

Amended

REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2004
FOR
PHSC PLC



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COMPANIES HOUSE 30/06/05

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for the year ended 31st March 2004

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COMPANY INFORMATION
for the year ended 31st March 2004

DIRECTORS: S A King
N C Coote
G N Webb MBE

SECRETARY: S A King

REGISTERED OFFICE: The Old Church
31 Rochester Road
Aylesford
Kent
ME20 7PR

REGISTERED NUMBER: 4121793 (England and Wales)

AUDITORS: Waring & Partners
13 Middle Row
Bank Stree
Maidstone
Kent
ME14 1TG

COMPANY INFORMATION
for the year ended 31st March 2004

DIRECTORS: S A King
N C Coote
G N Webb MBE

SECRETARY: S A King

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REPORT OF THE DIRECTORS
for the year ended 31st March 2004

The directors present their report with the financial statements of the company and the group for the year ended 31st March 2004.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of providing, through its subsidiary companies, consultancy services and training in respect of health and safety, together with the sale of associated health and safety and other products.

REVIEW OF BUSINESS

The results for the year and financial position of the company and the group are as shown in the annexed financial statements.

The chairman's statement and review of the business is provided as a separate report.

DIVIDENDS

No interim dividend was paid during the year. The directors recommend a final dividend of 10p per share.

The total distribution of dividends for the year ended 31st March 2004 will be £76,250.

DIRECTORS

The directors during the year under review were:

S A King
N C Coote
G N Webb MBE - appointed 1.4.03

The beneficial interests of the directors holding office on 31st March 2004 in the issued share capital of the company were as follows:

	31.3.04	1.4.03 or date of appointment if later
Ordinary 10p shares		
S A King	3,767,293	254,500
N C Coote	3,632,240	245,000
G N Webb MBE	19,500	19,500

GROUP'S POLICY ON PAYMENT OF CREDITORS

The company seeks to maintain good relations with all of its trading partners. In particular, it is the company's policy to abide by the terms of payment agreed with each of its suppliers. As at 31 March 2004 the number of creditors days in respect of trade creditors was 5 (2003: 5).

POLITICAL AND CHARITABLE CONTRIBUTIONS

No charitable donations (2003 - nil) were made by the company during the year.

CORPORATE GOVERNANCE

The Company shares are traded on OFEX and the Company is not therefore required to report on compliance with the Combined Code appended to the listing rules. However, the Board of Directors supports the principles of good governance and the further guidance included in the Turnbull report. It is the Board's policy to comply as far as is reasonable for a business the size of PHSC plc.

SUBSTANTIAL SHAREHOLDINGS

As at 31st March 2004, apart from the directors shareholdings disclosed above, the directors were not aware of any individual shareholdings or interests in excess of 3% of the company's issued share capital.

REPORT OF THE DIRECTORS
for the year ended 31st March 2004

INTERNAL CONTROLS

The Directors acknowledge their responsibilities for the Company's systems of internal control. The Board considers all major business and financial risks. All strategic decisions are decided by the Board and the making of individual investment and loan decisions is designated to members of the Board. 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 company are appropriate to the business.

GOING CONCERN

United Kingdom company law requires the Company's Directors to consider whether it is appropriate to prepare the financial statements on the basis that the group is a going concern. In considering this matter the Directors have reviewed the Group's budget for 2004 and its plan for 2005. This included consideration of the cash flow implications of the budget and plan. The directors see no reason why the group and the company should not continue in operational existence for the foreseeable future. For this reason they have adopted the going concern basis in preparing the Group's financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, Waring & Partners, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:

S A King - Secretary

27th May 2004

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF Amended PHSC PLC

We have audited the revised financial statements of PHSC plc for the year ended 31st March 2004 on pages five to twenty one. These revised financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out therein. The revised financial statements replace the original financial statements approved by the directors on 27th May 2004

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described on page three the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the revised financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors is *not consistent with the revised financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.*

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent *misstatements within it.*

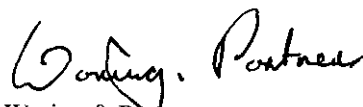
Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. *It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the revised financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.*

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with *sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error.* In forming our opinion we also evaluated the overall adequacy of the presentation of information in the revised financial statements.

