

PHSC plc

Managing the Health, Safety and Security
of People and Property.

ANNUAL REPORT 2024

Safety

Health & Safety
Food Safety
Legionella & Occupational Hygiene
Statutory Examination
(Work Equipment)
Training (Accredited & Bespoke)

Systems

Training & Consultancy
ISO 9001
ISO 14001
ISO 27001
ISO 45001
ISO 13485

Security

CCTV
Security Tagging
(Systems & Consumables)
Foot Fall Counting / Analysis
Product Protection
Security Labels

PHSC plc

CONTENTS OF THE ANNUAL REPORT

for the year ended 31 March 2024

	<i>Page</i>
Company Information	2
Strategic Report	3
Report of the Directors	12
Statement of Directors' Responsibilities	16
Corporate Governance Statement	17
Independent Auditor's Report	23
Group Statement of Financial Position	28
Group Statement of Comprehensive Income	29
Group Statement of Changes in Equity	30
Group Statement of Cash Flows	31
Accounting Policies	32
Notes to the Financial Statements	36
<u>Company Financial Statements</u>	
Company Statement of Financial Position	53
Company Statement of Changes in Equity	54
Company Statement of Cash Flows	55
Notes to the Financial Statements	56
Notice of Annual General Meeting	65
Annex 1 – Form of Directors' Deed of Release	69
Annex 2 – Form of Shareholders' Deed of Release	70
Form of Proxy	71

PHSC plc

COMPANY INFORMATION

for the year ended 31 March 2024

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 7-10 Chandos Street London W1G 9DQ

PHSC plc

STRATEGIC REPORT

for the year ended 31 March 2024

FINANCIAL HIGHLIGHTS

- EBITDA of £0.510m compared to £0.366m in the prior year
- Statutory profit after tax of £0.249m compared to £0.243m in the prior year
- Group sales revenue of £3.778m, up from £3.438m in the prior year
- Group net assets of £3.275m after share buybacks, down from £3.638m
- Statutory earnings per share of 2.19p compared to 2.05p in the prior year
- Cash reserves of £0.488m at the year end and after share buybacks, down from £0.750m for the prior year
- Final dividend of 1.25p proposed, making a total of 2.00p for the year compared with 1.5p last year

	31.3.24 £	31.3.23 £
Profit before tax	332,317	304,598
Less: interest received	(17,309)	(1,346)
Add: goodwill impairment regarding RSA Environmental Health Limited (RSA)	120,000	–
Add: depreciation	74,515	63,034
EBITDA*	<u>509,523</u>	<u>366,286</u>

* EBITDA is calculated as earnings before interest, tax, depreciation and impairment charges. 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.

The Company confirms that, subject to shareholder approval at its Annual General Meeting (AGM), a final dividend of 1.25p will be payable on 4 October 2024 to shareholders on the register on 20 September 2024.

PHSC plc

STRATEGIC REPORT (continued)

for the year ended 31 March 2024

CHIEF EXECUTIVE OFFICER'S REPORT

For the first time since 2015, the Group is able to report unadjusted EBITDA in excess of £0.5m and our highest statutory profit over that nine-year period. This reflects a generally satisfactory performance across all subsidiaries, with some business streams naturally faring better than others in the current environment. Details about individual subsidiary performance are provided later in this report, along with general commentary surrounding the headline numbers.

Every year the board assesses the value of goodwill in the Group statement of financial position and forms a view as to whether such value remains realistic and justifiable. Following extensive evaluation, discussion and technical advice, the board has determined that it should write down the goodwill in respect of RSA by £120,000 and the carrying value of QLM by £94,890. These adjustments principally stem from a revision in the Group's weighted average cost of capital (WACC) utilised in the impairment assessment exercise which reflects the significant rise in interest rates and therefore the cost of debt. Accordingly, considering various factors, including a Bank of England base rate of 5.25% (at the date of assessment) there has been a consequent downgrading of valuations. There is no goodwill attached to B2BSG, and there is sufficient headroom in the valuations of our other trading subsidiaries to avoid a similar impairment requirement. The board remains confident in its valuations of all subsidiary companies.

As was the case in the previous year, the board embarked on a share buyback programme in accordance with the authority granted at the 2023 Annual General Meeting (AGM). In March 2024, we purchased a total of 753,384 ordinary shares into treasury for the purposes of subsequent cancellation. Since our first successful buyback programme in 2021, we have seen the Company's issued share capital fall from 14,677,257 to 10,280,853 representing a reduction of approximately 30%. The lower number of issued shares should, *inter alia*, make it more affordable to increase dividend payments going forwards.

The Group intends to seek renewed authority at the 2024 AGM for further potential share buybacks and, subject to this being granted, will consider in due course whether shareholders' best interests would be served by acting on such authority.

GENERAL BUSINESS REVIEW AND OUTLOOK

Systems Division

The principal activities continued to be those of providing consultancy and training services to a wide range of clients across different sectors.

Our position as a United Kingdom Responsible Person (acting on behalf of manufacturers of medical devices outside the UK) has also grown in the year, and benefits from long-term contracts and strong working relationships.

During the year, management secured an extension to the lease of the division's premises including its training facilities, from September 2024 for a further five years. This security of tenure enables the business to look to the future with confidence.

Safety Division

The principal activities of our subsidiaries in the Safety Division were the provision of health and safety consultancy and training services to public and private sector clients. Sectors where this division is particularly strong include leisure, education, housing, transport and health care.

Our primary income streams are supplemented by the preparation of expert witness reports in connection with criminal and other legal cases, and some editorial content for safety publications. We also carry out statutory examinations of plant and equipment, either directly for clients or via insurance intermediaries.

Security Division

There has been a well-publicised rise in cases of shoplifting reflecting a tougher economic climate for the average household. This has led some clients to upgrade their existing security hardware and to expand the number of items that are protected by electronic article surveillance devices such as tags and labels.

PHSC plc

STRATEGIC REPORT (continued)

for the year ended 31 March 2024

It is pleasing to report that for the first time in several years, the Security Division was a net contributor to Group profits. Management continued to concentrate on tight cost control and increasing margins where possible, along with generating higher sales from current and new customers. With the majority of clients in the retail sector, the focus has been to try to rely less on stores in the fashion trade where spend is discretionary, and more on supermarkets selling core and essential products.

Despite much of the year's revenue arising from one-off projects or now completed contracts, management are confident that the Security Division will make a positive contribution again in 2024-25.

Cash Reserves

Cash at bank reduced from £749,627 to £488,375. The fall in cash reserves reflects the final and interim dividend distributions of circa £193,000 coupled with buyback costs totalling approximately £419,000 since March 2023. Most of the combined outlay of approximately £612,000 was financed through the Group being strongly cash generative, with the balance drawn from pre-existing cash reserves.

The Group renewed its annual facility with HSBC Bank plc in the normal course in October 2023 but has no borrowings nor any expectation that such facility will need to be called upon.

Net asset value

The consolidated balance sheet net asset value (NAV) of £3.275m as at 31 March 2024 equates to approximately 29.7 pence per share which was in excess of the Company's then prevailing market share price of 26 pence, albeit the Company's shares were trading at a narrower discount to NAV than the prior year. Total assets at the end of the previous year were higher at £3.638m (circa 30.7 pence per share) versus a then prevailing market share price of 14.5 pence.

Outlook

The board is confident that the trading subsidiaries can each contribute to Group profits in 2024-25 and that it will be possible to modestly increase fees across most of the sectors in which we operate. Economists are predicting that inflation rates have now stabilised, and our expectation is that this should lead to a general improvement in consumer confidence and potentially higher investment in the services we offer.

Trading update

Unaudited management accounts for the Group for Q1 of the current financial year show total revenue of approximately £0.772m and EBITDA of around £0.015m (Q1 2023-24: £0.754m and £0.049m respectively). Expenditure during Q1 was affected by five-figure employment agency fees as the Group recruited five new staff, four full-time equivalents. One is a direct replacement and the others are to improve resources across the Group in anticipation of future increases in demand.

Dividends

A total dividend of 1.5p per ordinary share was paid in respect of the year ended 31 March 2023; £59,190 was paid in January 2023 and the balance of £110,253 in October 2023. An interim dividend of 0.75p in respect of the year ended 31 March 2024 was paid in January 2024 (£82,757) and a final dividend of 1.25p is proposed, subject to shareholder approval, for payment in October 2024, an increase of 0.5p on last year's total.

The cost of the 1.25p proposed final dividend is expected to be approximately £128,500. Our cash flow forecasts are predicting that this will be affordable, and dividends from our trading subsidiaries will be declared in order to cover any deficit in reserves within PHSC plc at that time.

In addition to the proposed final dividend to be put to shareholders for approval at the 2024 AGM, the directors have become aware of a technical breach of the Companies Act 2006 in respect of the interim dividend of 0.75p per ordinary share paid in January 2024 due to insufficient reserves in PHSC plc at the time of payment. Accordingly, a resolution will be proposed at the 2024 AGM to ratify the interim dividend payment and thereby resolve this issue.

PERFORMANCE BY TRADING SUBSIDIARY

The Group currently measures the following key performance indicators (KPIs).

PHSC plc

STRATEGIC REPORT (continued)

for the year ended 31 March 2024

Total revenues

Total revenues are reviewed each month across the Group to provide the board with a ready measure of how well the Group and underlying businesses are performing relative to historical data. It enables any trend to be detected, understood and acted upon as appropriate. Consolidated Group revenues for the year increased by approximately 10%.

Earnings before interest, taxation, depreciation, amortisation and non-recurring costs (underlying EBITDA)

The Group's underlying EBITDA increased from £366,286 in 2022-23 to £509,523 in 2023-24.

Staff turnover

Staff turnover is monitored as the key asset of each subsidiary is its workforce. Recruiting replacement staff is an expensive task and it is not always possible to compensate for the specialised knowledge that may be lost when an employee departs. During the year, 5 people left the employment of the Group and 5 new staff were recruited, resulting in a total of 31 employees (excluding directors) at the year end.

Pre-tax profit/(loss) per subsidiary before Group management charges

Profit before tax and management charges is reviewed by each subsidiary and by the board every month. Each subsidiary director provides a commentary to enable the board to establish whether intervention of any kind is appropriate.

A summary of the results and activities of our trading subsidiaries is set out below. Interest received is attributable to the Group rather than any individual subsidiary such that it appears only in consolidated profits. Performance is based on those factors within a subsidiary director's control, so results are shown exclusive of management charges and taxation and any impairment judged necessary. The parent company covers its own management costs by levying a charge on each subsidiary and derives other income through the receipt of dividends from its subsidiaries, and interest on bank deposits.

B2BSG Solutions Limited (B2BSG)

- 2024: revenues of £1,178,800 yielding a profit of £153,400
- 2023: revenues of £829,200 resulting in a loss of £9,100

The company's revenues grew from £829,200 in 2022-23 to £1,178,800 and this division saw a welcome return to profitability. The pre-tax and management charge profit of £153,400 compares very favourably to a loss of £9,100 in the previous year.

A large part of the additional circa 42% of sales revenue was attributed to hardware installed in a number of outlets for a national supermarket chain. This is likely to have been a one-off tranche of work. However, there was increased purchasing activity from other clients, as the retail sector demonstrated a modest recovery. The company was also able to increase the price of some of the consumable items supplied, where almost all of the product is imported from China.

General overhead costs have broadly been well managed and, with the exception of a necessary but unbudgeted spend on IT upgrades, were lower than the prior year. There was a one-off write-down in the value of slow-moving stock at the year end which reduced profits by around £8,000.

Staffing levels remained consistent, and management are confident that the business can continue to be profitable in the current financial year.

Inspection Services (UK) Limited (ISL)

- 2024: revenues of £224,400 yielding a profit of £15,400
- 2023: revenues of £198,100 yielding a profit of £7,000

In January 2024 the Company was sad to learn of the death in service of engineer surveyor Andrew Gowling, who had worked at ISL since 2009. Andrew had been absent from work since May 2023. We recruited a new staff member in June 2023, who has settled in well and has been able to introduce significant additional business to the Company.

PHSC plc

STRATEGIC REPORT (continued)

for the year ended 31 March 2024

Revenues over the year rose by around 13% and was assisted by an ability to pass on some additional costs to clients and additional revenue generated from new contract wins. Costs were higher than anticipated due to the overlap of several months where the Company maintained the earnings of Mr Gowling during his illness whilst paying a full-time salary to his replacement.

The business model continues to be one of attaining most new work through introductions from insurance brokers in exchange for commission payments. Total commissions paid to brokers were very similar to those in 2022-23, demonstrating that most of the additional revenue has been secured from clients who placed their business directly with ISL.

In common with similar businesses in the sector, wages rose as a consequence of general inflationary pressures and the higher expectations of employees.

During the year, there was a complete revamp of ISL's website which assisted in maintaining visibility.

Personnel Health & Safety Consultants Limited (PHSCL)

- 2024: revenues of £862,300 yielding a profit of £364,400
- 2023: revenues of £806,700 yielding a profit of £268,300

Revenues rose year-on-year by around 7%, assisted by PHSCL being able to pass on some of its increased costs to clients.

