,405)**	(241,060)
Revenue accrued in current period	**9,187**	16,169
Deferred revenue recognised in the period	**241,060**	225,507

The performance obligations for all revenues that have been deferred into future periods have been satisfied by the following year end as the performance obligations on the contracts are no longer than one year in length. There are no impairment losses in relation to the contract assets recognised under IFRS 15.

PHSC plc

COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

COMPANY STATEMENT OF FINANCIAL POSITION

as at 31 March 2019

	Note	31.3.19 £	31.3.18 £
Non-Current Assets			
Property, plant and equipment	9	**400,310**	542,008
Investments	10	**3,568,206**	4,118,206
		3,968,516	4,660,214
Current Assets			
Trade and other receivables	11	**755,400**	808,356
		755,400	808,356
Total Assets		**4,723,916**	5,468,570
Current Liabilities			
Trade and other payables	12	**49,046**	273,918
Overdraft	13	**620,631**	1,105,005
Current corporation tax		**566**	–
		670,243	1,378,923
Non-Current Liabilities			
Deferred taxation	14	**32,647**	44,286
		32,647	44,286
Total Liabilities		**702,890**	1,423,209
Net Assets		**4,021,026**	4,045,361
Capital and reserves attributable to equity holders of the Group			
Called up share capital	15	**1,467,726**	1,467,726
Share premium account	15	**1,916,017**	1,916,017
Capital redemption reserve		**143,628**	143,628
Merger relief reserve		**133,836**	133,836
Revaluation reserve		**–**	43,373
Retained earnings		**359,819**	340,781
		4,021,026	4,045,361

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 was £502,143 (2018 – loss £463,257).

Approved and authorised for issue by the board on 16 August 2019 and signed on its behalf by;

S A King *Director*

PHSC plc

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2019

	Share Capital £	Share Premium £	Merger Relief Reserve £	Capital Redemption Reserve £	Revaluation Rreserve £	Retained Earnings £	Total £
Balance at 1 April 2017	1,467,726	1,916,017	133,836	143,628	43,373	877,424	4,582,004
Loss for year attributable to equity holders	–	–	–	–	–	(463,257)	(463,257)
Dividends paid	–	–	–	–	–	(73,386)	(73,386)
Balance at 31 March 2018	1,467,726	1,916,017	133,836	143,628	43,373	340,781	4,045,361
Balance at 1 April 2018	1,467,726	1,916,017	133,836	143,628	43,373	340,781	4,045,361
Loss for year attributable to equity holders	–	–	–	–	–	(502,143)	(502,143)
Transfer of reserve on property sale	–	–	–	–	(43,373)	43,373)	-
Dividends received	–	–	–	–	–	624,580	624,580
Dividends paid	–	–	–	–	–	(146,772)	(146,772)
Balance at 31 March 2019	**1,467,726**	**1,916,017**	**133,836**	**143,628**	**–**	**359,819**	**4,021,026**

COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 March 2019

	Note	31.3.19 £	31.3.18 £
Cash flows (used by)/generated from operating activities:			
Cash (used by)/ from operations	I	**(265,800)**	193,550
Tax paid		**(21,056)**	–
Interest paid		**(1,514)**	(2,411)
Net cash generated (used by)/from operating activities		**(288,370)**	191,139
Cash flows from investing activities			
Purchase of property, plant and equipment		**(4,862)**	–
Disposal proceeds sale of property, plant and equipment		**299,495**	–
Dividends from subsidiary companies		**624,580**	–
Interest received		**303**	–
Net cash from investing activities		**919,516**	–
Cash flows used by financing activities			
PPayment of contingent consideration		**–**	(25,000)
Dividends paid to Group shareholders		**(146,772)**	(73,386)
Net cash used by financing activities		**(146,772)**	(98,386)
Net decrease in overdraft		**484,374**	92,753
Cash and cash equivalents at beginning of year		**(1,105,005)**	(1,197,758)
Overdraft at end of year		**(620,631)**	(1,105,005)

NOTES TO THE COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 March 2019

	31.3.19 £	31.3.18 £
I. CASH (USED BY)/FROM OPERATIONS		
Loss before taxation and interest	**(490,949)**	(461,013)
Depreciation charge	**12,906**	12,704
Impairment of investment	**550,000**	451,725
Profit on sale of fixed assets	**(165,841)**	–
Decrease in trade and other receivables	**52,956**	206,226
Decrease in trade and other payables	**(224,872)**	(16,092)
Cash generated (used by)/from operations	**(265,800)**	193,550

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

1. BASIS OF PREPARATION

The company's financial statements have been prepared in accordance with IFRSs, as adopted by the EU, 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 company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 19.