Opinion

In our opinion the revised financial statements give a true and fair view, *seen as at the date the original financial statements were approved, of the state of affairs of the company and the group as at 31st March 2004 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985 as they have effect under the Companies (revision of Defective Accounts and Report) Regulations 1980.* In our opinion the original financial statements for the year ended 31st March 2004 failed to comply with the requirements of the Companies Act 1985 in the respects identified in the statement contained in note 1 to these financial statements.



Waring & Partners
Registered Auditors
13 Middle Row
Bank Street
Kent

25th May 2005

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31st March 2004

	Notes	31.3.04 £	31.3.03 £
TURNOVER		1,249,302	1,136,713
Cost of sales		<u>438,409</u>	<u>425,677</u>
GROSS PROFIT		810,893	711,036
Administrative expenses		<u>510,152</u>	<u>341,996</u>
OPERATING PROFIT	3	300,741	369,040
Interest receivable and similar income		<u>9,851</u>	<u>4,287</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		310,592	373,327
Tax on profit on ordinary activities	4	<u>76,097</u>	<u>91,768</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		234,495	281,559
Dividends	6	<u>76,250</u>	<u>198,908</u>
RETAINED PROFIT FOR THE YEAR FOR THE GROUP		<u><u>158,245</u></u>	<u><u>82,651</u></u>

CONTINUING OPERATIONS

None of the group's activities were acquired or discontinued during the current and previous years.

NOTE OF HISTORICAL COST PROFITS AND LOSSES

The difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis is not material.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
31st March 2004

	31.3.04 £	31.3.03 £
Profit for the financial period	234,495	281,559
Unrealised gain on revaluation of freehold property	<u>-</u> <u>234,495</u>	<u>103,112</u> <u>384,671</u>

CONSOLIDATED BALANCE SHEET

31st March 2004

	Notes	31.3.04		31.3.03	
		£	£	£	£
FIXED ASSETS					
Intangible assets	8		664,952		-
Tangible assets	9		396,503		390,637
Investments	10		-		-
			<u>1,061,455</u>		<u>390,637</u>
CURRENT ASSETS					
Debtors	11	376,727		153,530	
Cash at bank		<u>453,927</u>		<u>456,155</u>	
			830,654		609,685
CREDITORS					
Amounts falling due within one year	12	<u>228,120</u>		<u>190,890</u>	
			<u>602,534</u>		<u>418,795</u>
NET CURRENT ASSETS					
TOTAL ASSETS LESS CURRENT LIABILITIES					
			1,663,989		809,432
CREDITORS					
Amounts falling due after more than one year	13		<u>2,200</u>		<u>4,840</u>
			<u>1,661,789</u>		<u>804,592</u>
CAPITAL AND RESERVES					
Called up share capital	15		750,000		51,030
Share premium	16		-		18
Revaluation reserve	16		103,112		103,112
Profit and loss account	16		<u>808,677</u>		<u>650,432</u>
SHAREHOLDERS' FUNDS					
	19		<u>1,661,789</u>		<u>804,592</u>

ON BEHALF OF THE BOARD:



S A King - Director



N C Coote - Director

Approved by the Board on 27th May 2004

COMPANY BALANCE SHEET

31st March 2004

	Notes	31.3.04		31.3.03	
		£	£	£	£
FIXED ASSETS					
Intangible assets	8		-		-
Tangible assets	9		-		-
Investments	10		<u>700,000</u>		<u>-</u>
			700,000		-
CURRENT ASSETS					
Debtors	11	461,084		-	
Cash at bank		<u>51,397</u>		<u>50,000</u>	
		512,481		50,000	
CREDITORS					
Amounts falling due within one year	12	<u>76,669</u>		<u>6,160</u>	
NET CURRENT ASSETS					
			<u>435,812</u>		<u>43,840</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
			<u>1,135,812</u>		<u>43,840</u>
CAPITAL AND RESERVES					
Called up share capital	15		750,000		50,000
Profit and loss account	16		<u>385,812</u>		<u>(6,160)</u>
SHAREHOLDERS' FUNDS					
	19		<u>1,135,812</u>		<u>43,840</u>