The company continues to promote its bespoke services. It has become clear that many clients appreciate the more personalised approach to business relationships that sets PHSCL apart from its competitors. This helps to engender loyalty, and the company is pleased by the very high volume of repeat business from many longstanding and loyal customers as well as its ability to attract new customers who prefer the tailored approach.

Recruiting and retaining the high-quality staff that are needed in the business continues to present challenges. It remains the case that attracting the right level of consultant expertise at an affordable cost is difficult. Despite this key challenge, PHSCL has shown that it is possible to grow both revenue and profit, and the outlook remains positive.

QCS International Limited (QCS)

- 2024: revenues of £776,900 yielding a profit of £249,700
- 2023: revenues of £834,600 yielding a profit of £272,100

Annual revenues of just under £777,000 were around £58,000 lower than last year but were broadly in line with expectations. Despite this reduced revenue and higher costs, QCS returned a profit for the year of almost £250,000.

The company continues to support customers with the implementation and maintenance of management systems across a number of international standards. With such a diverse range of clients, the company has little or no reliance on any particular contract nor on any single stream of its products and services.

Repeat business remains a cornerstone of consultancy activity with clients continuing to renew agreements alongside respectable growth in new work. The training suite posted modest growth in sales, which took time to recover from the pandemic. With its premises lease having been secured for a further five-year period, there is now the opportunity for management to take advantage of the potential upside from this facility in the year ahead.

Quality Leisure Management Limited (QLM)

- 2024: revenues of £391,600 yielding a profit of £112,300
- 2023: revenues of £402,400 yielding a profit of £137,500

QLM achieved annual revenues of £391,600 which is marginally lower than the prior year figure of £402,400. This yielded a profit of £112,300 which is lower than in 2022-23 but generally in line with expectations.

PHSC plc

STRATEGIC REPORT (continued)

for the year ended 31 March 2024

The marketplace is highly competitive, nevertheless income from retained clients using QLM's health and safety support service remains generally comparable with previous years. There are always fluctuations as leisure contracts are won and lost, and there is an increasing number of leisure trust clients being taken back under local authority management or similar.

Cost of sales remains a challenge, notably in relation to travel and accommodation. Where possible such expenses are recharged to clients but are minimised as far as possible for the benefit of all stakeholders.

Training is increasingly accessible to clients online. Whilst tuition income figures have remained relatively stable over the last five years, the effect of clients switching from in-person courses has seen a reduction in the expenses incurred for travel, hotels and subsistence. This impacts both the income and expenditure aspects of the business.

Auditing remains the largest revenue stream outside of the health and safety support service. 2023-24 saw an increase in reactive work, i.e. post-accident or an incident, for new or casual clients. This was particularly the case in the hotel and health club sectors and supplemented QLM's retained client proactive audit cycles. Ensuring the company remains agile enough to respond to reactive assignments will form part of QLM's development strategy for 2024-25 onwards.

Accident investigation and expert witness work is difficult to predict as an income stream as it is by nature reactive. QLM's expertise in the leisure sector makes the company the expert of choice for several law firms who require evaluation of liability post-injury. This experience separates QLM from its competitors in terms of securing assignments with enforcing authorities in terms of criminal matters, and insurers' solicitors when dealing with civil matters.

QLM will be welcoming new health and safety consultancy staff during 2024 as the company gears up to seek increased income and to ensure the continued value of the company to the Group.

RSA Environmental Health Limited (RSA)

- 2024: revenues of £344,600 yielding a profit of £35,800
- 2023: revenues of £365,900 yielding a profit of £69,800

Annual revenue showed a 5.8% decrease compared to 2022-23. This was mainly due to a significant reduction in the sales of training services across the year, and a downturn in the sales of food safety consultancy. Improved sales of other services provided by the company did not make up the shortfall.

Public training services, though profitable, were consistently not fully subscribed. The lower food safety consultancy income was due to a large client deferring much of their normal requirement as they were reorganising the size of their estate.

Expenditure in 2023-24 was higher than usual, with some one-off costs including exhibiting at the Independent Schools' Bursars Association conference, increased training and development fees for the company's own staff, and costs associated with changing a company car.

SafetyMARK services saw revenues continue to improve, with demand for such services remaining strong especially within the independent schools sector. There is a high retention rate with schools demonstrating that they see value in the services provided by the company. Increased marketing efforts in this sector will look to ensure that this trend continues.

In previous years, the company's focus has been to diversify its service offering and strengthen its presence in the markets in which it operates. These efforts have continued and resulted in a more even spread of revenues across the services provided. Going forwards, the focus will be on those services which are most profitable. The effect of lower value work will be mitigated by increasing fees wherever possible. The company will also seek to recover some of its extra expenditure by raising its fee rates more generally.

PHSC plc

- 2024: net loss of £496,200 before management charges, exceptional costs, interest and dividends received
- 2023: net loss of £442,300 before management charges, exceptional costs, interest and dividends received

PHSC plc

STRATEGIC REPORT (continued)

for the year ended 31 March 2024

The Company incurs costs on behalf of the Group and does not generate any income; the costs relate to running an AIM quoted Group.

PRINCIPAL RISKS AND UNCERTAINTIES

Pandemic

Inevitably, there are legacy impacts of the pandemic, in particular on the high street where consumers' shopping habits have shifted towards online ordering. This was initially a concern for the Security Division where retail outlets form a significant part of its customer base but the subsequent rise in shoplifting cases in response to a tougher economic climate for the average household has provided a counterbalance. The Systems and Safety Divisions initially experienced a rebound in activity as clients caught up on projects that were deferred or cancelled in the previous year but this is now slowing. The Group's ability to deliver services remotely as an alternative to a face-to-face offering is more appealing to some customers and this alternative continues to be offered where appropriate.

Regulatory/Marketplace

Approximately 50% 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 Systems Division and is exploring non-regulatory areas of environmental work to add to the current portfolio of services.

The Group's Security Division works almost exclusively in the retail sector which continues to suffer from weak consumer demand on the high street and the move towards online purchasing. Any further material deterioration in the retail sector and specifically in B2BSG's client base would have a significant negative effect on the company's and hence the Group's prospects. To mitigate any future negative effects, the Group wrote off the investment value of its Security Division in 2021-22 and periodically reviews the need to make financial provision against the value of stock held in its warehouse.

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. The Aylesford based businesses (PHSC plc, PHSCL, ISL) have been re-certified to Cyber Essentials standard and all staff across the Group have participated in online training to reduce the risk of falling victim to phishing and other such scams. All head office data is backed up to the Cloud and removeable hard drives attached to the physical server are rotated on a daily basis.

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. With offices in Kent, Berkshire, Northamptonshire and Scotland, the Group has a good geographical spread.

PHSC plc

STRATEGIC REPORT (continued)

for the year ended 31 March 2024

Licences

The Group is reliant on licences and accreditations 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 will 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.

SECTION 172 STATEMENT

The Companies (Miscellaneous Reporting) Regulations require large companies to publish a statement describing how the directors have had regard to the matters set out in section 172 (1) (a) to (f) of the Companies Act 2006. These sections require directors to act in a way most likely to promote the success of the Group for the benefit of its stakeholders and with regard to the following matters.

The likely consequences of any decision in the long term

The board receives an annual business plan from the managing director of each subsidiary company, which forms the basis of the Group's strategic plan. The board requires that the plans include financial forecasts, KPIs, marketing strategy and an analysis of strengths, weaknesses, opportunities and threats. Subsidiary directors, via the Group's operational board of which they are members, consider the implications of their own plans in the context of what others within the Group are intending to do and the opportunities for synergies are explored. Any proposed actions that may adversely affect another subsidiary are flagged at operational board level and are resolved. Subsidiary directors are challenged on the content of their plans and the assumptions they have made, to ensure that the plans are realistic and achievable. Once agreed by the board, this plan, at Group and subsidiary level, is used as the benchmark against which to assess performance.

The interests of the Group's employees

As the Group is mainly involved in the supply of services, the board considers its staff to be the greatest asset and the interests of employees are taken into consideration in all decisions made. Each subsidiary company within the Group has in place the necessary structures to ensure effective communication with its employees. The subsidiary directors meet once a quarter and relevant information is shared with employees via team meetings held at subsidiary level. The views of employees are heard in a similar fashion, initially at team meetings, and escalated to the operational board and the main board if appropriate. Each subsidiary has its own bonus scheme, based on results for the financial year and/or tailor-made targets. There is an annual budget for staff training in recognition that the performance of the Group can be improved by the development of its employees.

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. Regular reviews are conducted to identify any gender-related pay anomalies across the Group and no such anomalies have been found.

The need to foster the Group's business relationships with suppliers, customers and others

The Group seeks to treat suppliers fairly and adhere to contractual payment terms. The Group works with its suppliers to help drive change through innovation, promoting new ideas and ways of working. The Group has zero-tolerance to modern slavery and is committed to acting ethically and with integrity in all business dealings and relationships. The Group's policy for Modern Slavery and Human Trafficking contains systems and controls to ensure that these activities are not taking place anywhere in the subsidiaries or throughout the Group's supply chains and can be viewed on our website (www.phsc.plc.uk).

The Group also has zero-tolerance with regards to bribery, made explicit through its Anti-Bribery and Corruption Policy. This covers the acceptance of gifts and hospitality and any form of unethical inducement or payment including facilitation payments and "kickbacks". The policy sets out the responsibilities of directors, employees and contractors and details the procedures in place to prevent bribery and corruption. This policy is also available on our website.

PHSC plc

STRATEGIC REPORT (continued)

for the year ended 31 March 2024

Each subsidiary is focussed on its customers. Communication takes many forms and is structured according to how each subsidiary interacts with its client base. Channels of communication include quarterly newsletters in hard copy and/or sent electronically, customer roadshows, interaction via various social media platforms (X (formerly Twitter), LinkedIn and Facebook) and regular client meetings. An ongoing dialogue is held electronically, with most clients subscribing to email updates that are sent out periodically.

Stephen King is the principal contact between the Company and its investors, with whom he maintains a regular dialogue. The Company is committed to listening to and communicating openly with its shareholders to ensure that its business model and performance are understood. Regular announcements are made to the market and the AGM provides a forum for information dissemination, discussion, and feedback.

The impact of the Group's operations on the community and the environment

The board's intention is to behave responsibly and ensure that management operates the business in a responsible manner, complying with high standards of business conduct and good governance. The Group has a long tradition of supporting local causes through sponsorship and community involvement, details of which can be found on our website. 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.

GOING CONCERN

Company law requires the directors to consider the appropriateness of the going concern basis when preparing the financial statements. The board is satisfied that the Group's cash reserves, along with the Group's cash-generative trading position and (unused) credit facility will ensure that there are sufficient resources to continue in operational existence for the foreseeable future. The cost of the proposed enhanced final dividend is factored into the board's calculations in this respect. The directors therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

On behalf of the board, I must once again thank all our shareholders, employees and other stakeholders for continuing to place their trust in us and for enabling 2023-24 to be another successful year.

On behalf of the board

Stephen King

Group Chief Executive

1 August 2024

PHSC plc

REPORT OF THE DIRECTORS

for the year ended 31 March 2024

The directors present their report with the audited financial statements of PHSC plc (Company and Group) for the year ended 31 March 2024.

DIRECTORS

The directors who held office during the year under review and up to the date of approval of the financial statements were:

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

DIVIDENDS

A total dividend of 1.5p per ordinary share was paid in respect of the year ended 31 March 2023; £59,190 was paid in January 2023 and the balance of £110,253 in October 2023. An interim dividend of 0.75p in respect of the year ended 31 March 2024 was paid in January 2024 (£82,757) and a final dividend of 1.25p is proposed, subject to shareholder approval, for payment in October 2024, an increase of 0.5p on last year's total.

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 36.

SHARE CAPITAL

The issued share capital of the Company as at the date of this report is 10,280,853 ordinary shares of 10p each. In August 2023, 812,782 shares were repurchased and subsequently cancelled, resulting in 11,034,237 shares being in issue at the year end. A further 753,384 were repurchased in March 2024 but were not cancelled until 11 June 2024. These changes to share capital are detailed in note 10 to the accounts.

DATA PROTECTION

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

SUBSTANTIAL SHAREHOLDINGS

As at 1 August 2024, the following persons had notified the Company of an interest of 3% or more in its issued share capital.

Name	No. of ordinary shares	% of issued share capital
N C Coote	2,196,419	21.36
S A King	2,018,253	19.63
Unicorn Asset Management Limited and Unicorn AIM VCT II plc	1,249,057	12.15
James Faulkner	455,000	4.43

PROVISION OF INFORMATION TO AUDITOR

So far as each of the directors is aware at the time this 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.

PHSC plc

REPORT OF THE DIRECTORS (continued)

for the year ended 31 March 2024

ANNUAL GENERAL MEETING (AGM)

This year's AGM will be held at 10.00 a.m. on Thursday 19 September 2024 at The Old Church, 31 Rochester Road, Aylesford, Kent ME20 7PR. The notice of meeting is set out on pages 65 to 67 of this document and a form of proxy is included on page 71.

