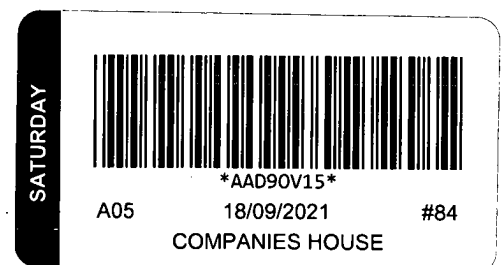


Registered number: 02754875

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
FOR
INSPECTION SERVICES (UK) LIMITED**



INSPECTION SERVICES (UK) LIMITED

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INSPECTION SERVICES (UK) LIMITED

COMPANY INFORMATION
for year ended 31 March 2021

DIRECTORS:	S A King N C Coote
SECRETARY:	SGH Company Secretaries Limited
REGISTERED OFFICE:	The Old Church 31 Rochester Road Aylesford Kent ME20 7PR
REGISTERED NUMBER:	02754875 (England and Wales)
AUDITOR:	Crowe U.K. LLP Chartered Accountants & Registered Auditors Riverside House 40-46 High Street Maidstone Kent ME14 1JH

INSPECTION SERVICES (UK) LIMITED
for year ended 31 March 2021

REPORT OF THE DIRECTORS

The directors present their report with the audited financial statements of the Company for the year ended 31 March 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Company in the year under review was the examination and certification of lifts, lifting equipment, pressure plant, power presses and other workplace equipment.

REVIEW OF BUSINESS

Inspection Services (UK) Limited (ISL) was the only member of the PHSC plc Group that did not benefit from government support by way of the Coronavirus Job Retention Scheme (CJRS) or small business grants from the local authority during the year. This was due to the enforcing authorities having notified duty holders across the UK that the obligation to have plant and equipment examined in line with statutory frequencies was not being relaxed during the pandemic.

Although COVID-19 did not directly affect the obligation on employers to arrange for their plant and equipment to be examined and certificated, the pandemic did cause certain difficulties for ISL. These centred around clients who were unable to arrange access due to site closure or who were reticent about having external personnel on their premises. This made it less efficient when designing engineers' work rotas and resulted in some gaps in utilisation.

Despite these difficulties, ISL achieved revenues approaching £214,000 compared with around £231,000 the year before. EBITDA before management charges was £41,300 which was approximately 7% lower than the £44,500 achieved last year.

The Company continues to work predominantly through insurance brokers, with a small percentage of sales made directly to clients. Where work is arranged through brokers, commissions are paid for the introduction.

INSPECTION SERVICES (UK) LIMITED
for year ended 31 March 2021

REPORT OF THE DIRECTORS

KEY PERFORMANCE INDICATORS

	Notes	31.3.21 £	31.3.20 £
Earnings before interest, tax, depreciation and amortisation (EBITDA)		29,329	32,518
Add back: management charge from PHSC plc		12,000	12,000
Earnings before interest, tax, depreciation and amortisation EBITDA)	a	41,329	44,518
Turnover		213,857	230,840
Gross profit		89,531	104,158
Gross profit margin (<i>gross profit / turnover</i>)	b	42%	45%
Trade debtors		23,137	21,703
Trade debtors excluding VAT		19,281	18,086
Debtor days (<i>trade debtors excluding VAT / turnover x 365</i>)	c	33	29
Current assets		106,156	141,221
Less: amounts owed by group companies		-	-
		<u>106,156</u>	<u>141,221</u>
Current liabilities		83,944	105,561
Amounts owed to group companies		(5,292)	(2,087)
		<u>78,652</u>	<u>103,474</u>
Current ratio (<i>current assets / current liabilities</i>) (<i>both excluding group balances</i>)	d	1.3	1.4
Staff statistics (excluding directors)	e		
Joiners during the year		-	2
Leavers during the year		-	2
Average length of service per staff member		6	5

Notes:

- (a) The key figure for profitability used by the directors and management team is EBITDA with the management charges from PHSC plc added back. This figure forms the basis of announcements of the consolidated group results to investors.
- (b) The gross profit margin is tracked monthly as this reflects the core profitability of the Company and illustrates the financial success of the services being provided by ISL. The gross profit margin decreased by 3% for the year ended 31 March 2021 as engineers are paid a fixed salary, remaining the same when turnover falls.
- (c) The debtor day's ratio shows how quickly sales are being converted into cash; ISL currently waits just over a month to be paid.
- (d) The current ratio is used to monitor the liquidity of ISL. The change in this ratio is minimal and there is no concern that ISL will be unable to meet its short-term obligations.
- (e) The staff team has remained unchanged during the year.