ON BEHALF OF THE BOARD:



S A King - Director

N C Coote - Director

Approved by the Board on 27th May 2004

CASH FLOW STATEMENT
for the year ended 31st March 2004

	Notes	31.3.04		31.3.03	
		£	£	£	£
Net cash inflow from operating activities	1		145,995		484,197
Returns on investments and servicing of finance	2		9,851		4,287
Taxation			(87,410)		(54,329)
Capital expenditure	2		(38,024)		(50,775)
Acquisitions and disposals	2		-		-
Equity dividends paid			<u>(30,000)</u>		<u>(171,688)</u>
			412		211,692
Financing	2		<u>(2,640)</u>		<u>57,479</u>
(Decrease)/Increase in cash in the period			<u>(2,228)</u>		<u>269,171</u>
<hr/>					
Reconciliation of net cash flow to movement in net funds	3				
(Decrease)/Increase in cash in the period			(2,228)		269,171
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing			<u>2,640</u>		<u>(7,480)</u>
Change in net funds resulting from cash flows			<u>412</u>		<u>261,691</u>
Movement in net funds in the period			412		261,691
Net funds at 1st April			<u>448,675</u>		<u>186,984</u>
Net funds at 31st March			<u>449,087</u>		<u>448,675</u>

NOTES TO THE CASH FLOW STATEMENT

for the year ended 31st March 2004

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	31.3.04 £	31.3.03 £
Operating profit	300,741	369,040
Depreciation charges	66,158	33,899
(Increase)/Decrease in debtors	(223,197)	61,433
Increase in creditors	<u>2,293</u>	<u>19,825</u>
Net cash inflow from operating activities	<u><u>145,995</u></u>	<u><u>484,197</u></u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31.3.04 £	31.3.03 £
Returns on investments and servicing of finance		
Interest received	<u>9,851</u>	<u>4,287</u>
Net cash inflow for returns on investments and servicing of finance	<u><u>9,851</u></u>	<u><u>4,287</u></u>
Capital expenditure		
Purchase of tangible fixed assets	<u>(38,024)</u>	<u>(50,775)</u>
Net cash outflow for capital expenditure	<u><u>(38,024)</u></u>	<u><u>(50,775)</u></u>
Acquisitions and disposals		
Goodwill on Acquisition	(698,952)	-
Issue of shares	<u>698,952</u>	<u>-</u>
Net cash outflow for acquisitions and disposals	<u><u>-</u></u>	<u><u>-</u></u>
Financing		
Capital repayments in year	(2,640)	7,480
Share issue	<u>-</u>	<u>49,999</u>
Net cash (outflow)/inflow from financing	<u><u>(2,640)</u></u>	<u><u>57,479</u></u>

NOTES TO THE CASH FLOW STATEMENT
for the year ended 31st March 2004

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.03 £	Cash flow £	At 31.3.04 £
Net cash:			
Cash at bank	<u>456,155</u>	<u>(2,228)</u>	<u>453,927</u>
	<u>456,155</u>	<u>(2,228)</u>	<u>453,927</u>
Debt:			
Hire purchase	<u>(7,480)</u>	<u>2,640</u>	<u>(4,840)</u>
	<u>(7,480)</u>	<u>2,640</u>	<u>(4,840)</u>
Total	<u>448,675</u>	<u>412</u>	<u>449,087</u>

4. MAJOR NON-CASH TRANSACTIONS

A certain proportion of the consideration for the acquisition of the subsidiary during the year comprised shares as shown above.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st March 2004

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and are in accordance with applicable accounting standards.

Basis of consolidation

Consolidated accounts have been prepared, the subsidiary companies concerned being detailed in note 9 of the financial statements.

The comparative figures at 31st March 2003, however, represent the sum of the activities and net assets of those companies prior to their acquisition as subsidiaries on 1st April 2003 and are provided for reasons of comparison only.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of services to customers.