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 are laid before shareholders in a general meeting.

Declaration of final dividend (Resolution 2)

As noted above, the directors recommend a final dividend of 1.25p per share. If approved, the final dividend will be paid on 4 October 2024 to shareholders on the register of members at the close of business on 20 September 2024.

Re-election of director (Resolution 3)

Under the Company's articles of association, Stephen King will retire by rotation and offers himself for re-election.

Reappointment of auditor (Resolution 4)

A resolution for the reappointment of Crowe U.K. LLP as the Company's auditor 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 5 and 6)

By law, directors are not permitted to allot new shares (or to grant rights over shares) unless they are authorised to do so by shareholders. In addition, directors require specific authority from shareholders before allotting new shares (or granting rights over shares) for cash without first offering them to existing shareholders in proportion to their holdings.

Resolution 5 gives the directors the necessary authority until the earlier of next year's AGM or 19 December 2025, to allot securities up to an aggregate nominal amount of £342,695.10 being equivalent to approximately one third of the Company's issued share capital as at the date of the notice of meeting.

Resolution 6 empowers the directors, until the earlier of next year's AGM or 19 December 2025, to allot such securities for cash otherwise than on a pro-rata basis to existing shareholders, up to an aggregate nominal amount of £205,617.06 being equivalent to approximately 20 per cent. of the Company's issued share capital as at the date of the notice of meeting. It is intended to renew this authority and power at each AGM.

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

Resolution 7 authorises the Company, until the earlier of next year's AGM or 19 December 2025 to purchase in the market up to a maximum of 1,542,128 ordinary shares (equivalent to approximately 15 per cent. of the issued share capital of the Company as at the date of the notice of meeting) for cancellation at a minimum price of 10 pence per share and a maximum price per share of an amount equal to 105 per cent. of the average of the middle market quotations for an ordinary share (as derived from the London Stock Exchange) for the five business days immediately before the date of purchase.

The Company may hold any repurchased shares in treasury, instead of cancelling them immediately. If the Company buys back its own shares and holds them in treasury it may then deal with some or all of them in several ways. It may sell them for cash; transfer them under the provisions of an employee share scheme; cancel them; or continue to hold them in treasury. Holding shares in treasury in this way will allow the Company to reissue them quickly and cost effectively, giving increased flexibility to the management of its capital base. Dividends are not paid on shares held in treasury, nor do they carry voting rights while they remain there. The directors intend to decide at the time of any further share buybacks, whether to cancel the shares immediately or to hold them in treasury, depending on what would best promote the success of the Company at the time. The Company currently holds no ordinary shares in treasury.

PHSC plc

REPORT OF THE DIRECTORS (continued)

for the year ended 31 March 2024

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

Interim Dividend Ratification and Release (Resolution 8, 9 and 10)

The board has become aware of two technical breaches of the Companies Act (the Act) in respect of the interim dividend of 0.75 pence per ordinary share paid by the Company on 12 January 2024 (the distribution).

By way of background, the Act provides that a public company may pay a dividend out of its distributable profits as shown in its last annual accounts circulated to members or, if interim accounts are used, those that have been filed at Companies House. The requirement for the relevant accounts to have been filed applies even if the company in question has sufficient distributable profits at the relevant time.

In addition to having sufficient distributable profits, the Act provides that a public limited company may only pay a dividend: (i) if at the time the dividend is paid the amount of its net assets is not less than the aggregate of its called-up share capital and undistributable reserves; and (ii) if, and to the extent that, the dividend does not reduce the amount of those net assets to less than the aggregate amount of its called up share capital and undistributable reserves.

Prior to paying any dividend the Company should therefore always ensure that it had the requisite level of distributable profits and the requisite level of net assets, by reference in each case to relevant accounts (as defined in the Act). Where relevant, the Company should prepare interim accounts showing the requisite level of distributable profits and, if appropriate, net assets and should file such interim accounts at Companies House prior to making the relevant dividend payments to satisfy the requirements of the Act.

The Company did not satisfy the procedural requirements of the Act before making the distribution. At the time the Company made the distribution, the Company did not have adequate distributable reserves or the requisite level of net assets. However, there were sufficient reserves and cash held in the Company's wholly-owned subsidiaries, which were capable of being distributed to the Company prior to the payment of such dividends in order to provide the Company with adequate reserves and net assets. The Company had also not prepared and filed with Companies House the relevant interim accounts showing this. Consequently, the distribution was made otherwise than in accordance with the Act.

The Company has been advised that, as a consequence of the distribution having been made otherwise than in accordance with the Act, it may have claims against past and present shareholders who were recipients of the distribution and against persons who were directors of the Company at the time of payment of the distribution.

To resolve this matter and to release all shareholders who have received the distribution from potential claims, it is proposed that the Company enter into a Shareholders' Deed of Release and a Directors' Deed of Release and put all potentially affected parties so far as possible in the position in which they were always intended to be had the distribution been made in accordance with the procedural requirements of the Act.

The consequence of the entry into these deeds by the Company is that the Company will be unable to make any claims against: (a) past and present shareholders of the Company who were recipients of the distribution; and (b) the directors (the relevant directors), in each case in respect of the payment of the distribution otherwise than in accordance with the Act.

The ratification resolution will also seek the specific approval of the shareholders of the entry into the Directors' Deed of Release and the Shareholders' Deed of Release.

The entry by the Company into the Directors' Deed of Release and the Shareholders' Deed of Release in connection will constitute related party transactions (as defined in the AIM Rules). This is because the relevant directors are considered related parties for the purposes of the AIM Rules in relation to the Directors' Deed of Release and each of the substantial shareholders (who are also each recipient shareholders) are considered related parties of the Company for the purposes of the AIM Rules in relation to the Shareholders' Deed of Release.

PHSC plc

REPORT OF THE DIRECTORS (continued)

for the year ended 31 March 2024

Accordingly, and as all the Company's directors are beneficiaries of the Directors' Deed of Release and/or the Shareholders' Deed of Release, Strand Hanson Limited, acting in its capacity as nominated adviser to the Company, has confirmed that it considers the terms of such related party transactions are fair and reasonable insofar as the shareholders are concerned.

It was further noted that as all the Company's directors are interested in the matters relating to the distribution the Company's Articles of Association do not allow such directors to vote or count in the quorum. It is therefore proposed to make a change to the Articles of Association to allow shareholders to approve such conflict and allow them to vote and count in the quorum by way of ordinary resolution.

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 attend the AGM. Returning a form of proxy will not prevent you from attending the meeting and voting in person if you so 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

Based on the results for 2023-24, the board is confident that the Group can remain profitable and cash-generative throughout the current financial year.

On behalf of the board

SGH Company Secretaries Limited

Secretary

1 August 2024

PHSC plc

STATEMENT OF DIRECTORS' RESPONSIBILITIES

for the year ended 31 March 2024

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 UK adopted international accounting standards.

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 auditor does not involve the consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred in the accounts since they were initially presented on the website.

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

On behalf of the board

Stephen King

Group Chief Executive

1 August 2024

PHSC plc

CORPORATE GOVERNANCE STATEMENT

for the year ended 31 March 2024

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 a quality service and support, our customers, staff and other stakeholders are treated fairly and that we develop our staff so that 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.

The below statement sets out how the Group complies with the 10 principles of the 2018 Quoted Companies Alliance Corporate Governance Code (the QCA Code). The board is currently reviewing the updated 2023 QCA Code and expects to adopt that version and make the appropriate disclosures in next year's annual report.

Stephen King

Chair

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 Group'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 Group's strategy in a timely manner. The Group has set out a strategic plan 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 11.

UNDERSTANDING AND MEETING SHAREHOLDER NEEDS AND EXPECTATIONS

The Group 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 voting at the AGM will be published via a regulatory information service and on the Group'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 Group's progress on achieving its key targets is regularly communicated to investors through its announcements to the market.

The Group also uses other professional advisers such as its nomad, broker, auditor and company secretary who provide advice and recommendations on shareholder communication as appropriate.

PHSC plc

CORPORATE GOVERNANCE STATEMENT (continued)

for the year ended 31 March 2024

CONSIDERING STAKEHOLDER AND SOCIAL RESPONSIBILITIES

The board recognises its responsibilities to stakeholders including staff, suppliers, customers and the communities 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 section 172 statement on page 10.

EMBEDDING EFFECTIVE RISK MANAGEMENT

The board and the audit committee regularly review the risks facing the business as outlined on pages 9 to 10 and the internal controls 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 36.

MAINTAINING A BALANCED AND WELL-FUNCTIONING BOARD, WITH APPROPRIATE SKILLS AND CAPABILITIES

It is the role of the board to ensure that the Group 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 Group.

The board comprises four directors, of which two are executive and two are non-executive, 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 PHSC. Graham Webb and Lorraine Young are the non-executive directors, whom the board considers to be independent based on their arms-length oversight of the Group's governance. Both have extensive external experience and are able to use this together with their personal qualities to ensure objectivity. PHSC plc is a small company and the value from an intimate knowledge and understanding of the Group's history is fundamental to the ability to give best advice and to best protect stakeholders' interests.

The board sets direction for the Group 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 Group'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 21 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 are set out on the next page.

PHSC plc

CORPORATE GOVERNANCE STATEMENT (continued)

for the year ended 31 March 2024

Stephen King

Group Chief Executive and Chair

Stephen King co-founded PHSC in 1990 with Nicola Coote. He has over 36 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 PHSC. He has acted as secretary of the southeast branch of the Institution of Occupational Safety and Health (IOSH) 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. He is immediate past 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 for a charity operating a group of care homes and, until recently, acting as chair of trustees for a local animal sanctuary, where he stepped down in February 2024 following 12 years' service.

Nicola Coote

Deputy Group Chief Executive and Deputy Chair

Nicola Coote co-founded PHSC in 1990 with Stephen King, after working with him in occupational safety and health at both News International and Reuters plc. Nicola is Deputy CEO which includes heading the marketing function of PHSC plc. Nicola has served as secretary of the southeast branch of IOSH and has chaired the annual Tolley Health and Safety Conference. She continues to write and update editorial material for their publication Tolley's Health & Safety at Work Handbook and has acted as author, consultant editor or contributor to more than 30 titles produced by publishers such as Croner. She was the first female Fellow of IOSH in the south of England and continues to support the institution by, inter alia, sitting on the panel for applicants applying for Chartered Membership and Chartered Fellowship status. She is also a Registered Expert Witness and works on both criminal and civil cases. In June 2022, Nicola was appointed a non-executive director of Thera Trust, a charity supporting adults with learning difficulties.

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 included 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 in April 2016. She runs a board review, advisory and consultancy practice, as well as being an accredited mediator, and serves on the advisory board of Indigo Independent Governance. She is a former non-executive director of City of London Group plc, an AIM quoted company in the financial services sector where she chaired the remuneration committee. Lorraine has held senior governance roles at several 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 a UK top 50 law firm, where she was a partner. Lorraine is on the Court of the Worshipful Company of Chartered Secretaries and Administrators being one of the modern livery companies,

PHSC plc

CORPORATE GOVERNANCE STATEMENT (continued)

for the year ended 31 March 2024

where she chairs the Finance & General Purposes Committee. She is also a past president and fellow of the Chartered Governance Institute. Lorraine is chair of the audit committee and is a member of the remuneration committee.

MAINTAINING GOVERNANCE STRUCTURES AND PROCESSES

The board

In addition to the information given under the previous principle, the chair is responsible for the leadership of the board and is pivotal to fostering a culture that adopts good corporate governance. The chair, together with the rest of the board sets direction for the Group through a formal schedule of matters reserved for its decision as set out on page 18.

Independence of directors

At present, the Group has two independent non-executive directors, Graham Webb MBE and Lorraine Young.

Time commitments

All directors are expected to commit sufficient time to fulfil their duties in that role.

Attendance at meetings

	Board	Audit	Remuneration
Stephen King*	5/5	2/2	0/1
Nicola Coote*	5/5	2/2	0/1
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, though they are both invited to attend committee meetings as and when required. They do not participate in discussions concerning their own remuneration.

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

The audit committee comprises Lorraine Young (chair) and Graham Webb.

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 key risk areas identified by the auditors and considered by the audit committee as part of the year-end process, were the impairment of goodwill and investments, stock valuation, revenue recognition and the override of controls by management. There were no changes in accounting standards or disclosure requirements this year which the committee needed to consider. The committee also discussed the technical breach of the Companies Act in relation to the interim dividend payment and has received assurances from management that the internal processes and procedures will be adjusted to ensure there is no recurrence of such a breach.

The committee also regularly reviews internal controls and risk management, including the risk register. 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 audit committee reviews annually whether the Group needs to have an internal audit function and does not consider this to be necessary at present.

The committee does consider the continuing independence of the external auditor and notes the level of non-audit fees to ensure they remain at an acceptable level. A new audit partner was appointed this year to replace the previous partner who had been in the role for five years and hence was required to rotate off the audit engagement after the 2023 AGM.