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 (2019 – £624,580; 2018 – nil) was £502,143 (2018 – loss £463,257). There were no recognised gains and losses for 2019 or 2018 other than those included in the company statement of comprehensive income. As at 31 March 2019 the company had net assets of £4,021,026 (2018 – £4,045,361).

The financial statements have been prepared on a going concern basis. 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 as the company has adequate resources to continue in operational existence for the foreseeable future based upon forecasts.

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective and, in some cases, have not been adopted by the EU. The directors have assessed the potential impact of IFRS 16 (measurement and treatment of operating leases) but consider that the impact will not be material on the company's financial statements in future periods. The company does not have any operating leases and income only relates to management charges and dividends received.

2. ACCOUNTING POLICIES

Revenue

Management charge income is recognised when the service the company has provided is fulfilled.

Deferred income tax

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

Segmental reporting

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

2. ACCOUNTING POLICIES – continued

Pensions

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

Property, plant and equipment

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

Freehold buildings	–	2% of cost on a straight-line basis
Improvements to property	–	on a straight-line basis (10% of cost if expected useful life is shorter than the lease term)
Fixtures and equipment	–	25% reducing balance basis

Investments

Investments in subsidiary undertakings are stated at cost less amounts provided for any impairment in value. An impairment review is carried out each year.

Impairment of tangible and intangible assets

An impairment loss is recognised for the amount by which the investments 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. Impairment losses are charged to administrative expenses.

Taxation

Current income tax assets/liabilities comprise those claims from or obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year.

Provisions

These are recognised when the company 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.

Financial Instruments

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

Trade receivables and contract assets are initially stated at the transaction price and subsequently measured at amortised cost using the effective interest method. The carrying amounts for accounts receivable are net of allowances for expected credit losses. The company evaluated the expected credit losses on trade receivables by reviewing historical data, adjusted for forward-looking factors to the debtors and the economic environment. Individual receivables are only written off when management deems them not collectible.

2. ACCOUNTING POLICIES – continued

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.

The merger relief reserve represents the premium of any shares issued in part consideration on acquisitions in accordance with section 612 of The Companies Act 2006.

Dividends

Dividends received from subsidiary companies are recognised at the point that the right to receive the dividend has been established.

3. REVENUE

The revenue of the company during the year was generated in the UK and derives from the management charge levied to the subsidiary companies and is recognised when the service is delivered.

4. LOSS BEFORE TAXATION

The profit before taxation is stated after charging:

	31.3.19 £	31.3.18 £
Depreciation – owned assets	**12,906**	12,704

5. DIRECTORS' REMUNERATION

Full details are given on page 44 of the Group accounts.

6. STAFF COSTS

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

	31.3.19	31.3.18
Directors	**4**	4
Consultants	**2**	2
Administration	**3**	3
	9	9

	£	£
The aggregate payroll costs of these persons were as follows:		
Wages and salaries	**263,178**	278,888
Social security costs	**23,595**	25,082
Other pension costs	**25,129**	19,104
	311,902	323,074

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

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2019

7. AUDITOR'S REMUNERATION

Full details are given on page 36 of the Group accounts.