Income derived from annual contracts is recognised at the point at which a fair value can be attributed to the various components of the contract. Where it is not possible to attribute a fair value, consideration is given to whether sums received are non-refundable.

Goodwill

Goodwill arises on consolidation and represents the excess of cost of acquisition over the net asset values of the subsidiaries acquired. Goodwill is amortised through the profit and loss account in equal instalments over its estimated useful life.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- 2% on cost
Improvements to property	- 10% on cost
Fixtures & Equipment	- 25% on reducing balance
Motor vehicles	- 25% on reducing balance

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into the replacement assets and charged only to tax where the replacement assets are sold;

Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax balances are not discounted.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st March 2004

1. **ACCOUNTING POLICIES**

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and are in accordance with applicable accounting standards.

Basis of consolidation

Consolidated accounts have been prepared, the subsidiary companies concerned being detailed in note 9 of the financial statements.

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Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into the replacement assets and charged only to tax where the replacement assets are sold;

Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax balances are not discounted.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31st March 2004

1. **ACCOUNTING POLICIES - continued**

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Pensions

The group operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

Going Concern

United Kingdom company law requires the Company's Directors to consider whether it is appropriate to prepare the financial statements on the basis that the group is a going concern. In considering this matter the Directors have reviewed the Group's budget for 2004 and its plan for 2005. This included consideration of the cash flow implications of the budget and plan. The directors see no reason why the group and the company should not continue in operational existence for the foreseeable future. For this reason they have adopted the going concern basis in preparing the Group's financial statements.

Revised Financial statements

The original financial statements were prepared taking the exemptions available to smaller entities, such exemptions are not available to public limited companies. The revised financial statements show the disclosures required by the Companies Act 1985. The consolidated balance sheet included sums due from and to group undertakings, these have now been eliminated on consolidation.

2. **STAFF COSTS**

	31.3.04	31.3.03
	£	£
Wages and salaries	543,194	468,609
Social security costs	44,776	38,666
Other pension costs	<u>9,607</u>	<u>19,215</u>
	<u><u>597,577</u></u>	<u><u>526,490</u></u>

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

	31.3.04	31.3.03
Consultants	14	13
Administrative	<u>5</u>	<u>5</u>
	<u><u>19</u></u>	<u><u>18</u></u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31st March 2004

3. **OPERATING PROFIT**

The operating profit is stated after charging:

	31.3.04	31.3.03
	£	£
Hire of plant and machinery	-	3,978
Depreciation - owned assets	29,302	9,804
Depreciation - assets on hire purchase contracts	2,856	762
Goodwill amortisation	34,000	23,333
Auditors remuneration	2,000	4,150
Auditors' remuneration for non audit work	<u>6,875</u>	<u>1,500</u>
Directors' emoluments	<u>60,525</u>	<u>41,055</u>

4. **TAXATION**

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	31.3.04	31.3.03
	£	£
Current tax:		
UK corporation tax	77,690	91,768
Over/Under Provision	<u>(1,593)</u>	<u>-</u>
Tax on profit on ordinary activities	<u>76,097</u>	<u>91,768</u>

UK corporation tax has been charged at 25%

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	31.3.04	31.3.03
	£	£
Profit on ordinary activities before tax	<u>310,592</u>	<u>373,327</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2003 - 30%)	93,178	111,998
Effects of:		
Amortisation of goodwill on consolidation not eligible for capital allowances	10,200	-
Depreciation in excess of capital allowances claimed	3,319	3,881
Disallowed expenses and adjustments	698	385
Marginal Relief for profits less than upper limit	(31,298)	(30,427)
Over-provided in the accounts	<u>-</u>	<u>5,931</u>
Current tax charge	<u>76,097</u>	<u>91,768</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31st March 2004

5. PROFIT OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £468,222 (2003 - £(6,000) loss).

6. DIVIDENDS

	31.3.04	31.3.03
	£	£
Equity shares:		
Interim	-	168,908
Final	<u>76,250</u>	<u>30,000</u>
	<u>76,250</u>	<u>198,908</u>

7. PROFIT PER SHARE

The profit per share is 3.13p (2003 comparatives not applicable)

The basic profit per share is calculated by dividing the profit on ordinary activities after tax of £234,495 by 7,500,000 ordinary shares being the weighted average number shares in issue and carrying the right to receive dividend during year ended 31 March 2004.

