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ERM Overseas Limited

Report and Financial Statements

31 March 2007

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COMPANIES HOUSE

ERM Overseas Limited

Registered No 1621654

Directors

Claudio Bertora
Malcolm Hutton
Stephen Harrison

Secretary

Stephen Harrison

Auditors

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Registered office

8 Cavendish Square
London
W1G 0ER

Directors' report

The directors present their report and financial statements for the year ended 31 March 2007

Results and dividends

The net loss for the year after taxation amounted to £4,028 (2006 - £19,777) The directors do not recommend a final dividend

Principal activities and review of the business

The principal activities of the company during the year were the provision of environmental and risk consulting services

No significant change in the nature of these activities occurred during the year

The company's key financial and other performance indicators during the year were as follows

	2007 £	2006 £	Change %
Turnover	277,764	28,037	890.7 %
Net Revenue	267,893	28,037	855.5 %
Staff Costs	(129,345)	(37,098)	248.7 %
Depreciation and other operating charges	(148,268)	(10,716)	1,283.6 %
Operating Loss	(9,720)	(19,777)	50.9 %

Net revenue is the main measure of operating activity and grew by 856% year on year. The relationship between turnover and net revenue is a function of the mix of project work that is performed during the year.

Analysis of risk factors

The main risks arising from the company's financial instruments are foreign currency risk, interest rate risk and liquidity risk. The company does not have a material exposure to investment risk. The board reviews policies for managing each of these risks, and they are summarised as follows:

Foreign Currency Risk

The company operates in local currencies in its main operating jurisdictions. Transactions in other foreign currencies are recorded at the rate ruling at the date of transaction and outstanding balances are regularly revalued to reflect the prevailing rates of exchange.

Interest rate risk

The company borrows in currencies to match the denomination at fixed and floating rates of interest to generate the desired interest profile and to manage the company's exposure to interest fluctuations.

Liquidity risk

The company's policy is to finance its operations and expansion through working capital. The company's strategy is to target expansion through organic growth, building a presence in major regional markets.

Directors

The directors during the year were as shown on page 1

Directors' report

Auditors

Ernst & Young LLP will not be seeking re-election as auditors

Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that:

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware, and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



Claudio Bertora
Director

14 APR 2008

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company 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, 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of ERM Overseas Limited

We have audited the company's financial statements for the year ended 31 March 2007 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 15. These financial statements have been prepared on the basis of the accounting policies set out therein.

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 in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, are properly prepared in accordance with the Companies Act 1985, and whether the information given in the Directors' Report is consistent with the financial statements.

We also report to you if, in our opinion, 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 other transactions is not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 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 financial statements.

Independent auditors' report

to the members of ERM Overseas Limited (continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company as at 31 March 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

14 APR 2008

Profit and loss account

for the year ended 31 March 2007

	Notes	2007 £	2006 £
Turnover	2	277,764	28,037
Project costs		(9,871)	-
Staff Costs	6	(129,345)	(37,098)
Other Operating expenses		(148,268)	(10,716)
		(287,484)	(47,814)
Operating loss	3	(9,720)	(19,777)
Interest payable	4	(3 754)	-
Loss on ordinary activities before taxation		(13,474)	(19,777)
Taxation	7	9,446	-
Loss for the financial year		(4,028)	(19,777)


Statement of total recognised gains and losses

There are no recognised gains or losses other than as shown above

Balance sheet

at 31 March 2007

	Notes	2007 £	2006 £
Fixed assets			
Tangible assets	8	4,970	-
Current assets			
Debtors	9	95,284	46,347
Creditors amounts falling due within one year	10	(111,742)	(54,124)
Net current liabilities		(16,458)	(7,777)
Provisions	11	(317)	-
Net liabilities		(11,805)	(7,777)
Capital and reserves			
Called up share capital	12	12,000	12,000
Profit and loss account		(23,805)	(19,777)
Equity shareholders' funds	13	(11,805)	(7,777)



Claudio Bertora
Director

14 APR 2008

Notes to the financial statements

at 31 March 2007

1. Accounting policies

Accounting convention

The financial statements are prepared under the historical cost convention and on a going concern basis in accordance with applicable accounting standards. The directors consider the going concern basis to be appropriate as the company's immediate parent undertaking, Environmental Resources Management Limited has agreed to provide sufficient funds to allow the company to meet its liabilities as they fall due.