INSPECTION SERVICES (UK) LIMITED
for the year ended 31 March 2021

REPORT OF THE DIRECTORS

DIVIDENDS

A dividend of £30,000 (2020 – £50,000) was paid to the holding company, PHSC plc, during the year.

DIRECTORS

The directors during the year under review were:

S A King

N C Coote

INTERNAL CONTROLS

The directors acknowledge their responsibilities for the Company's systems of internal control. The directors consider all major business and financial risks and resolve strategic decisions. Accepting that no system of control can provide absolute assurance against material misstatement or loss, the directors believe that the established systems for internal control within the Company are appropriate to the business.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the Company's strategy are subject to a number of risks and uncertainties. As the Company is a 100% subsidiary of PHSC plc, it is appropriate to consider these in the context of the Group as a whole. Further discussion is provided in note 1 to the financial statements in the Group's annual report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable laws and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) in conformity with the requirements of the Companies Act 2006.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit and loss for that period. In preparing the financial statements, the directors are required to;

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GOING CONCERN

The directors confirm that they consider the going concern basis to be appropriate. The statutory examination requirements contained in regulations under the Health and Safety at Work etc Act 1974 were not lifted during the COVID-19 pandemic. The engineers continued with their inspection programmes, with clients contacted in advance to gain access to the premises. Clients were supplied with written details of ISL's COVID-19 working practices and what was necessary to ensure compliance with government guidelines. As a result, the impact on the Company's turnover has been limited and the trading expectation for the year ending 31 March 2022 is for ISL to remain profitable. The Company is fortunate in being able to access support from its holding company, PHSC plc, which has considerable financial resources should the need arise. Consequently, the directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future.

INSPECTION SERVICES (UK) LIMITED
for the year ended 31 March 2021

REPORT OF THE DIRECTORS

PROVISION OF INFORMATION TO THE AUDITOR

So far as each of the directors is aware at the time the report is approved;

- there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The above report has been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

AUDITOR

Crowe U.K. LLP has indicated its willingness to be re-appointed as statutory auditor.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'S A King', with a horizontal line extending from the end of the signature.

S A King - Director
23 August 2021

REPORT OF THE INDEPENDENT AUDITOR TO THE SHAREHOLDERS OF INSPECTION SERVICES (UK) LIMITED

Opinion

We have audited the financial statements of Inspection Services (UK) Limited (the Company) for the year ended 31 March 2021, which comprise:

- the statement of comprehensive income for the year ended 31 March 2021;
- the statement of financial position as 31 March 2021;
- the statements of cash flows for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, including significant accounting policies.

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

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

REPORT OF THE INDEPENDENT AUDITOR TO THE SHAREHOLDERS OF INSPECTION SERVICES (UK) LIMITED

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

REPORT OF THE INDEPENDENT AUDITOR TO THE SHAREHOLDERS OF INSPECTION SERVICES (UK) LIMITED

and data protection.

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

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested a sample of journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 17 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

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

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

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

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

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

Use of our report

This report is made solely to the Company's shareholders, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP

Mark Anderson
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
Riverside House, 40 – 46 High Street, Maidstone, Kent, ME14 1JH

2 September 2021

INSPECTION SERVICES (UK) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2021

	Note	31.3.21 £	31.3.20 £
Revenue	3	213,857	230,840
Cost of sales		<u>(124,326)</u>	<u>(126,682)</u>
GROSS PROFIT		89,531	104,158
Administrative expenses		<u>(70,031)</u>	<u>(78,762)</u>
PROFIT BEFORE TAX	4	19,500	25,396
Income tax expense	7	<u>(3,705)</u>	<u>(4,825)</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		15,795	20,571
Other comprehensive income		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME		<u>15,795</u>	<u>20,571</u>
Attributable to equity holders		15,795	20,571

All amounts relate to continuing activities.