8. INTANGIBLE FIXED ASSETS

Group	Goodwill
	£
COST	
At 1st April 2003	70,291
Additions	<u>698,952</u>
At 31st March 2004	<u>769,243</u>
AMORTISATION	
At 1st April 2003	70,291
Amortisation for year	<u>34,000</u>
At 31st March 2004	<u>104,291</u>
NET BOOK VALUE	
At 31st March 2004	<u>664,952</u>
At 31st March 2003	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31st March 2004

9. TANGIBLE FIXED ASSETS

Group

	Freehold property Totals £	Improvements to property £	Fixtures & Equipment £	Motor vehicles £	£
COST OR VALUATION					
At 1st April 2003	324,250	3,433	73,139	35,680	436,502
Additions	-	-	2,653	35,371	38,024
At 31st March 2004	<u>324,250</u>	<u>3,433</u>	<u>75,792</u>	<u>71,051</u>	<u>474,526</u>
DEPRECIATION					
At 1st April 2003	-	343	44,760	762	45,865
Charge for year	6,485	343	7,758	17,572	32,158
At 31st March 2004	<u>6,485</u>	<u>686</u>	<u>52,518</u>	<u>18,334</u>	<u>78,023</u>
NET BOOK VALUE					
At 31st March 2004	<u>317,765</u>	<u>2,747</u>	<u>23,274</u>	<u>52,717</u>	<u>396,503</u>
At 31st March 2003	<u>324,250</u>	<u>3,090</u>	<u>28,379</u>	<u>34,918</u>	<u>390,637</u>

Cost or valuation at 31st March 2004 is represented by:

	Freehold property Totals £	Improvements to property £	Fixtures & Equipment £	Motor vehicles £	£
Valuation in 2003	103,112	-	-	-	103,112
Cost	<u>221,138</u>	<u>3,433</u>	<u>75,792</u>	<u>71,051</u>	<u>371,414</u>
	<u>324,250</u>	<u>3,433</u>	<u>75,792</u>	<u>71,051</u>	<u>474,526</u>

If freehold property had not been revalued it would have been included at the following historical cost:

	31.3.04	31.3.03
	£	£
Cost	<u>221,138</u>	<u>211,138</u>

Freehold property was valued on an open market basis on 3rd February 2003 by Michael Jeffreys Chartered Surveyors.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31st March 2004

9. TANGIBLE FIXED ASSETS - continued

Group

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £
COST OR VALUATION	
At 1st April 2003 and 31st March 2004	<u>12,185</u>
DEPRECIATION	
At 1st April 2003	762
Charge for year	<u>2,856</u>
At 31st March 2004	<u>3,618</u>
NET BOOK VALUE	
At 31st March 2004	<u>8,567</u>
At 31st March 2003	<u>11,423</u>

10. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £
COST	
Additions	<u>700,000</u>
At 31st March 2004	<u>700,000</u>
NET BOOK VALUE	
At 31st March 2004	<u>700,000</u>

The group or the company's investments at the balance sheet date in the share capital of companies include the following:

Subsidiaries

Personnel Health & Safety Consultants Limited

Nature of business: Health & Safety

Class of shares:	%
ordinary shares	holding 100.00

Personnel Health & Safety Consultants (Southern) Limited

Nature of business: Health & Safety

Class of shares:	%
ordinary	holding 100.00

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31st March 2004

10. **FIXED ASSET INVESTMENTS - continued****Personnel Health & Safety Consultants (Northern) Limited**

Nature of business: Health & Safety

	%
Class of shares:	holding
ordinary	100.00

Personnel Health & Safety (Midlands) Limited

Nature of business: Health & Safety

	%
Class of shares:	holding
ordinary	100.00

CounterClaim UK Limited

Nature of business: Health & Safety

	%
Class of shares:	holding
ordinary	100.00

During the year the company acquired a 100% shareholding in Personnel Health & Safety Consultants Limited, Personnel Health & Safety Consultants (Southern) Limited, Personnel Health & Safety Consultants (Northern) Limited, Personnel Health & Safety Consultants (Midlands) Limited and CounterClaim Limited. The cost of the investment was £700,000 and assets of £1,048 were acquired resulting in goodwill arising of £698,952.