8. FINANCE INCOME AND COSTS

	31.3.19 £	31.3.18 £
Finance income		
Interest received	**303**	–
Interest expense		
Bank interest	**–**	(66)
Other interest	**(1,514)**	(2,345)
Net finance cost	**(1,211)**	(2,411)

9. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Freehold improvements £	Plant and equipment £	Totals £
COST OR VALUATION				
At 1 April 2017	582,638	23,978	13,103	619,719
Transfer from subsidiary	–	–	–	–
At 31 March 2018	582,638	23,978	13,103	619,719
Additions	–	–	4,862	4,862
Disposals	(140,730)	–	(2,417)	(143,147)
At 31 March 2019	**441,908**	**23,978**	**15,548**	**481,434**
DEPRECIATION				
At 1 April 2017	35,312	20,461	9,234	65,007
Charge for the year	11,653	84	967	12,704
At 31 March 2018	46,965	20,545	10,201	77,711
Charge for year	10,245	828	1,833	12,906
Disposals	(7,506)	–	(1,987)	(9,493)
At 31 March 2019	49,704	21,373	10,047	81,124
NET BOOK VALUE				
At 31 March 2019	**392,204**	**2,605**	**5,501**	**400,310**
At 31 March 2018	535,673	3,433	2,902	542,008
At 31 March 2017	547,326	3,517	3,869	554,712

10. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

Investment in shares of subsidiary undertakings

	31.3.19 £	31.3.18 £
At 1 April	**4,118,206**	4,569,931
Impairment of investment in B to B	**(550,000)**	(220,000)
Impairment of investment in SG	–	(120,000)
Impairment of investment in ALS	–	(111,725)
At 31 March	**3,568,206**	4,118,206

As stated in the strategic report, the continued decline of the high street and the general uncertainty over Brexit has led to reduced opportunities and general pressure on gross margins in the security sector. The impairment review undertaken by the directors identified that the value-in-use of the B to B investment was compromised and thus impairment of the investment was required. The investment value has been reduced by £550,000 to a new carrying value of £600,724.

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

Name of Company	Class of shares held	Proportion of voting rights held	Registered office
Adamson's Laboratory Services Limited	Ordinary	100%	The Old Church, 31 Rochester Road, Aylesford, Kent, ME20 7PR
B2BSG Solutions Limited	Ordinary	100%	The Old Church, 31 Rochester Road, Aylesford, Kent, ME20 7PR
Camerascan CCTV Limited	Ordinary	100%	The Old Church, 31 Rochester Road, Aylesford, Kent, ME20 7PR
Envex Company Limited	Ordinary	100%	The Old Church, 31 Rochester Road, Aylesford, Kent, ME20 7PR
In House The Hygiene Management Company Limited	Ordinary	100%	The Old Church, 31 Rochester Road, Aylesford, Kent, ME20 7PR
Inspection Services (UK) Limited	Ordinary	100%	The Old Church, 31 Rochester Road, Aylesford, Kent, ME20 7PR
Personnel Health & Safety Consultants Limited	Ordinary	100%	The Old Church, 31 Rochester Road, Aylesford, Kent, ME20 7PR
Quality Leisure Management Limited	Ordinary	100%	The Old Church, 31 Rochester Road, Aylesford, Kent, ME20 7PR
QCS International Limited	Ordinary	100%	9 Cumbernauld Business Park, Cumbernauld, North Lanarkshire, Scotland G6 3JZ
RSA Environmental Health Limited	Ordinary	100%	The Old Church, 31 Rochester Road, Aylesford, Kent, ME20 7PR
Safetymark Certification Services Limited	Ordinary	100%	The Old Church, 31 Rochester Road, Aylesford, Kent, ME20 7PR
SG Systems (UK) Limited	Ordinary	100%	The Old Church, 31 Rochester Road, Aylesford, Kent, ME20 7PR

11. TRADE AND OTHER RECEIVABLES

	31.3.19 £	31.3.18 £
Amount owed by subsidiary undertakings	**736,876**	778,373
Prepayments	**18,524**	29,983
	755,400	808,356

The company has one type of financial asset which is subject to IFRS 9's new expected credit loss model:

- Amounts owed by subsidiary undertakings

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all balances owed from subsidiary undertakings.

This did not lead to a material change in the assessment of the potential impairment of amounts owed from subsidiary undertakings so no adjustment was made.