PHSC plc

CORPORATE GOVERNANCE STATEMENT (continued)

for the year ended 31 March 2024

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 receives representations on any proposed general pay increases across Group subsidiaries and is responsible for approving those.

Directors' remuneration

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

	Year ended 31.3.24						Total £	Year ended 31.3.23 Total £
	Salary £	Bonus £	Short-term employee benefits Waiver/ voluntary reduction £	Pension salary sacrifice £	Benefits £	Post employment benefits Pension £		
S A King	101,783	5,000	(48,500)	(3,600)	2,966	6,192	63,841	69,225
N C Coote	84,100	5,000	–	(10,000)	2,614	13,705	95,419	89,482

The benefits relate to health insurance. Stephen King's bonus was added to salary whereas Nicola Coote opted to take her bonus as a pension contribution.

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

	Year ended 31.3.24 £	Year ended 31.3.23 £
G N Webb	16,981	16,095
L E Young	16,981	16,095
Total	33,962	32,190

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.

EVALUATING BOARD PERFORMANCE

The board has a mix of experience, skills and personal qualities that help deliver the strategy of the Group. The board will ensure that between them, the directors have the necessary up-to-date experience, skills and capabilities to deliver the Group's strategy.

PROMOTING ETHICAL VALUES AND BEHAVIOURS

The Group 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.

PHSC plc

CORPORATE GOVERNANCE STATEMENT (continued)

for the year ended 31 March 2024

COMMUNICATING WITH SHAREHOLDERS AND OTHER RELEVANT STAKEHOLDERS

The Group makes available on its website historical annual reports, notices of meetings and other publications over the last five years.

On behalf of the board

SGH Company Secretaries Limited

Secretary

1 August 2024

PHSC plc

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PHSC PLC

for the year ended 31 March 2024

OPINION

We have audited the financial statements of PHSC plc (the Parent Company) and its subsidiaries (the Group) for the year ended 31 March 2024, which comprise:

- the Group statement of financial position as at 31 March 2024;
- the Group statement of comprehensive income for the year ended 31 March 2024;
- the Group statement of changes in equity for the year then ended;
- the Group statement of cash flows for the year then ended;
- the Parent Company statement of financial position as at 31 March 2024;
- the Parent Company statement of changes in equity for the year then ended;
- the Parent Company statement of cash flows for the year then ended; and
- the notes to the financial statements, including significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements of both the Group and the Parent Company is applicable law and UK-adopted international accounting standards.

In our opinion the financial statements of the Group and Parent Company:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2024 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards;
- 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 and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group's and Parent Company's ability to continue to adopt the going concern basis of accounting included the following:

- We obtained and reviewed management's trading budgets and cash flow forecasts. In addition to the review of arithmetical accuracy, we also discussed the key assumptions with management and ensured they are in line with expectations based on industry averages and analysis of prior year trends and performance. The trading budget and cash flow forecast show the Group as being profitable and cash generative throughout the forecast period. Our assessment included undertaking sensitivity analysis on these forecasts and considered the feasibility of results in light of past results and recent economic conditions.
- We reviewed the board minutes and discussed with management any matters not documented in the minutes.
- We enquired with management whether there are any significant subsequent events that may impact on the Group's going concern status.

PHSC plc

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PHSC PLC (continued) *for the year ended 31 March 2024*

In addition to the above we noted that the Group has significant cash reserves at 31 March 2024 and a long standing agreed additional bank facility available which has never been used.

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

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

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 £35,000 (2023 £21,000), based on 1% percent of the Group's draft turnover. Materiality for the Parent Company financial statements as a whole was set at £30,000 (2023: £8,000) based on 6% of loss before tax, excluding intercompany charges and dividends.

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. This is set at £24,500 (PY £14,700) for the group and £21,000 (PY £5,600) for the parent.

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 £3,500 (2023: £2,100). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Audit Scope

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

We performed an audit of the complete financial information of the consolidated and Parent Company financial information. The financial information of PHSCL, B2BSG, QLM and QCS were audited using a component materiality for the purposes of consolidation only. RSA, ISL and all dormant subsidiaries were not considered to be significant components and as such we only performed specific procedures on those parts of the financial information which was considered to be material to the consolidated financial statements. The audit approach for each component was consistent with the overall scope of the audit.

The parent and subsidiaries were all audited by the Group engagement team 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.

PHSC plc

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PHSC PLC (continued) for the year ended 31 March 2024

Key audit matter	How the scope of our audit addressed the key audit matter
<p>As at 31 March 2024, the Group has goodwill balances totalling £2,115,000 allocated between the Group's Cash Generating Units (CGUs).</p> <p>As explained in note 6 to the financial statements, the directors are required to annually test goodwill for impairment, a process that is complex and highly judgemental. We therefore identified the impairment of goodwill as a significant risk.</p>	<p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none">– considering management's assessment of the existence of any impairment indicators.– obtaining an understanding of the key controls over the impairment review process and generation of cash flow forecasts.– obtaining and checking the arithmetical accuracy of management's impairment model.– considering management's assessment of CGUs, the net assets of each CGU and whether impairment testing is being conducted for all relevant CGUs.– challenging and testing the assumptions underlying the impairment models for value in use calculations, in particular maintainable trading levels, growth rates and discount rates (utilising a valuation specialist),– testing the accuracy of management's forecasting through a comparison of budget to actual data and historical variance trends.– considering the accounting policy for compliance with IAS 36 and the application by the Group in accordance with the stated policy.– reviewing the disclosures in the financial statements to ensure they are both accurate and complete.
<p>The parent company holds investments in its subsidiaries totalling £2,217,388. As this amount is higher than the year-end market capitalisation for the Group, this was considered to be an indication of impairment and so management performed a review to identify if any impairment was required.</p> <p>This involved preparation of value in use forecasts, which require management to make a number of estimates and judgements and we therefore consider this to be a key audit matter.</p>	<p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none">– considering management's assessment of the existence of any impairment indicators.– obtaining an understanding of the key controls over the impairment review process and generation of cash flow forecasts.– obtaining and checking the mechanical accuracy of management's impairment model.– considering management's assessment of CGUs, the net assets of each CGU and whether impairment testing is being conducted for all relevant CGUs.– challenging and testing the assumptions underlying the impairment models for value in use calculations, in particular maintainable trading levels, growth rates and discount rates (utilising a valuation specialist),– testing the accuracy of management's forecasting through a comparison of budget to actual data and historical variance trends.– considering the accounting policy for compliance with IAS 36 and the application by the Group in accordance with the stated policy.– reviewing the disclosures in the financial statements to ensure they are both accurate and complete.

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.

OTHER INFORMATION

The directors are responsible for the other information contained within the annual report. 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.

PHSC plc

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PHSC PLC (continued) *for the year ended 31 March 2024*

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 this gives rise to a material misstatement in the financial statements themselves. 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 report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the report of the directors 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 report of the directors.

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 16 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.

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.

EXTENT TO WHICH THE AUDIT IS CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

PHSC plc

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PHSC PLC (continued) *for the year ended 31 March 2024*

We obtained an understanding of the legal and regulatory frameworks within which the Group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and Taxation legislation.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management and the recognition of revenue. Our audit procedures to respond to these risks included:

- enquiry of management about the Group's policies, procedures and related controls regarding compliance with laws and regulations and if there are any known instances of non-compliance;
- examining supporting documents for all material balances, transactions and disclosures;
- review of the board meeting minutes;
- evaluation of the selection and application of accounting policies related to subjective measurements and complex transactions;
- detailed testing of a sample of sales made during the year and around the year end and agreeing these through to invoices and receipts;
- testing the appropriateness of a sample of significant journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements; and
- review of accounting estimates for biases.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities is available 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.

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

1 August 2024

GROUP STATEMENT OF FINANCIAL POSITION

as at 31 March 2024

	Note	31.3.24 £	31.3.23 £
Non-Current Assets			
Property, plant and equipment	5	501,775	468,490
Goodwill	6	2,115,045	2,235,045
Deferred tax asset	14	12,370	11,554
		<u>2,629,190</u>	<u>2,715,089</u>
Current Assets			
Stock	8	245,663	200,169
Trade and other receivables	7	768,844	674,372
Cash and cash equivalents	9	488,375	749,627
		<u>1,502,882</u>	<u>1,624,168</u>
Total Assets		4,132,072	4,339,257
Current Liabilities			
Trade and other payables	11	630,818	531,422
Right of use lease liabilities	13	38,464	25,137
Current corporation tax payable		79,270	56,919
		<u>748,552</u>	<u>613,478</u>
Non-Current Liabilities			
Right of use lease liabilities	13	40,865	25,414
Deferred tax liabilities	14	67,290	62,223
		<u>108,155</u>	<u>87,637</u>
Total Liabilities		856,707	701,115
Net Assets		3,275,365	3,638,142
Capital and reserves attributable to equity holders of the Group			
Called up share capital	10	1,103,426	1,184,704
Share premium account	10	1,916,017	1,916,017
Capital redemption reserve		507,928	426,650
Merger relief reserve		133,836	133,836
Treasury shares		(209,977)	–
Retained earnings		(175,865)	(23,065)
		<u>3,275,365</u>	<u>3,638,142</u>

The financial statements were approved and authorised for issue by the board of directors on 1 August 2024, and were signed on its behalf by:

S A King

Director

The accounting policies and notes on pages 32 to 51 form part of these financial statements.

PHSC plc

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2024

	Note	31.3.24 £	31.3.23 £
Continuing operations:			
Revenue	26	3,778,750	3,437,624
Cost of sales	15	(1,763,210)	(1,612,543)
Gross profit		2,015,540	1,825,081
Administrative expenses	15	(1,580,532)	(1,524,829)
Goodwill impairment	6	(120,000)	–
Other income	16	–	3,000
Profit from operations		315,008	303,252
Finance income	19	17,309	1,346
Profit before taxation		332,317	304,598
Corporation tax expense	20	(83,552)	(61,339)
Profit for the year after tax attributable to owners of the parent		248,765	243,259
Other comprehensive income		–	–
Total comprehensive income attributable to owners of the parent		248,765	243,259
Basic earnings per share from continuing operations (p)	21	2.19p	2.05p

The accounting policies and notes on pages 32 to 51 form part of these financial statements.

PHSC plc

GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2024

	Share Capital £	Share Premium £	Merger Relief Reserve £	Capital Redemption Reserve £	Treasury Shares £	Retained Earnings £	Total £
Balance at 1 April 2023	1,184,704	1,916,017	133,836	426,650	–	(23,065)	3,638,142
Profit for year attributable to equity holders	–	–	–	–	–	248,765	248,765
Dividends	–	–	–	–	–	(193,010)	(193,010)
Cancellation of own shares	(81,278)	–	–	81,278	(209,977)	(208,555)	(418,532)
Balance at 31 March 2024	1,103,426	1,916,017	133,836	507,928	(209,977)	(175,865)	3,275,365
Balance at 1 April 2022	1,467,726	1,916,017	133,836	143,628	(644,738)	496,884	3,513,353
Profit for year attributable to equity holders	–	–	–	–	–	243,259	243,259
Dividends	–	–	–	–	–	(118,470)	(118,470)
Cancellation of own shares	(283,022)	–	–	283,022	644,738	(644,738)	–
Balance at 31 March 2023	1,184,704	1,916,017	133,836	426,650	–	(23,065)	3,638,142

The accounting policies and notes on pages 32 to 51 form part of these financial statements.

PHSC plc

GROUP STATEMENT OF CASH FLOWS

for the year ended 31 March 2024

	Note	31.3.24 £	31.3.23 £
Cash flows from operating activities:			
Cash generated from operations	I	471,807	318,153
Tax paid		(56,951)	(55,114)
Net cash generated from operating activities		414,856	263,039
Cash flows used in investing activities			
Purchase of property, plant and equipment		(39,611)	(41,386)
Interest received		17,309	1,346
Net cash used in investing activities		(22,302)	(40,040)
Cash flows used in financing activities			
Payment of lease liabilities		(42,264)	(4,265)
Purchase of own shares		(418,532)	–
Dividends paid to shareholders		(193,010)	(118,470)
Net cash used in financing activities		(653,806)	(122,735)
Net (decrease)/increase in cash and cash equivalents		(261,252)	100,264
Cash and cash equivalents at beginning of year		749,627	649,363
Cash and cash equivalents at end of year		488,375	749,627

All changes in liabilities arising from financing relate entirely to cash movements.

NOTE TO THE GROUP STATEMENT OF CASH FLOWS

for the year ended 31 March 2024

	31.3.24 £	31.3.23 £
I. CASH GENERATED FROM OPERATIONS		
Profit from operations	315,008	303,252
Depreciation charge	74,515	63,034
Goodwill impairment	120,000	–
Loss on sale of fixed assets	2,854	–
(Increase) in stock	(45,494)	(14,484)
(Increase)/decrease in trade and other receivables	(94,472)	52,006
Increase/(decrease) in trade and other payables	99,396	(85,655)
Cash generated from operations	471,807	318,153

PHSC plc

ACCOUNTING POLICIES

for the year ended 31 March 2024

General information

PHSC plc is quoted on the AIM market operated by London Stock Exchange plc and is incorporated in England and Wales under the Companies Act 2006. The address of its registered office is set out in the Company information schedule at the front of this annual report. The Group's head office is based in Aylesford, Kent, with additional premises in Scotland, Berkshire and Northants. The nature of the Group's operations and its principal activities are set out in the strategic report on pages 3 to 11. 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 UK adopted international accounting standards and 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.