Net assets are considered to be of fair value.

11. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	31.3.04	31.3.03	31.3.04	31.3.03
	£	£	£	£
Trade debtors	143,886	122,738	-	-
Amounts owed by group undertakings	-	-	454,913	-
Other debtors	203,069	5	6,171	-
Prepayments and accrued income	29,772	30,715	-	-
Prepayments	-	72	-	-
	<u>376,727</u>	<u>153,530</u>	<u>461,084</u>	<u>-</u>

12. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	31.3.04	31.3.03	31.3.04	31.3.03
	£	£	£	£
Hire purchase contracts (see note 14)	2,640	2,640	-	-
Amounts owed to group undertakings	-	-	-	160
Tax	77,690	89,003	419	-
Social security and other taxes	12,552	18,413	-	-
VAT	50,434	35,849	-	-
Proposed dividends	76,250	30,000	76,250	-
Other creditors	3,756	1,352	-	-
Directors' current accounts	47	47	-	-
Accrued expenses	4,751	13,586	-	6,000
	<u>228,120</u>	<u>190,890</u>	<u>76,669</u>	<u>6,160</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31st March 2004

13. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	Group	
	31.3.04	31.3.03
	£	£
Hire purchase contracts (see note 14)	<u>2,200</u>	<u>4,840</u>

14. **OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES**

Group

	Hire purchase contracts	
	31.3.04	31.3.03
	£	£
Net obligations repayable:		
Within one year	2,640	2,640
Between one and five years	<u>2,200</u>	<u>4,840</u>
	<u>4,840</u>	<u>7,480</u>

The following operating lease payments are committed to be paid within one year:

Group

	Land and buildings		Other operating leases	
	31.3.04	31.3.03	31.3.04	31.3.03
	£	£	£	£
Expiring:				
Between one and five years	<u>-</u>	<u>-</u>	<u>994</u>	<u>-</u>

15. **CALLED UP SHARE CAPITAL**

Authorised:				
Number:	Class:	Nominal value:	31.3.04	31.3.03
			£	£
10,000,000	Ordinary	10p	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.3.04	31.3.03
			£	£
7,500,000	Ordinary	10p	750,000	51,030
(31.3.03 - 500,000)			<u> </u>	<u> </u>

The following shares were allotted and fully paid for cash at par during the year:

7,000,000 Ordinary shares of 10p each

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31st March 2004

16. RESERVES

Group	Profit and loss account £	Revaluation reserve £	Totals £
At 1st April 2003	650,432	103,112	753,544
Retained profit for the year	<u>158,245</u>	<u>-</u>	<u>158,245</u>
At 31st March 2004	<u>808,677</u>	<u>103,112</u>	<u>911,789</u>
Company			Profit and loss account £
At 1st April 2003			(6,160)
Retained profit for the year			<u>391,972</u>
At 31st March 2004			<u>385,812</u>

17. RELATED PARTY DISCLOSURES

The company is exempt from the requirement to disclose related party transactions with other group companies under the provisions of Financial Reporting Standard No. 8. All group transactions were eliminated on consolidation.

18. ULTIMATE CONTROLLING PARTY

PHSC plc, incorporated in the UK, is the ultimate parent company. Mr SA King, managing director, is the ultimate controlling party with 48.7% of the issued share capital of PHSC plc.