12. TRADE AND OTHER PAYABLES

	31.3.19 £	31.3.18 £
Trade payables	**2,348**	27,340
Amount owed to subsidiary undertakings	**5,000**	189,050
Social security and other taxes	**20,747**	36,036
Other payables	**1,158**	1,098
Accruals	**19,793**	20,394
	49,046	273,918

13. OVERDRAFT

	31.3.19 £	31.3.18 £
Bank overdraft	**620,631**	1,105,005

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. During the year, the Group's overdraft facility was reduced to £150,000 which is secured by a debenture including a fixed charge over certain 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. On 31 March 2019, PHSC plc's company balance was £620,631 overdrawn (2018 – £1,105,005 overdrawn) within the Group's cash at bank and in hand figure of £642,466 (2018 – £244,280). The overdraft facility is reviewed subject to requirement.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2019

14. DEFERRED TAXATION

	31.3.19 £	31.3.18 £
Deferred taxation – accelerated capital allowances	**32,647**	44,286

	Deferred tax £	Deferred tax £
At 1 April 2018	**44,286**	44,453
Deferred tax credit in year	**(11,819)**	(167)
At 31 March 2019	**32,647**	44,286

15. SHARE CAPITAL

Called up, allotted and fully paid	Number of shares (Nominal value 10p per share)	Ordinary shares £	Share premium £	Total £
At 31 March 2018 and 2019	14,677,257	1,467,726	1,916,017	3,383,743

16. RELATED PARTY DISCLOSURES

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

	31.3.19 £	31.3.18 £
Management charge from PHSC plc to subsidiary companies	**415,000**	510,000

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

	31.3.19 £	31.3.18 £
Amounts owed by group undertakings		
B2BSG Solutions Limited	**22,435**	54,492
In House the Hygiene Company Limited	**469,304**	469,304
Inspection Services (UK) Limited	**1,449**	435
Personnel Health & Safety Consultants Limited	**1,929**	–
QCS International Limited	**5,823**	2,649
Quality Leisure Management Limited	**4,386**	6,712
RSA Environmental Health Limited	**1,849**	410
SG Systems (UK) Limited	**–**	14,670
Camerascan CCTV Limited	**229,701**	229,701
	736,876	778,373
Amounts owed to group undertakings		
Adamson's Laboratory Services Limited	**5,000**	454
Personnel Health & Safety Consultants Limited	**–**	188,596
	5,000	189,050

16. RELATED PARTY DISCLOSURES – continued

	31.3.19 £	31.3.18 £
PHSC plc received dividends from subsidiaries as follows:		
Adamson's Laboratory Services Limited	**99,580**	–
Inspection Services (UK) Limited	**25,000**	–
Personnel Health & Safety Consultants Limited	**200,000**	–
QCS International Limited	**200,000**	–
Quality Leisure Management Limited	**70,000**	–
RSA Environmental Health Limited	**30,000**	–
	624,580	–
PHSC plc dividends were paid to directors as follows:		
S A King	**31,894**	15,950
N C Coote	**31,439**	15,722
G N Webb MBE	**194**	97
	63,527	31,769

17. FINANCIAL INSTRUMENTS

Set out below are the company's financial instruments:

	31.3.19 £	31.3.18 £
Financial assets at amortised cost		
Trade and other receivables	**755,241**	778,373
	755,241	778,373
Financial liabilities at amortised cost		
Overdraft	**620,631**	1,105,005
Trade and other payables	**46,664**	237,882
	667,295	1,342,887
Due within 1 year	**667,295**	1,342,887
Due in over 1 year	**–**	–
	667,295	1,342,887

Full details of the overdraft facility can be found in note 13.

The main risk arising from the company's financial instruments is liquidity risk.The company seeks to manage this risk by ensuring sufficient liquidity is available from current banking facilities to meet foreseeable needs and to invest cash assets safely and profitably.This policy has remained unchanged from previous periods.

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

18. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Property, plant and equipment

The directors annually assess both the residual value of these assets and the expected useful life of such assets which is currently judged to be up to 4 years, based on experience.

Impairment of investments

An impairment of investments has the potential to significantly impact upon the company's statement of comprehensive income for the year. In order to determine whether impairments are required the directors estimate the recoverable amount of the investment. This calculation is based on the director's expectations of future volumes and margins based on forecast results to 31 March 2020 in perpetuity assuming a zero-growth rate.