Company Law requires the directors to consider the appropriateness of the going concern basis when preparing the financial statements. The directors confirm that they have considered a period up to 12 months from the date of signing and any severe but plausible downside factors and that the going concern basis remains appropriate. In accordance with Financial Reporting Council guidance the directors have provided reasons for this opinion in the going concern section of the strategic report on page 11.

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

Basis of consolidation

The Group financial statements consolidate the financial statements of PHSC plc and all of its subsidiary undertakings made up to 31 March 2024.

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.

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.

PHSC plc

ACCOUNTING POLICIES (continued)

for the year ended 31 March 2024

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:

Property:

- 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)

Plant and equipment:

- Fixtures and equipment – 25% on reducing balance basis
- Right of use assets – 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.

Leases

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

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

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

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

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

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

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

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). 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.

PHSC plc

ACCOUNTING POLICIES (continued)

for the year ended 31 March 2024

Goodwill, other individual assets, or cash-generating units that include goodwill are reviewed 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 assets or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use, based on an internal discounted cash flow evaluation. 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 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

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 Group 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 or does not give rise to equal taxable and deductible temporary differences. 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.

PHSC plc

ACCOUNTING POLICIES (continued)

for the year ended 31 March 2024

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 adviser 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.
Services: UK Responsible Person Service	Revenue is apportioned across the year using pre-set percentages reflecting the associated workload each month.
Supply and installation of security equipment and maintenance of equipment	Revenue from installation and maintenance visits 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.

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.

Government grants

Such grants are accounted for on an accruals basis and are recognised in the statement of comprehensive income as other income.

PHSC plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

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 seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the board which evaluates and manages 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 growth.

Market risk

The Group has interest-bearing assets which are subject to a variable rate of interest. Accordingly, the Group is only exposed to interest rate risk, which is not expected to have a significant impact on profit or loss or equity. Cash is deposited with a blue chip institution with regular monitoring of exposure and risk.

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 such 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. 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, placed 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 2024				
Trade and other payables	630,818	–	–	–
Lease liabilities	38,464	40,865	–	–
At 31 March 2023				
Trade and other payables	531,422	–	–	–
Lease liabilities	25,137	25,414	–	–

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, but more recently for share buy-backs and special dividends.

PHSC plc

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2024

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. 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 revenues and margins based on the results forecast for a three-year period ending 31 March 2027. Full details are disclosed in note 6.

Provision for obsolete and slow-moving stock

Stock of £38,611 (2023: £38,076) has been identified as slow moving within B2BSG and a 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 the provision in the next financial year are as follows:

- i) Changes in technology rendering current stock technologically obsolete; and
- ii) Customers changing their existing systems which would mean elements of current maintenance stock are unable to be utilised.

PHSC plc

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2024

3. SEGMENTAL REPORTING

IFRS 8 requires that operating segments be identified based on 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 6 to 9.

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 one subsidiary sourcing goods overseas.

	Revenue £'000	Other income £'000	Depreciation £'000	Operating profit/ (loss) £'000	Net interest £'000	Profit/ (loss) before tax £'000	Current taxation £'000	Deferred taxation £'000	Goodwill impairment £'000	Profit after tax £'000
Year ended 31 March 2024										
Security division – B2BSG	1,179	–	1	154	–	154	–	1	–	
Health and safety division										
ISL	224	–	12	15	–	15	(1)	–	–	
PHSCL	862	–	7	364	–	364	(76)	–	–	
QLM	392	–	11	112	–	112	(16)	(6)	–	
RSA	345	–	13	36	–	36	(3)	–	(120)	
	<u>1,823</u>	<u>–</u>	<u>43</u>	<u>527</u>	<u>–</u>	<u>527</u>	<u>(96)</u>	<u>(6)</u>	<u>(120)</u>	
Quality systems division – QCS	777	–	18	250	–	250	(55)	–	–	
Holding company – PHSC plc	–	–	13	(496)	17	(479)	72	1	–	
Total	<u>3,779</u>	<u>–</u>	<u>75</u>	<u>435</u>	<u>17</u>	<u>452</u>	<u>(79)</u>	<u>(4)</u>	<u>(120)</u>	<u>249</u>

	Revenue £'000	Other income £'000	Depreciation £'000	Operating profit/ (loss) £'000	Net interest £'000	Profit/ (loss) before tax £'000	Current taxation £'000	Deferred taxation £'000	Goodwill impairment £'000	Profit after tax £'000
Year ended 31 March 2023										
Security division – B2BSG	830	3	1	(9)	–	(9)	10	(4)	–	
Health and safety division										
ISL	198	–	11	7	–	7	1	–	–	
PHSCL	807	–	4	268	–	268	(38)	(1)	–	
QLM	402	–	6	137	–	137	(21)	–	–	
RSA	366	–	9	70	–	70	(9)	–	–	
	<u>1,773</u>	<u>–</u>	<u>30</u>	<u>482</u>	<u>–</u>	<u>482</u>	<u>(67)</u>	<u>(1)</u>	<u>–</u>	
Quality systems division – QCS	835	–	18	272	–	272	(47)	–	–	
Holding company – PHSC plc	–	–	14	(442)	1	(441)	47	1	–	
Total	<u>3,438</u>	<u>3</u>	<u>63</u>	<u>303</u>	<u>1</u>	<u>304</u>	<u>(57)</u>	<u>(4)</u>	<u>–</u>	<u>243</u>

PHSC plc

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2024

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 2024								
Security division – B2BSG	–	11	575	586	(77)	–	(77)	509
Health and safety division								
ISL	18	20	57	77	(76)	(9)	(85)	(8)
PHSCL	4	16	243	259	(100)	(6)	(106)	153
QLM	51	42	106	148	(126)	(17)	(143)	5
RSA	34	491	88	579	(70)	(18)	(88)	491
	107	569	494	1,063	(372)	(50)	(422)	641
Quality systems division – QCS	3	30	170	200	(218)	(3)	(221)	(21)
Holding company – PHSC plc	1	2,673	264	2,937	(82)	(48)	(130)	2,807
Sub-total	111	3,283	1,503	4,786	(749)	(101)	(850)	3,936
Consolidation adjustments								
To goodwill	–	(656)	–	(656)	–	–	–	(656)
To deferred tax	–	2	–	2	–	(7)	(7)	(5)
Total	111	2,629	1,503	4,132	(749)	(108)	(857)	3,275

	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 2023								
Security division – B2BSG	–	13	453	466	(28)	–	(28)	438
Health and safety division								
ISL	16	14	54	68	(64)	(8)	(72)	(4)
PHSCL	20	20	201	221	(78)	(10)	(88)	133
QLM	–	2	93	95	(122)	(1)	(123)	(28)
RSA	4	470	95	565	(58)	(5)	(63)	502
	40	506	443	949	(322)	(24)	(346)	603
Quality systems division – QCS	1	45	197	242	(204)	(9)	(213)	29
Holding company – PHSC plc	–	2,685	531	3,216	(59)	(48)	(107)	3,109
Sub-total	41	3,249	1,624	4,873	(613)	(81)	(694)	4,179
Consolidation adjustments								
To goodwill	–	(536)	–	(536)	–	–	–	(536)
To deferred tax	–	2	–	2	–	(7)	(7)	(5)
Total	41	2,715	1,624	4,339	(613)	(88)	(701)	3,638

There were three B2BSG customers where invoices raised during the year exceeded 10% of turnover. The revenue earned from these customers together with the percentage of total turnover was as follows: £0.268m (23%), £0.221m (19%) and £0.2m (17%).

PHSC plc

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2024

4. AUDITOR'S REMUNERATION

	31.3.24 £	31.3.23 £
Audit		
Fees payable to the Company's auditor for the audit of the annual parent Company and consolidated accounts	55,000	34,000
Total audit	55,000	34,000
Tax		
Tax compliance services	6,500	8,625
Tax advisory services – present year	2,500	2,500
Tax advisory services – previous year	–	4,000
Total tax	9,000	15,125
Total	64,000	49,125

5. PROPERTY, PLANT AND EQUIPMENT

	Freehold property £	Improvements to property £	Fixtures and equipment £	Motor vehicles £	Right of use assets £	Totals £
COST						
At 1 April 2022	571,270	100,132	123,445	–	133,750	928,597
Additions	–	–	7,864	–	33,522	41,386
Disposals	–	–	–	–	–	–
At 31 March 2023	571,270	100,132	131,309	–	167,272	969,983
Additions	–	–	10,112	29,499	71,043	110,654
Disposals	–	–	(25,840)	–	(17,645)	(43,485)
At 31 March 2024	571,270	100,132	115,581	29,499	220,670	1,037,152
DEPRECIATION						
At 1 April 2022	205,580	57,696	96,249	–	78,934	438,459
Charge for year	8,838	7,641	8,768	–	37,787	63,034
Disposals	–	–	–	–	–	–
At 31 March 2023	214,418	65,337	105,017	–	116,721	501,493
Charge for year	8,838	7,642	8,396	7,375	42,264	74,515
Disposals	–	–	(22,986)	–	(17,645)	(40,631)
At 31 March 2024	223,256	72,979	90,427	7,375	141,340	535,377
NET BOOK VALUE						
At 31 March 2024	348,014	27,153	25,154	22,124	79,330	501,775
At 31 March 2023	356,852	34,795	26,292	–	50,551	468,490
At 31 March 2022	365,690	42,436	27,196	–	54,816	490,138

Depreciation expenses of £74,515 (2023: £63,034) are included in administrative expenses in the statement of comprehensive income.

The net book value of right of use assets includes £4,698 (2023: £15,973) in relation to short-term lease hold property and £74,631 (2023: 34,578) in relation to motor vehicles.

PHSC plc

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2024

6. GOODWILL

	Goodwill £
COST	
At 1 April 2022 and 2023	5,514,547
Additions	–
At 31 March 2024	<u>5,514,547</u>
IMPAIRMENT	
At 1 April 2022 and 2023	3,279,502
Impairment	120,000
At 31 March 2024	<u>3,399,502</u>
NET BOOK VALUE	
At 31 March 2024	<u>2,115,045</u>
At 31 March 2023	<u>2,235,045</u>
At 31 March 2022	<u>2,235,045</u>

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:

	31.3.24 £	31.3.23 £
B2BSG Solutions Limited	–	–
Inspection Services (UK) Limited	87,967	87,967
Personnel Health & Safety Consultants Limited	594,952	594,952
QCS International Limited	417,638	417,638
Quality Leisure Management Limited	582,844	582,844
RSA Environmental Health Limited	431,644	551,644
Total goodwill for Group	<u>2,115,045</u>	<u>2,235,045</u>

The directors have estimated the value-in-use of goodwill by discounting estimated future cash flows in accordance with IFRS. Management have prepared forecasts for 2024-25 and have then assessed whether it is appropriate to assume that this level of performance will be maintained or improved over the following two years. A growth factor of 2% has been applied and the forecast performance for the third year, 2026-27, is assumed to continue into perpetuity. The impairment review calculations use estimated future cash flows based on these forecasts with a terminal value being calculated using the year three expected cash flows. The cash flow projections are based on profits before inter group management charges but after tax and have been discounted using a discount rate of 15% (2023: 13%). This takes into consideration the weighted average cost of capital (WACC) and factors in an increased risk connected with being a company quoted on AIM.

PHSC plc

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2024

6. GOODWILL – continued

Every year the board assesses the value of goodwill in the Group statement of financial position and forms a view as to whether this value is realistic and justifiable. Following extensive discussion, the board determined that it should write down the goodwill value of RSA by £120,000 in the consolidated financial statements and the investment value of QLM by £94,890 in PHSC Plc's company financial statements. These changes arise primarily from an increase in the discount rate used. There is no goodwill attached to B2BSG, and there is sufficient headroom in other trading subsidiaries to avoid a similar impairment requirement. The board remains confident in its valuations of all subsidiary companies.

Sensitivity analysis

The calculations are sensitive to movements in the discount rate and cash flows 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 additional impairment charges as follows:

	Reduction in cash flows of 3% £	Increase in discount rate of 1% £
RSA Environmental Health Limited	12,991	29,213
Quality Leisure Management Limited	26,923	48,769

Additional work undertaken found actual results for RSA to regularly exceed those forecast year on year. Building in the same uplift to forecasts as prior actuals management are confident that goodwill is not impaired.

PHSC plc

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2024

7. TRADE AND OTHER RECEIVABLES

	31.3.24 £	31.3.23 £
Trade receivables	659,487	580,845
Less provision for impairment of trade receivables	–	–
Trade receivables (net)	659,487	580,845
Other debtors and prepayments	109,357	80,117
Contract assets	–	13,410
Total	<u>768,844</u>	<u>674,372</u>

At 31 March 2024 there were no impaired trade receivables (2023: nil).