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group	31.3.04 £	31.3.03 £
Profit for the financial year	234,495	281,559
Dividends	<u>(76,250)</u>	<u>(198,908)</u>
Revaluation of Freehold Property	158,245	82,651
Shares issued in Holding company	-	103,112
Shares issued in a subsidiary company	700,000	49,998
Shares exchange in subsidiary companies	<u>(1,048)</u>	<u>1</u>
Net addition to shareholders' funds	857,197	235,762
Opening shareholders' funds	<u>804,592</u>	<u>568,830</u>
Closing shareholders' funds	<u>1,661,789</u>	<u>804,592</u>
Equity interests	<u>1,661,789</u>	<u>804,592</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31st March 2004

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS - continued

Company	31.3.04	31.3.03
	£	£
Profit/(Loss) for the financial year	468,222	(6,000)
Dividends	<u>(76,250)</u>	<u>-</u>
	391,972	(6,000)
Shares Issued	<u>700,000</u>	<u>49,998</u>
Net addition to shareholders' funds	1,091,972	43,998
Opening shareholders' funds	<u>43,840</u>	<u>(158)</u>
Closing shareholders' funds	<u>1,135,812</u>	<u>43,840</u>
Equity interests	<u>1,135,812</u>	<u>43,840</u>

20. TREASURY POLICY AND FINANCIAL INSTRUMENTS

The group operates informal treasury policies which include continuing assessments of interest rate management and borrowing policy. The board approves all decision on treasury policy.

Facilities are arranged, based on criteria determined by the board, as required to finance the long term requirements of the group. To date the group has financed its activities by the raising of funds through the placing of shares.

The group has taken advantage of the exemption permitting it not to include short term debtors and in the disclosures required by FRS 13 'Derivatives and Other Financial Instruments: Disclosure' other than the currency disclosures.

CONSOLIDATED TRADING AND PROFIT AND LOSS ACCOUNT
for the year ended 31st March 2004

	31.3.04		31.3.03	
	£	£	£	£
Sales		1,249,302		1,136,713
Cost of sales				
Wages	406,496		371,885	
Social security	31,913		31,022	
Other direct costs	<u>-</u>		<u>22,770</u>	
		<u>438,409</u>		<u>425,677</u>
GROSS PROFIT		810,893		711,036
Other income				
Deposit account interest		<u>9,851</u>		<u>4,287</u>
		820,744		715,323
Expenditure				
Rates and water	6,959		7,386	
Light and heat	1,577		1,854	
Building repairs & maintenance	14,110		6,696	
Cleaning expenses	1,579		1,518	
Directors' salaries	60,525		41,055	
Directors' social security	6,566		3,755	
Wages	76,173		55,669	
Social security	6,297		3,889	
Pensions	9,607		19,215	
Equipment hire	-		3,978	
Telephone	5,596		4,608	
Post and stationery	10,497		9,786	
Advertising	12,523		12,965	
Motor expenses	31,402		9,081	
Car hire	-		26,573	
Travel and subsistence	56,442		52,113	
Trade licences & subscriptions	13,033		3,627	
Insurances	4,600		3,473	
Staff training and welfare	37,028		6,601	
Health insurance	7,402		6,855	
Software licences & consumable	1,507		1,603	
Sundry expenses	422		280	
Legal and professional fees	36,252		8,542	
Accountancy	4,618		6,000	
Consultancy fees	19,713		-	
Auditors remuneration	2,000		4,150	
Auditors' remuneration for non audit work	6,875		1,500	
Bad debts	2,363		2,944	
Entertainment	<u>7,638</u>		<u>1,284</u>	
		<u>443,304</u>		<u>307,000</u>
		377,440		408,323
Finance costs				
Bank charges		690		1,097
		<u> </u>		<u> </u>
Carried forward		376,750		407,226

This page does not form part of the statutory financial statements

CONSOLIDATED TRADING AND PROFIT AND LOSS ACCOUNT
for the year ended 31st March 2004

	31.3.04		31.3.03	
	£	£	£	£
Brought forward		376,750		407,226
Depreciation				
Goodwill	34,000		23,333	
Freehold property	6,485		-	
Improvements to property	343		343	
Plant and machinery	7,758		9,461	
Motor vehicles	<u>17,572</u>		<u>762</u>	
		<u>66,158</u>		<u>33,899</u>
NET PROFIT		<u><u>310,592</u></u>		<u><u>373,327</u></u>