Accounting policies and notes on pages 13 to 19 form part of these financial statements

INSPECTION SERVICES (UK) LIMITED

STATEMENT OF FINANCIAL POSITION
as at 31 March 2021

	Note	31.3.21 £	31.3.20 £
NON-CURRENT ASSETS			
Property, plant and equipment	8	15,158	24,987
CURRENT ASSETS			
Trade and other receivables	9	36,838	41,674
Cash at cash equivalents		69,318	99,547
		<u>106,156</u>	<u>141,221</u>
TOTAL ASSETS		121,314	166,208
CURRENT LIABILITIES			
Trade and other payables	10	71,101	91,664
Right of use liabilities	11	9,017	9,257
Current corporation tax payable		3,826	4,640
		<u>83,944</u>	<u>105,561</u>
NON-CURRENT LIABILITIES			
Right of use liabilities		4,226	13,177
Deferred tax	12	364	485
		<u>4,590</u>	<u>13,662</u>
TOTAL LIABILITIES		88,534	119,223
NET ASSETS		<u>32,780</u>	<u>46,985</u>
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS			
Called up share capital	13	100	100
Retained earnings		32,680	46,885
		<u>32,780</u>	<u>46,985</u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Approved and authorised for issue by the Board on 23 August 2021 and signed on its behalf by:



S A King – Director

Accounting policies and notes on pages 13 to 19 form part of these financial statements

INSPECTION SERVICES LIMITED
STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2021

	Share Capital £	Retained Earnings £	Total £
Balance at 1 April 2020	100	46,885	46,985
Total comprehensive income	-	15,795	15,795
Dividend paid	-	(30,000)	(30,000)
Balance at 31 March 2021	<u>100</u>	<u>32,680</u>	<u>32,780</u>
 Balance at 1 April 2019	 100	 76,314	 76,414
Total comprehensive income	-	20,571	20,571
Dividend paid	-	(50,000)	(50,000)
Balance at 31 March 2020	<u>100</u>	<u>46,885</u>	<u>46,985</u>

INSPECTION SERVICES (UK) LIMITED

STATEMENT OF CASH FLOWS for the year ended 31 March 2021

	Note	31.3.21 £	31.3.20 £
Cash flows from operating activities:			
Cash generated from operations	I	13,602	16,549
Taxation paid		<u>(4,640)</u>	<u>(5,379)</u>
Net cash generated from operating activities		<u>8,962</u>	<u>11,170</u>
Cash flows used by investing activities			
Purchase of property, plant and equipment		<u>-</u>	<u>(1,826)</u>
Net cash used by investing activities		<u>-</u>	<u>(1,826)</u>
Cash flows used by financing activities			
Dividends paid to Group shareholders		(30,000)	(50,000)
Payments on right of use assets		<u>(9,191)</u>	<u>(6,271)</u>
Net cash used by financing activities		<u>(39,191)</u>	<u>(56,271)</u>
Net decrease in cash and cash equivalents		(30,229)	(46,927)
Cash and cash equivalents at beginning of year		<u>99,547</u>	<u>146,474</u>
Cash and cash equivalents at end of year		<u>69,318</u>	<u>99,547</u>

NOTES TO THE GROUP STATEMENT OF CASH FLOWS for the year ended 31 March 2021

	31.3.21 £	31.3.20 £
I. CASH GENERATED FROM OPERATIONS		
Profit before taxation	19,500	25,396
Depreciation charge	9,829	7,122
Decrease in trade and other receivables	4,836	7,791
Decrease in trade and other payables	<u>(20,563)</u>	<u>(23,760)</u>
Cash generated from operations	<u>13,602</u>	<u>16,549</u>

INSPECTIONS SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2021

1. BASIS OF PREPARATION

The Company's financial statements have been prepared in accordance with IFRSs, in conformity with the requirements of the Companies Act 2006, International Financial Reporting Intermediate Committee (IFRIC) interpretations and under the historical cost convention.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 16.

Accounting standards require the directors to consider the appropriateness of the going concern basis when preparing the financial statements. The directors confirm that they consider that the going concern basis remains appropriate and in accordance with Financial Reporting Council guidance have provided reasons for this opinion in the going concern section of the directors report on page 4.

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

2. ACCOUNTING POLICIES

Revenue

Revenue, which excludes value added tax, represents the amount receivable in respect of services provided to customers for the inspection and certification of a range of equipment.

Revenue from services is recognised across the period of the inspection certificate. 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.

The whole of revenue is attributable to inspection and certification of equipment and all revenue was generated in the UK.

Deferred income tax

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

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.