The cash flow projections:

- are based on profits before tax and inter group management charges; and
- have been discounted using a discount rate of 11%. The rate has been determined by calculating the Group's weighted average cost of capital (WACC) of 4% using the capital asset pricing model with a 7% risk factor added.

19. PARENT UNDERTAKING

There is no ultimate controlling party but the largest shareholder, Mr S A King owns 21.73% (2018 – Mr S A King 21.73%) of the issued share capital of PHSC plc.

The parent company operates within the UK and its accounts may be obtained from the same registered office address as noted on page 2 of the Group accounts.

PHSC plc

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the annual general meeting of PHSC plc will be held at 10.00 am on Monday 30 September 2019 at The Old Church, 31 Rochester Road, Aylesford, Kent ME20 7PR to consider the following resolutions of which resolutions 1 to 6 will be proposed as ordinary resolutions and resolution 7 will be proposed as a special resolution.

1 To receive the annual report and audited accounts for the year ended 31 March 2019.

2. To declare a final dividend of 0.5p per ordinary share.

3. To re-elect Nicola Coote as a director.

4. To re-elect Lorraine Young as a director.

5. To reappoint Crowe UK 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.

6. 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 shares in the company or to grant rights to subscribe for, or to convert any security into, shares in the company up to a total nominal amount of £489,242 during the period commencing on the date of the passing of this resolution and expiring at the conclusion of the annual general meeting in 2020 or on 30 September 2020, 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 shares to be allotted, rights to be granted or securities to be converted after such expiry and notwithstanding such expiry the directors may allot shares, grant rights or convert securities under such offers or agreements.

Special resolutions

7. THAT, subject to and conditional upon the passing as an ordinary resolution of resolution number 6 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 6 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) of equity securities and/or the sale and transfer of shares held by the company in treasury (as the directors shall deem appropriate) to any person or persons up to an aggregate nominal amount of £293,545,

    such power to expire at the conclusion of the annual general meeting of the company in 2020 or, if earlier, on 30 September 2020, 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.

By order of the board

SGH Company Secretaries Limited
Secretary

22 August 2019

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

NOTICE OF ANNUAL GENERAL MEETING *(continued)*

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 26 September 2019. 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 chair 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 chair) 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 company secretary at Shakespeare Martineau, 6th Floor, 60 Gracechurch Street, London EC3V 0HR no later than 48 hours (excluding non-working days) 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 company secretary, Shakespeare Martineau, 6th Floor, 60 Gracechurch Street, London EC3V 0HR
- Scanning it and sending it by email to shaun.zulafqar@shma.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 company secretary 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 020 7264 4546. 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 Secretary, Shakespeare Martineau, 6th Floor, 60 Gracechurch Street, London EC3V 0HR. Alternatively you may send the notice by email to shaun.zulafqar@shma.co.uk. 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 (excluding non-working days) 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 020 7264 4546 (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, to communicate with the company for any purposes other than those expressly stated.

8. Issued shares and total voting rights
As at 5.00 pm on the day immediately prior to the date of posting of this notice of meeting, the company's issued share capital comprised 14,677,257 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 14,677,257.

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PHSC plc

Proxy form for use by holders of ordinary shares in PHSC plc at the Annual General Meeting (AGM) to be held on Monday 30 September 2019

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 chair 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 chair 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 Nicola Coote as a director	☐	☐	☐	☐
4. To re-elect Lorraine Young as a director	☐	☐	☐	☐
5. To reappoint the auditors and authorise the directors to set their fees	☐	☐	☐	☐
6. To authorise the directors to allot shares	☐	☐	☐	☐
7. To disapply pre-emption rights	☐	☐	☐	☐

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

Notes:

1) If you wish to appoint as a proxy someone other than the chair of the meeting, please delete the words "The chair 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, anyone 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, Shakespeare Martineau, 6th Floor, 60 Gracechurch Street, London EC3V 0HR no later than 48 hours (excluding non-working days) before the time of the AGM or any adjournment.