The ageing of receivables is as follows:

	31.3.24 £	31.3.23 £
Up to 3 months	574,159	541,159
3 to 6 months	69,343	10,197
Over 6 months	15,985	29,489
	<u>659,487</u>	<u>580,845</u>

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

	31.3.24 £	31.3.23 £
At 1 April	–	2,485
Release of provision	–	(2,485)
At 31 March	<u>–</u>	<u>–</u>

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. Debts older than 90 days have either been provided for or are considered fully recoverable based on the customer's payment history and current trading situation.

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 value of each class of receivable mentioned above. The Group does not hold any collateral as security.

Trade receivables and contract assets are the only types of financial asset within the Group that are subject to IFRS 9's expected credit loss model. The Group has taken into consideration the requirements of IFRS 9 for these classes of asset; using the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance, did not lead to a material change in the impairment of trade receivables or contract assets, so no adjustment was made.

PHSC plc

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2024

8. STOCK

	31.3.24	31.3.23
	£	£
Stock of finished goods	<u>245,663</u>	<u>200,169</u>

£38,611 of stock was provided for in the current year (2023: £38,076). The value of stock consumed and recognised as an expense was £630,940 (2023: £452,819).

9. CASH AND CASH EQUIVALENTS

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

	31.3.24	31.3.23
	£	£
Cash at bank and in hand	<u>488,375</u>	<u>749,627</u>

On 1 October 2008, PHSC plc entered into an unlimited multilateral guarantee with HSBC Bank 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 1 April 2022	14,677,257	1,467,726	1,916,017	3,383,743
Cancellation of shares held in Treasury	(2,830,238)	(283,022)	–	(283,022)
At 31 March 2023	11,847,019	1,184,704	1,916,017	3,100,721
Purchase of own shares	(812,782)	(81,278)	–	(81,278)
At 31 March 2024	<u>11,034,237</u>	<u>1,103,426</u>	<u>1,916,017</u>	<u>3,019,443</u>

The authorities granted by shareholders at the 2022 AGM and 2023 AGM were utilised to implement two share buyback programmes during the year ended 31 March 2024.

The first was announced on 15 August 2023 and completed on 23 August 2023. Over that period, the Company's broker was able to repurchase a total of 812,782 ordinary shares on the Company's behalf for a total consideration (including costs) of £208,555. The repurchased shares were initially held in treasury but were subsequently cancelled on 29 September 2023.

The second was announced on 19 March 2024 and completed on 28 March 2024. Over that period, the Company's broker was able to repurchase a total of 753,384 ordinary shares on the Company's behalf for a total consideration (including costs) of £209,977. The repurchased shares were held in treasury at the year end and were cancelled on 11 June 2024.

Accordingly, the number of ordinary shares in issue as at 31 March 2024 was 11,034,237 but subsequently reduced to 10,280,853 on cancellation of the shares. The buyback programmes were funded from the surplus cash held on account.

PHSC plc

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2024

11. TRADE AND OTHER PAYABLES

	31.3.24 £	31.3.23 £
Trade payables	121,855	48,267
Social security and other taxes	168,307	162,451
Other payables	8,984	25,392
Accruals	102,330	60,258
Contract liabilities	229,342	235,054
Total	<u>630,818</u>	<u>531,422</u>

12. FINANCIAL LIABILITIES

On 1 October 2008, PHSC plc entered into an unlimited multilateral guarantee with HSBC Bank plc. Until the middle of March 2023 each company within the Group operated its own current account, the balance on which was allowed to fluctuate according to trading conditions. Interest was only charged on a net overdrawn balance as the Group had the right to offset overdrawn accounts with accounts in credit across the Group. It is now the case that interest is charged on each account on a standalone basis necessitating funds to be moved between Group companies to avoid any interest charges. These movements are reflected through inter-company accounts which accounts for some relatively large inter-company balances at the year end. The Group has an overdraft facility of £50,000 which is secured by a debenture including a fixed charge over certain freehold and leasehold property; first fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future; and a first floating charge over all assets and undertakings both present and future. The overdraft is next scheduled for review in October 2024.

13. LEASES

	Land & Buildings £	Motor Vehicles £	Total £
Year ended 31 March 2024			
Amounts due within 1 year – right of use lease liabilities	4,698	33,766	38,464
Amounts due within 1-2 years - right of use lease liabilities	–	26,758	26,758
Amounts due within 2-5 years - right of use lease liabilities	–	14,107	14,107
Total	<u>4,698</u>	<u>74,631</u>	<u>79,329</u>
Year ended 31 March 2023			
Amounts due within 1 year – right of use lease liabilities	11,275	13,862	25,137
Amounts due within 1-2 years - right of use lease liabilities	4,698	13,861	18,559
Amounts due within 2-5 years – right of use lease liabilities	–	6,855	6,855
Total	<u>15,973</u>	<u>34,578</u>	<u>50,551</u>

The finance leases are secured against the underlying assets.

PHSC plc

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2024

14. DEFERRED TAX

Deferred tax asset	Tax losses carried forward £	Accelerated capital allowances £	Other short-term temporary differences £	Total £
At 1 April 2022	2,017	–	13,574	15,591
Debited to income statement	–	–	(4,037)	(4,037)
At 31 March 2023	2,017	–	9,537	11,554
Credited to income statement	–	–	816	816
At 31 March 2024	2,017	–	10,353	12,370

Deferred tax liabilities	Provision revalued properties £	Accelerated capital allowances £	Intangible assets £	Total £
At 1 April 2022	34,948	3,342	23,552	61,842
Debited income statement	–	381	–	381
At 31 March 2023	34,948	3,723	23,552	62,223
Debited to income statement	–	5,067	–	5,067
At 31 March 2024	34,948	8,790	23,552	67,290

Deferred tax has been provided at 25% (2023: 25%).

The Group has unrecognised deferred tax assets of £5,938 (2023: £23,750).

15. EXPENSES BY NATURE

	31.3.24 £	31.3.23 £
Cost of sales	1,007,532	830,486
Staff related costs	1,575,440	1,596,056
Premises costs	64,947	56,097
Professional fees	240,179	211,041
Other expenses	381,129	380,658
Depreciation	74,515	63,034
Impairment	120,000	–
Total	3,463,742	3,137,372
Cost of sales	1,763,210	1,612,543
Administrative expenses (including goodwill impairment)	1,700,532	1,524,829
Total	3,463,742	3,137,372

PHSC plc

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2024

16. OTHER INCOME

	31.3.23	31.3.22
	£	£
Apprenticeship grant	–	3,000
	–	3,000

17. EMPLOYEES

Staff costs (including executive directors)

	31.3.24	31.3.23
	£	£
Wages and salaries	1,338,092	1,353,353
Social security costs	136,446	148,999
Other pension costs	74,694	72,182
	1,549,232	1,574,534

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

	31.3.24	31.3.23
Directors of PHSC plc and subsidiary companies	7	7
Consultants	17	17
Administrative	14	14
Total	38	38

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:

	31.3.24	31.3.23
	£	£
Short-term employee benefits	400,875	394,876
Post-employment benefits	39,758	42,111
Total	440,633	436,987

PHSC plc

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2024

18. DIRECTORS' REMUNERATION

Directors of PHSC plc only

	31.3.24 £	31.3.23 £
Emoluments	168,325	167,336
Pension contributions to money purchase schemes	24,897	23,561
Total	193,222	190,897

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

	Year ended 31.3.24						Total £	Year ended 31.3.23 Total £
	Salary £	Bonus £	Short-term employee benefits Waiver/ voluntary reduction £	Pension salary sacrifice £	Benefits £	Post employment benefits Pension £		
S A King	101,783	5,000	(48,500)	(3,600)	2,966	6,192	63,841	69,225
N C Coote	84,100	5,000	–	(10,000)	2,614	13,705	95,419	89,482

The benefits relate to health insurance. Stephen King's bonus was added to salary whereas Nicola Coote opted to take her bonus as a pension contribution.

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

	31.3.24 £	31.3.23 £
G N Webb	16,981	16,095
L E Young	16,981	16,095
Total	33,962	32,190

19. FINANCE INCOME

	31.3.24 £	31.3.23 £
Finance income		
Bank interest received	17,309	1,346

PHSC plc

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2024

20. TAXATION

Analysis of tax charge in year

	31.3.24 £	31.3.23 £
Current tax:		
UK corporation tax on profits in the year	79,271	56,921
Adjustments in respect of previous year	30	–
Total current tax charge	<u>79,301</u>	<u>56,921</u>
Deferred tax:		
Origination and reversal of temporary differences	4,251	4,418
Total deferred tax charge	<u>4,251</u>	<u>4,418</u>
Tax on profit on ordinary activities	<u>83,552</u>	<u>61,339</u>

Reconciliation of tax on ordinary activities

The relationship between expected tax expense based on the effective tax rate of PHSC plc at 25% (2023: 19%) and the tax expense recognised in the income statement can be reconciled as follows:

	31.3.24 £	31.3.23 £
Profit on ordinary activities before tax	332,317	304,598
Tax on profit on ordinary activities at standard rate of corporation tax of 25% (2023: 19%)	83,079	57,874
Effects of:		
Depreciation on non-qualifying assets	2,306	–
Expenses not deductible for tax purposes	30,222	3,465
Adjustment to tax in respect of previous periods	30	–
Fixed asset differences	237	–
Marginal relief	(643)	–
Losses brought forward utilised	(31,679)	–
Total tax charge	<u>83,552</u>	<u>61,339</u>

21. 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.

	31.3.24	31.3.23
Profit attributable to equity holders of the Group (£)	248,765	243,259
Weighted average number of ordinary shares in issue	11,357,413	11,847,019
Basic earnings per share (pence per share)	<u>2.19p</u>	<u>2.05p</u>

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

22. DIVIDENDS

A total dividend of 1.5p per ordinary share was paid in respect of the year ended 31 March 2023; £59,190 was paid in January 2023 and the balance of £110,253 in October 2023. An interim dividend of 0.75p in respect of the year ended 31 March 2024 was paid in January 2024 (£82,757) and a final dividend of 1.25p is proposed, subject to shareholder approval, for payment in October 2024.

PHSC plc

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2024

23. RELATED PARTY DISCLOSURES

	31.3.24	31.3.23
	£	£
PHSC plc dividends paid to directors		
S A King	37,534	25,618
N C Coote	41,160	25,303
G N Webb MBE	341	195
	<u>79,035</u>	<u>51,116</u>

24. ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party, but the largest shareholder, Ms N Coote, currently holds 21.36% (2023: 21.36%) of the issued share capital of PHSC plc.

25. FINANCIAL INSTRUMENTS

Set out below are the Group's financial instruments:

	31.3.24	31.3.23
	£	£
Financial assets at amortised cost		
Trade and other receivables	768,844	674,372
Cash and cash equivalents	488,375	749,627
	<u>1,257,219</u>	<u>1,423,999</u>
Financial liabilities at amortised cost		
Trade and other payables	630,818	531,422
	<u>630,818</u>	<u>531,422</u>
Due within 1 year	630,818	531,422
Due in over 1 year	–	–
	<u>630,818</u>	<u>531,422</u>

PHSC plc

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2024

26. REVENUE

Set out below is a breakdown of revenue:

	31.3.24 £	31.3.23 £
Health and safety services	1,823,027	1,773,111
Quality systems services	776,942	834,636
Security related products	1,178,781	829,877
	<u>3,778,750</u>	<u>3,437,624</u>

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:

	31.3.24 £	31.3.23 £
Receivables which are included in 'trade and other receivables'	659,487	580,845
Contract assets	–	13,410
Contract liabilities	<u>229,342</u>	<u>235,054</u>

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

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

	31.3.24 £	31.3.23 £
Revenue deferred into future periods	(229,342)	(235,054)
Revenue accrued in current period	–	13,410
Deferred revenue recognised in the period	<u>235,054</u>	<u>246,945</u>

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 2024

COMPANY STATEMENT OF FINANCIAL POSITION

as at 31 March 2024

	Note	31.3.24 £	31.3.23 £
Non-Current Assets			
Property, plant and equipment	9	360,601	372,926
Investments	10	2,217,388	2,312,278
		<u>2,577,989</u>	<u>2,685,204</u>
Current Assets			
Trade and other receivables	11	865,418	987,951
Cash and cash equivalents	12	230,352	506,560
		<u>1,095,770</u>	<u>1,494,511</u>
Total Assets		<u>3,673,759</u>	<u>4,179,715</u>
Current Liabilities			
Trade and other payables	13	200,232	107,791
Corporation tax		–	–
		<u>200,232</u>	<u>107,791</u>
Non-Current Liabilities			
Deferred taxation	14	47,714	48,274
		<u>47,714</u>	<u>48,274</u>
Total Liabilities		<u>247,946</u>	<u>156,065</u>
Net Assets		<u>3,425,813</u>	<u>4,023,650</u>
Capital and reserves attributable to equity holders of the Group			
Called up share capital	15	1,103,426	1,184,704
Share premium account	15	1,916,017	1,916,017
Capital redemption reserve		507,928	426,650
Merger relief reserve		133,836	133,836
Treasury shares		(209,977)	–
Retained earnings		(25,417)	362,443
		<u>3,425,813</u>	<u>4,023,650</u>

The Company has elected to take the exemption under section 408 of the Companies Act 2006 to not present the parent Company Statement of Comprehensive Income. The profit for the year was £13,705 (2023: loss of £48,189).