INSPECTION SERVICES (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2021

ACCOUNTING POLICIES continued

Pensions

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

Property, plant and equipment

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

Furniture, fittings and equipment	25% reducing balance
-----------------------------------	----------------------

Leases

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

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

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

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

Lease liabilities are measured at the present value of contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company'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.

Financial instruments

Trade receivables and contract assets are initially stated at fair value and subsequently measured at amortised cost using the effective interest method. The carrying amounts for accounts receivable are net of allowances for expected credit losses. The Company evaluated the expected credit losses on trade receivables by reviewing historical data. Individual receivables are only written off when management deems them not collectible.

INSPECTION SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS – continued for the year ended 31 March 2021

3. REVENUE

The revenue of the Company during the year was generated in the UK and the revenue of the Company for the year derives from the same class of business as noted in the directors' report.

4. PROFIT BEFORE TAXATION

The profit before taxation is stated after charging:	31.3.21	31.3.20
	£	£
Depreciation – owned assets	638	851
Depreciation – right of use assets	<u>9,191</u>	<u>6,271</u>

5. STAFF COSTS

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

Directors	2	2
Consultants	2	2
Administration	<u>2</u>	<u>2</u>
	<u>6</u>	<u>6</u>

The aggregate payroll costs of these persons were as follows:	31.3.21	31.3.20
	£	£
Wages and salaries	89,385	87,960
Social security costs	7,511	7,406
Other pension costs	<u>7,386</u>	<u>5,704</u>
	<u>104,282</u>	<u>101,070</u>

The directors are considered to be key management personnel of the Company. The directors did not receive any remuneration during the year (2020 – nil).

6. AUDITOR'S REMUNERATION

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

	31.3.21	31.3.20
	£	£
Audit of the Company's annual financial statements	<u>1,200</u>	<u>1,200</u>

INSPECTION SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2021

7. INCOME AND DEFERRED TAX CHARGES

Analysis of the tax charge

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

	31.3.21	31.3.20
	£	£
Current tax:		
UK corporation tax at 19% (2020 – 19%)	3,826	4,640
Corporation tax (over)/under provision in respect of prior years	-	-
Total current tax	<u>3,826</u>	<u>4,640</u>
Deferred tax:		
Origination and reversal of timing differences	(121)	185
Total tax charge for the year	<u>3,705</u>	<u>4,825</u>

Factors affecting the tax charge

The tax assessed for the year is the same as (2020 – same as) than the standard rate of corporation tax in the UK.
The reconciliation is explained below:

	31.3.21	31.3.20
	£	£
Profit on ordinary activities before tax	<u>19,500</u>	<u>25,396</u>
Profit on ordinary activities multiplied by the lower rate of corporation tax in the UK of 19% (2020: 19%)	3,705	4,825
Effects of:		
Expenses not deductible for tax purposes	-	-
Group relief of losses	-	-
Total tax charge for the year	<u>3,705</u>	<u>4,825</u>

8. TANGIBLE FIXED ASSETS

	Office Equipment £	Right of use Asset £	Total £
COST OR VALUATION			
At 1 April 2020	21,555	28,705	50,260
Additions	-	-	-
Disposals	-	-	-
At 31 March 2021	<u>21,555</u>	<u>28,705</u>	<u>50,260</u>
DEPRECIATION			
At 1 April 2020	19,002	6,271	25,273
Charge for the year	638	9,191	9,829
Disposals	-	-	-
At 31 March 2021	<u>19,640</u>	<u>15,462</u>	<u>35,102</u>
NET BOOK VALUE			
At 31 March 2021	<u>1,915</u>	<u>13,243</u>	<u>15,158</u>
At 31 March 2020	<u>2,553</u>	<u>22,434</u>	<u>24,987</u>

INSPECTION SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2021

9. TRADE AND OTHER RECEIVABLES

	31.3.21	31.3.20
	£	£
Trade receivables	23,137	21,704
Other receivables, prepayments and accrued income	13,701	19,970
	<u>36,838</u>	<u>41,674</u>

The recoverability of receivables is not considered to be a significant issue to the Company. Many customers have a long-standing relationship with ISL. A clearly defined procedure for credit control is in place and the level and age of debtors are reviewed on a regular basis by both the company directors and by the board of PHSC plc.