Approved and authorised for issue by the board on 1 August 2024 and signed on its behalf by:

S A King *Director*

PHSC plc

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2024

	Share Capital £	Share Premium £	Merger Relief Reserve £	Capital Redemption Reserve £	Treasury Shares £	Retained Earnings £	Total £
Balance at 1 April 2023	1,184,704	1,916,017	133,836	426,650	–	362,443	4,023,650
Profit for year attributable to equity holders	–	–	–	–	–	13,705	13,705
Cancellation of own shares – August 23	(81,278)	–	–	81,278	–	–	–
Cancellation of treasury shares – August 23	–	–	–	–	–	(208,555)	(208,555)
Cancellation of own shares – March 24	–	–	–	–	(209,977)	–	(209,977)
Dividends paid	–	–	–	–	–	(193,010)	(193,010)
Balance at 31 March 2024	<u>1,103,426</u>	<u>1,916,017</u>	<u>133,836</u>	<u>507,928</u>	<u>(209,977)</u>	<u>(25,417)</u>	<u>3,425,813</u>
Balance at 1 April 2022	1,467,726	1,916,017	133,836	143,628	–	529,102	4,190,309
Loss for year attributable to equity holders	–	–	–	–	–	(48,189)	(48,189)
Cancellation of own shares	(283,022)	–	–	283,022	–	–	–
Dividends paid	–	–	–	–	–	(118,470)	(118,470)
Balance at 31 March 2023	<u>1,184,704</u>	<u>1,916,017</u>	<u>133,836</u>	<u>426,650</u>	<u>–</u>	<u>362,443</u>	<u>4,023,650</u>

PHSC plc

COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 March 2024

	Note	31.3.24 £	31.3.23 £
Cash flows (used by)/generated from operating activities:			
Cash (used by)/generated from operations	I	(87,985)	319,903
Group tax relief receipt		71,894	47,226
Net cash (used by)/generated from operating activities		(16,091)	367,129
Cash flows from investing activities			
Purchase of property, plant and equipment		(874)	–
Dividends from subsidiary companies		335,000	165,000
Interest received		17,299	1,346
Net cash from investing activities		351,425	166,346
Cash flows used by financing activities			
Dividends paid to Group shareholders		(193,010)	(118,470)
Purchase of own shares		(418,532)	–
Net cash used by financing activities		(611,542)	(118,470)
Net (decrease)/increase in cash and cash equivalents		(276,208)	415,005
Cash and cash equivalents at beginning of year		506,560	91,555
Cash and cash equivalents at year end		230,352	506,560

All changes in liabilities arising from financing relate entirely to cash movements.

NOTE TO THE COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 March 2024

	31.3.24 £	31.3.23 £
I. CASH (USED BY)/GENERATED FROM OPERATIONS		
Loss before taxation and interest	(411,048)	(262,310)
Depreciation charge	13,199	13,446
Impairment of investment	94,890	–
Decrease in trade and other receivables	122,533	490,314
Increase in trade and other payables	92,441	78,453
Cash (used by)/generated from operations	(87,985)	319,903

PHSC plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

1. BASIS OF PREPARATION

The Company's financial statements have been prepared in accordance with UK adopted international accounting standards and under the historical cost convention except as noted below.

The preparation of financial statements in conformity with UK adopted international accounting standards 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 18.

The Company has elected to apply the exemption under section 408 of the Companies Act 2006 to not present the Parent Company Statement of Comprehensive Income. The loss for the year before dividends received from subsidiaries (2024: £335,000; 2023: £165,000) was £321,295 (2023: loss of £213,189). There were no items of other comprehensive income in either period.

Company law requires the directors to consider the appropriateness of the going concern basis when preparing the financial statements. The directors confirm that they have considered a period up to 12 months from the date of signing and any severe but plausible downside factors and that the going concern basis remains appropriate. In accordance with Financial Reporting Council guidance the directors have provided reasons for this opinion in the going concern section of the strategic report on page 11.

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

2. ACCOUNTING POLICIES

Revenue

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

Deferred income tax

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 or this does not give rise to equal taxable and deductible temporary differences. 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.

Segmental reporting

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

Pensions

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

PHSC plc

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2024

2. ACCOUNTING POLICIES – continued

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)
Plant 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 investment'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. Impairment losses are charged to administrative expenses.

Taxation

Current income tax assets/liabilities comprise those claims from or obligations to fiscal authorities relating to the current or prior reporting periods, that are unpaid at the statement of financial position 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

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.

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 transaction 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.

PHSC plc

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2024

2. ACCOUNTING POLICIES – continued

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 on the subsidiary companies and is recognised when the service is delivered.

4. PROFIT BEFORE TAXATION

The profit before taxation is stated after charging:

	31.3.24	31.3.23
	£	£
Depreciation – owned assets	<u>13,199</u>	<u>13,446</u>

5. DIRECTORS' REMUNERATION

Full details are given on page 48 of the Group accounts.

6. STAFF COSTS

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

	31.3.24	31.3.23
Directors	4	4
Consultants	1	1
Administration	2	2
	<u>7</u>	<u>7</u>
	£	£

The aggregate payroll costs of these persons were as follows:

Wages and salaries	185,728	163,747
Social security costs	20,552	21,265
Other pension costs	20,504	14,254
	<u>226,784</u>	<u>199,266</u>

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

7. AUDITOR'S REMUNERATION

Full details are given on page 40 of the Group accounts.

PHSC plc

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2024

8. FINANCE INCOME

	31.3.24	31.3.23
	£	£
<hr/>		
Finance income		
Interest received	17,299	1,346
	<hr/>	<hr/>

9. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Freehold improvements £	Plant and equipment £	Totals £
<hr/>				
COST OR VALUATION				
At 1 April 2022 and 31 March 2023	441,908	42,814	19,157	503,879
Additions	–	–	874	874
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2024	441,908	42,814	20,031	504,753
<hr/>				
DEPRECIATION				
At 31 April 2022	76,218	29,599	11,690	117,507
Charge for year	8,838	2,741	1,867	13,446
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2023	85,056	32,340	13,557	130,953
Charge for year	8,838	2,742	1,619	13,199
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2024	93,894	35,082	15,176	144,152
<hr/>				
NET BOOK VALUE				
At 31 March 2024	348,014	7,732	4,855	360,601
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2023	356,852	10,474	5,600	372,926
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2022	365,690	13,215	7,467	386,372
	<hr/>	<hr/>	<hr/>	<hr/>

PHSC plc

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2024

10. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

Investment in shares of subsidiary undertakings

	31.3.24 £	31.3.23 £
At 1 April 2022 and 2023	2,312,278	2,312,278
Impairment of investment in QLM	(94,890)	–
At 31 March 2024	2,217,388	2,312,278

Every year the board assesses the value of investment in subsidiary undertakings in the Group statement of financial position and forms a view as to whether this value is realistic and justifiable. Following extensive discussion, the board determined that for technical reasons it must write down the investment value of QLM by £94,890 in PHSC plc's company financial statements. This arises primarily from an increase in the discount rate used. The board remains confident in its valuations of all subsidiary companies.

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
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 G67 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

PHSC plc

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2024

10. INVESTMENT IN SUBSIDIARY UNDERTAKINGS – continued

The aggregate of the share capital and reserves as at 31 March 2024 and the statutory profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital & reserves as at 31.3.24 £	Profit/(loss) for year ended 31.3.24 £
B2BSG Solutions Limited	(209,443)	124,261
Camerascan CCTV Limited	100	–
Envex Company Limited	15,000	–
In House The Hygiene Management Company Limited	1	–
Inspection Services (UK) Limited	13,785	2,716
Personnel Health & Safety Consultants Limited	228,830	228,120
Quality Leisure Management Limited	94,080	66,257
QCS International Limited	237,790	164,512
RSA Environmental Health Limited	6,323	(17,765)
Safetymark Certification Services Limited	2	–
SG Systems (UK) Limited	2,288	–

For the year ended 31 March 2024, the Group made use of an exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The Parent Company under this exemption has given guarantees for all the above named subsidiaries where an audit would have been required by law for the year ended 31 March 2024.

11. TRADE AND OTHER RECEIVABLES

	31.3.24 £	31.3.23 £
Amount owed by subsidiary undertakings	831,393	963,188
Other debtors and prepayments	34,025	24,763
	865,418	987,951

The amount owed by subsidiary undertakings is subject to IFRS 9's expected credit loss model. 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, such that no adjustment has been made.

12. CASH AND CASH EQUIVALENTS

	31.3.24 £	31.3.23 £
Bank	230,352	506,560

On 1 October 2008, PHSC plc entered into an unlimited multilateral guarantee with HSBC Bank plc. Until the middle of March 2023 each company within the Group operated its own current account, the balance on which was allowed to fluctuate according to trading conditions. Interest was only charged on a net overdrawn balance as the Group had the right to offset overdrawn accounts with accounts in credit across the Group. It is now the case that interest is charged on each account on a standalone basis necessitating funds to be moved between Group companies to avoid any interest charges. These movements are reflected through inter-company accounts which accounts for some relatively large inter-company balances at the year end. The Group has an overdraft facility of £50,000 which is secured by a debenture including a fixed charge over certain 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 scheduled for review in October 2024. On 31 March 2024, PHSC plc's Company balance was £230,352 (2023: £506,560) within the Group's cash at bank and in hand figure of £488,375 (2023: £749,627).

PHSC plc

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2024

13. TRADE AND OTHER PAYABLES

	31.3.24 £	31.3.23 £
Trade payables	7,773	4,124
Social security and other taxes	9,211	8,264
Amounts owed to Group undertakings	118,702	48,213
Other payables	1,940	18,220
Accruals	62,606	28,970
	200,232	107,791

14. DEFERRED TAXATION

	31.3.24 £	31.3.23 £
Deferred taxation – accelerated capital allowances	47,714	48,274
At 1 April	48,274	48,823
Deferred tax credit in year	(560)	(549)
At 31 March	47,714	48,274

15. SHARE CAPITAL

Called up, allotted and fully paid	Number of shares (Nominal value of 10p each)	Ordinary shares £	Share premium £	Total £
At 1 April 2022	14,677,257	1,467,726	1,916,017	3,383,743
Cancellation of shares held in Treasury	(2,830,238)	(283,022)	–	(283,022)
At 31 March 2023	11,847,019	1,184,704	1,916,017	3,100,721
Purchase of own shares	(812,782)	(81,278)	–	(81,278)
At 31 March 2024	11,034,237	1,103,426	1,916,017	3,019,443

The authorities granted by shareholders at the 2022 AGM and 2023 AGM were utilised to implement two share buyback programmes during the year ended 31 March 2024.

The first was announced on 15 August 2023 and completed on 23 August 2023. Over that period, the Company's broker was able to repurchase a total of 812,782 ordinary shares on the Company's behalf for a total consideration (including costs) of £208,555. The repurchased shares were initially held in treasury but were subsequently cancelled on 29 September 2023.

The second was announced on 19 March 2024 and completed on 28 March 2024. Over that period, the Company's broker was able to repurchase a total of 753,384 ordinary shares on the Company's behalf for a total consideration (including costs) of £209,977. The repurchased shares were held in treasury at the year end and were cancelled on 11 June 2024.

Accordingly, the number of ordinary shares in issue as at 31 March 2024 was 11,034,237 but will subsequently reduce to 10,280,853 on cancellation of the shares. The buyback programmes were funded from the surplus cash held on account.

PHSC plc

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2024

16. RELATED PARTY DISCLOSURES

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

	31.3.24 £	31.3.23 £
Management charge from PHSC plc to subsidiary companies	180,000	180,000

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

	31.3.24 £	31.3.23 £
Amounts owed by Group undertakings		
B2BSG Solutions Limited	53,410	170,456
Camerascan CCTV Limited	229,701	229,701
In House the Hygiene Management Company Limited	469,304	469,304
Inspection Services (UK) Limited	4,594	5,711
Personnel Health & Safety Consultants Limited	55,404	60,898
QCS International Limited	–	14,884
RSA Environmental Health Limited	18,980	12,234
	831,393	963,188
Amounts owed to Group undertakings		
QCS International Limited	70,512	–
Quality Leisure Management Limited	48,190	48,213
	118,702	48,213
PHSC plc received dividends from subsidiaries as follows:		
Personnel Health & Safety Consultants Limited	175,000	40,000
QCS International Limited	100,000	50,000
Quality Leisure Management Limited	50,000	50,000
RSA Environmental Health Limited	10,000	25,000
	335,000	165,000
PHSC plc dividends were paid to directors as follows:		
S A King	37,534	25,618
N C Coote	41,160	25,303
G N Webb MBE	341	195
	79,035	51,116

PHSC plc

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2024

17. FINANCIAL INSTRUMENTS

Set out below are the Company's financial instruments:

	31.3.24 £	31.3.23 £
Financial assets at amortised cost		
Trade and other receivables	865,418	987,951
	<u>865,418</u>	<u>987,951</u>
Financial liabilities at amortised cost		
Trade and other payables	200,232	107,791
	<u>200,232</u>	<u>107,791</u>
Due within 1 year	200,232	107,791
Due in over 1 year	–	–
	<u>200,232</u>	<u>107,791</u>

Full details of the overdraft facility can be found in note 12.

The main risk arising from the Company's financial instruments is liquidity risk. The Company seeks to manage this risk by ensuring that 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 not considered 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 area where judgement was exercised is as follows:

Impairment of investments

An impairment of investments has the potential to significantly impact upon the Company's statement of comprehensive income for the year. The directors have estimated the value-in-use of investments by discounting estimated future cash flows in accordance with IFRS. Management have prepared forecasts for 2024-25 and have then assessed whether it is appropriate to assume that this level of performance will be maintained or improved over the following two years. A growth rate of 2% has been applied and forecast performance for the third year, 2026-27, is assumed to continue into perpetuity. The impairment review calculations use estimated future cash flows based on these forecasts with a terminal value being calculated using the year 3 expected cash flows. The cash flow projections are based on profits before inter group management charges but after tax and have been discounted using a discount rate of 15% (2023: 13%). This takes into consideration the weighted average cost of capital (WACC) and factors in an increased risk connected with being a company quoted on AIM.

19. PARENT UNDERTAKING

There is no ultimate controlling party but the largest shareholder, Ms N Coote currently owns 21.36% (2023: 21.36%) of the issued share capital of PHSC plc.

PHSC plc

NOTICE OF ANNUAL GENERAL MEETING (“AGM”)

NOTICE IS HEREBY GIVEN that the AGM of PHSC plc will be held at 10.00 a.m. on Thursday 19 September 2024 at The Old Church, 31 Rochester Road, Aylesford, Kent ME20 7PR to consider the following resolutions of which resolutions 1 to 5 will be proposed as ordinary resolutions and resolutions 6 to 10 will be proposed as special resolutions.

1. To receive the annual report and audited accounts for the year ended 31 March 2024.
2. To declare a final dividend of 1.25p per ordinary share.
3. To re-elect Stephen King as a director.
4. 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.
5. THAT, in substitution for any existing such authority, the directors be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot 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 £342,695.10 during the period commencing on the date of the passing of this resolution and expiring at the conclusion of the AGM in 2025 or 15 months from the passing of this Resolution, 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

6. THAT, subject to and conditional upon the passing as an ordinary resolution of resolution number 5 set out in this notice of meeting the directors be empowered under section 570 of the Companies Act 2006 (the Act) to allot equity securities (as defined in section 560 of the Act) for cash; under the authority conferred by resolution 5 above as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:
 - (a) the allotment of equity securities in connection with a rights issue, open offer or other offer of securities in favour of the holders of ordinary shares on the register of members at such record date(s) as the directors may determine where the equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them on any such record date(s), subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter whatsoever; 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 £205,617.06,

such power to expire at the conclusion of the AGM of the Company in 2025 or 15 months from the passing of this Resolution, whichever is earlier, 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.

PHSC plc

NOTICE OF ANNUAL GENERAL MEETING *(continued)*

7. THAT, the Company be generally and unconditionally authorised to make market purchases (as defined in the Companies Act 2006) of ordinary shares of 10 pence each in the capital of the Company (ordinary shares) on such terms and in such manner as the directors may from time to time determine, provided that:
- (a) the maximum number of ordinary shares authorised to be purchased shall be 1,542,128;
 - (b) the minimum price which may be paid for an ordinary share is 10 pence;
 - (c) the maximum price which may be paid for an ordinary share is an amount equal to 105% of the average of the middle market quotations for an ordinary share (as derived from the London Stock Exchange) for the five business days immediately preceding the date on which the ordinary share is contracted to be purchased;
 - (d) the minimum and maximum prices per ordinary share referred to in sub-paragraphs (b) and (c) of this resolution are in each case exclusive of any expenses payable by the Company;
 - (e) the authority conferred by this resolution shall expire at the conclusion of the AGM of the Company in 2025 or 15 months from the passing of this Resolution, whichever is earlier, unless such authority is varied, revoked or renewed prior to such time by the Company in general meeting by special resolution; and
 - (f) the Company may make a contract to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be completed wholly or partly after the expiration of such authority.

8. THAT the Articles of Association be amended by the addition of the words:

“Subject to CA 1985 and CA 2006, the Company may by ordinary resolution suspend or relax the provisions of this article to any extent or ratify any transaction or arrangement not duly authorised by reason of a contravention of this article or authorise or ratify any transaction or decision of the board where all directors are interested.”

As a new paragraph in Article 39 after:

“Where a company in which a director holds 1% or more is materially interested in a transaction, then that director shall also be deemed materially interested in such transaction.”

9. THAT, subject to the passing of resolution 8 above, the directors’ interests in all matters in connection with the rectification of the distribution and the release of claims as set out in resolution 10 below be approved and ratified.
10. THAT in relation to the interim dividend of 0.75 pence per ordinary share paid on 12 January 2024 (the distribution) paid to current and former shareholders:
- (a) the appropriation of distributable profits of the Company to the payment of the distribution, to the extent that such payment represented, at the time at which it was made, an unlawful dividend, be and is hereby ratified and confirmed and the payment of the distribution be and is hereby authorised by reference to the same record date as the original accounting entry for the distribution;
 - (b) any and all claims which the Company has or may have arising out of or in connection with the payment of the distribution against its shareholders who appeared on the register of shareholders on the record date for the distribution (or the personal representatives and their successors in title (as appropriate) of a shareholder’s estate if he or she is deceased) be waived and released pursuant to a deed of release in favour of such shareholders (or the personal representatives and their successors in title (as appropriate) of a shareholder’s estate if he or she is deceased) to be entered into by the Company in the form produced to the AGM and initialled by the chair for the purposes of identification, and any director in the presence of a witness, any two directors or any director and the company secretary be authorised to execute the same as a deed poll for and on behalf of the Company; and

PHSC plc

- (c) any and all claims which the Company has or may have against each of its directors or their personal representatives and the successors in title (as appropriate) of his or her estate if such director is deceased, arising out of or in connection with the approval, declaration or payment of the distribution be waived and released pursuant to a deed of release in favour of each of such directors (or the personal representatives and their successors in title of his or her estate if such director is deceased), to be entered into by the Company in the form produced to the AGM and initialled by the chair for purposes of identification, and any director in the presence of a witness, any two directors or any director and the company secretary be authorised to execute the same as a deed poll for and on behalf of the Company.

By order of the board

SGH Company Secretaries Limited
Secretary

6 August 2024

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

PHSC plc

NOTICE OF ANNUAL GENERAL MEETING *(continued)*

Notes:

1. Right to attend, speak and vote

If you wish to attend, speak and vote at the AGM you must be on the Company's register of members at 10.00 a.m. on 17 September 2024. This will enable 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) at 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, 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 4457 (no other methods of communication will be accepted). You may not use any electronic address provided either in this notice of annual 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 p.m. on the day immediately prior to the date of posting of this notice of meeting, the Company's issued share capital comprised 10,280,853 ordinary shares of 10p each (excluding treasury shares). Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company at that time was 10,280,853.

PHSC plc

ANNEX I FORM OF DIRECTORS' DEED OF RELEASE DEED POLL

THIS DEED POLL is made on • 2024

BY PHSC PLC (registered number 04121793) whose registered office is at The Old Church, 31 Rochester Road, Aylesford, Kent, ME20 7PR (the **Company**) in favour of the current directors of the Company (or the personal representatives and their successors in title (as appropriate) of his or her estate if such director is deceased).

WHEREAS:

- (A) As explained in the annual report and accounts for the year ended 31 March 2024 sent to the shareholders of the Company dated 1 August 2024 that is appended to this deed poll (the **annual report**), the board of directors of the Company has become aware of a technical issue in respect of the Company's procedure for payment of the dividend of 0.75 pence per ordinary share paid by the Company on 12 January 2024 (the **relevant dividend**). Terms unless otherwise defined in the deed poll shall have the meaning given to them in the annual report.
- (B) The Company has been advised that, as a consequence of the relevant dividend having been made otherwise than in accordance with the Companies Act 2006, it may have claims against each of the current directors of the Company (**directors**) (or the personal representatives and their successors in title (as appropriate) of his or her estate if such director is deceased).
- (C) Pursuant to the Non-Compliant Dividend Resolution as set out in the Notice of AGM contained in the annual report and duly passed by the Company's shareholders at the Company's AGM held on 19 September 2024, the Company proposes to waive and release any and all claims which it has or may have in respect of the relevant dividend against each of the directors (or the personal representatives and their successors in title (as appropriate) of his or her estate if such director is deceased) and wishes to enter into this deed poll in favour of the directors and the personal representatives and their successors in title of the estate of any deceased director in order to effect the same.

THIS DEED POLL WITNESSES as follows:

1. RELEASE

The Company hereby unconditionally and irrevocably waives and releases each of the directors (or the personal representatives and their successors in title (as appropriate) of his or her estate if such relevant director is deceased) from any and all liability that any of them has or may have to the Company and all claims and demands the Company has or may have against each of them, including, without limitation, any derivative action from or on behalf of shareholders of the Company, in connection with the declaration, making and payment of all or part of the relevant dividend.

2. GOVERNING LAW

This deed poll is governed by English law. Any non-contractual obligations arising out of or in connection with this deed poll shall be governed by English law.

IN WITNESS of which this deed poll has been executed and has been delivered on • 2024.

EXECUTED as a deed poll by PHSC PLC

acting by, _____)
a director _____) Director

in the presence of:

Witness signature: _____

Witness name: _____

Witness address: _____

Witness occupation: _____

PHSC plc

ANNEX II FORM OF SHAREHOLDERS' DEED OF RELEASE DEED POLL

THIS DEED POLL is made on • 2024

BY PHSC PLC (registered number 04121793) whose registered office is at The Old Church, 31 Rochester Road, Aylesford, Kent, ME20 7PR (the **Company**) in favour of the recipient shareholders (as defined below).

WHEREAS:

- (A) As explained in the annual report and accounts for the year ended 31 March 2024 sent to the shareholders of the Company dated 1 August 2024 that is appended to this deed poll (the **annual report**), the board of directors of the Company has become aware of a technical issue in respect of the Company's procedure for payment of the dividend of 0.75 pence per ordinary share paid by the Company on 12 January 2024 (the **relevant dividend**). Terms unless otherwise defined in the deed poll shall have the meanings given to them in the annual report.
- (B) The Company has been advised that, as a consequence of the relevant dividend having been made otherwise than in accordance with the Companies Act 2006, it may have claims against the past and present shareholders who were recipients of the relevant dividend (or their personal representatives and their successors in title (as appropriate) if they are deceased) (**recipient shareholders**).
- (C) Pursuant to the Non-Compliant Dividend Resolution as set out in the Notice of AGM contained in the annual report and duly passed by the Company's shareholders at the Company's AGM held on 19 September 2024, the Company proposes to waive and release any and all claims which it has or may have in respect of the relevant dividend against the recipient shareholders and wishes to enter into this deed poll in favour of the recipient shareholders in order to effect the same.

THIS DEED POLL WITNESSES as follows:

1. RELEASE

The Company hereby unconditionally and irrevocably waives and releases each of the recipient shareholders from any and all liability that any such recipient shareholder has or may have to the Company and all claims and demands the Company has or may have against each of them in connection with receipt by them of all or part of the relevant dividend.

2. GOVERNING LAW

This deed poll is governed by English law. Any non-contractual obligations arising out of or in connection with this deed poll shall be governed by English law.

IN WITNESS of which this deed poll has been executed and has been delivered on • 2024.

EXECUTED as a deed poll by PHSC PLC

acting by, _____) _____
a director _____) Director

in the presence of:

Witness signature: _____

Witness name: _____

Witness address: _____

Witness occupation: _____

PHSC plc

Proxy form for use by holders of ordinary shares in PHSC plc at the Annual General Meeting (AGM) to be held on Thursday 19 September 2024

Please read carefully the formal 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 on each resolution.

RESOLUTIONS	FOR	AGAINST	VOTE WITHHELD	AT DISCRETION
1. To receive the report and accounts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. To declare a final dividend	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Stephen King as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. To reappoint the auditors and authorise the directors to set their fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. To authorise the directors to allot shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. To disapply pre-emption rights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. To authorise share buybacks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. To amend the Company's Articles of Association	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Subject to passing of Resolution 8, the directors' interests in all matters in connection with the rectification of the distribution and the release of claims as set out in resolution 10 below be approved and ratified	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. To ratify the interim dividend	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Signature(s) (see note 5) Date2024

Notes:

- 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.
- 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.
- 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.
- 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.
- 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.
- 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 thereof.