The ageing analysis of the trade receivables is as follows:

	31.3.21	31.3.20
	£	£
Current	13,137	12,129
One month old	7,975	7,093
Two to six months old	1,857	2,482
Over six months old	168	-
	<u>23,137</u>	<u>21,704</u>

Some of the trade receivables are past due but there are none considered impaired as at 31 March 2021 (2020: nil). The receivables due at the end of the financial year relate to trading customers.

10. TRADE AND OTHER PAYABLES

	31.3.21	31.3.20
	£	£
Social security and other taxes	8,724	7,561
Amount due to group undertakings	5,292	2,087
Other creditors	335	-
Accruals	3,239	3,277
Contract liabilities	53,511	78,739
	<u>71,101</u>	<u>91,664</u>

On 1 January 2010, the Company and the PHSC plc Group entered an unlimited multilateral guarantee with HSBC plc. This facility is reviewed annually. The Company's balance as at 31 March 2021 was £69,318 (2020: £99,547) within the Group's cash at bank and in hand figure of £1,237,483 (2020: £755,919).

11. LEASES

	31.3.21	31.3.20
	£	£
Amounts due in under one year – right of use liabilities	9,017	9,257
Amounts due in over one year – right of use liabilities	4,226	13,177
	<u>13,243</u>	<u>22,434</u>

INSPECTION SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2021

12. DEFERRED TAXATION

	31.3.21	31.3.20
	£	£
Deferred taxation	<u>364</u>	<u>485</u>
	Deferred tax	Deferred tax
	£	£
At 1 April 2020	485	300
Deferred tax charge in year (see note 7)	<u>(121)</u>	<u>185</u>
At 31 March 2021	<u>364</u>	<u>485</u>

13. SHARE CAPITAL

	31.3.21	31.3.20
	£	£
Allotted, issued and fully paid		
100 ordinary shares – nominal value £1.00	<u>100</u>	<u>100</u>

14. RELATED PARTY DISCLOSURES

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

	31.3.21	31.3.20
	£	£
Management charge from PHSC plc to ISL	<u>12,000</u>	<u>12,000</u>

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

	31.3.21	31.3.20
	£	£
Amounts owed to group undertakings		
PHSC plc	3,111	958
Personnel Health and Safety Consultants Limited	<u>2,181</u>	<u>1,130</u>
	<u>5,292</u>	<u>2,088</u>

15. FINANCIAL INSTRUMENTS

	31.3.21	31.3.20
	£	£

Financial assets at amortised cost

Trade and other receivables	36,838	41,674
Cash and cash equivalents	<u>69,318</u>	<u>99,547</u>
	<u>106,156</u>	<u>141,221</u>

Financial liabilities at amortised cost

Trade and other payables	<u>71,101</u>	<u>91,664</u>
	<u>71,101</u>	<u>91,664</u>

Due within 1 year	71,101	91,664
Due in over 1 year	-	-
	<u>71,101</u>	<u>91,664</u>

INSPECTION SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS – continued for the year ended 31 March 2021

FINANCIAL INSTRUMENTS continued

The Company's principal financial instruments comprise cash, short term borrowings and various items such as trade receivables, trade payables etc. that arise directly from operations. The main purpose of these financial instruments is the funding of the Company's trading activities.

The main risks arising from the Company's financial instruments are liquidity risk and credit risk. The directors review and agree policies for managing each of these risks and they are summarised overleaf. These policies have remained unchanged from previous periods.

The source currency of the assets and liabilities of the Company are held in sterling and all transactions are in sterling. The Company is not therefore exposed to currency risk.

Liquidity risk

The Company seeks to manage financial risk by ensuring sufficient liquidity is available from current banking facilities to meet foreseeable needs and to invest cash assets safely and profitably.

Credit risk

The Company's principal financial assets are cash and trade receivables. The credit risk associated with the cash is limited and the risk of non-payment through credit sales is monitored very closely by the directors.

Fair values

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

16. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

- Recoverability of trade debtors: the directors annually assess whether a bad debt provision is required for any bad or doubtful debtor balances.
- Revenue recognition: revenue from services is recognised evenly across the length of the contract as this is considered the best estimate of the fulfilment of obligations.

17. PARENT UNDERTAKING

PHSC plc, incorporated in England and Wales, is the ultimate parent company of the group. There is no ultimate controlling party but the largest shareholder, Mr S A King, group chief executive, holds 21.67% (2020: Mr S A King, 21.73%) of the issued share capital of PHSC plc. The parent company operates within the UK and its accounts may be obtained from the same registered office address as noted on page 1 of these accounts.