Statement of cash flows

The company has taken advantage of the exemption available under FRS 1 not to prepare a statement of cash flows.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Deferred taxation

Deferred taxation is recognized 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 right to pay less or to receive more tax, with the following exceptions:

- 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

2. Turnover

Turnover, which is stated net of value added tax, represents amounts received and receivable from the company's continuing principal activity.

An analysis of turnover by geographical market is given below:

	2007	2006
	£	£
United Kingdom	136,154	-
Continental Europe	32,772	4,225
United States of America	-	2,945
Asia Pacific	108,838	20,867
	<u>277,764</u>	<u>28,037</u>

Notes to the financial statements

at 31 March 2007

3. Operating loss

This is stated after charging/(crediting)

	2007	2006
	£	£
Depreciation of owned tangible fixed assets	142	-
Auditors' remuneration – audit fee	3,325	4,500
Profit on foreign exchange transactions	(1,429)	(715)
	<u> </u>	<u> </u>

4. Interest payable

	2007	2006
	£	£
Inter-company loan interest	3,754	-
	<u> </u>	<u> </u>

5 Directors' emoluments

	2007	2006
	£	£
Emoluments	-	-
	<u> </u>	<u> </u>

Directors emoluments are borne by other group companies

6. Staff costs

	2007	2006
	£	£
Wages and salaries	127,905	31,175
Social security costs	948	3,676
Other pension costs	492	2,247
	<u>129,345</u>	<u>37,098</u>

Average monthly number of employees during the year

	2007	2006
	No	No
Consultancy	6	1
	<u> </u>	<u> </u>

Notes to the financial statements

at 31 March 2007

7. Taxation

(a) Tax on loss on ordinary activities

The tax credit is made up as follows

	2007	2006
	£	£
<i>Current tax</i>		
UK corporation tax	(4,359)	-
Over provision in respect of prior periods	(5,404)	-
Total current tax (note 7(b))	(9,763)	-
<i>Deferred tax</i>		
Origination and reversal of timing differences	317	-
Total Deferred tax (note 7(c))	317	-
Total tax credit for the year	(9,446)	-

(b) Factors affecting the current tax credit for the year

The tax assessed on the loss on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 30% (2006 - 30%) The differences are explained below

	2007	2006
	£	£
Loss on ordinary activities before tax	(13,474)	(19,777)
Loss on ordinary activities before tax multiplied by standard rate of corporation tax in the UK of 30% (2006 - 30%)	(4,042)	(5,933)
<i>Effects of</i>		
Un-utilised losses carried forward	-	5,933
Depreciation in arrears of capital allowances	(317)	-
Over provision in respect of prior periods	(5,404)	-
Current tax credit for the year (note 7(a))	(9,763)	-

Notes to the financial statements

at 31 March 2007

7. Taxation (continued)

(c) Deferred tax

Deferred tax recognised at 30% (2006 – 30%) in the financial statements is as follows

	2007	2006
	£	£
At 1 April 2006	-	-
Deferred tax charge in the profit and loss account (note (7a))	317	-
At 31 March 2007	317	-
Depreciation in advance of capital allowances (note 8)	317	-

Finance Act 2007 reduced the standard rate of corporation tax from 30% to 28% with effect from 1 April 2008. The deferred tax provision has been calculated at 30% on the basis that Finance Act 2007 was not enacted or substantively enacted at the balance sheet date.

8. Tangible fixed assets

	Plant & Equipment £
Cost	
At 1 April 2006	-
Additions	5 112
At 31 March 2007	5,112
Depreciation	
At 1 April 2006	-
Charge for year	142
At 31 March 2007	142
Net book value	
At 31 March 2007	4,970
At 1 April 2006	-

Notes to the financial statements

at 31 March 2007

9. Debtors

	2007	2006
	£	£
Amounts due from fellow group undertakings	45,520	46,347
Other debtors	8,254	-
Prepayments and accrued income	31,747	-
Corporation tax	9,763	-
	<u>95,284</u>	<u>46,347</u>

10. Creditors: amounts falling due within one year

	2007	2006
	£	£
Amounts due to fellow group undertakings	63,705	54,124
Accruals and deferred income	51,260	-
Other creditors	(3,223)	-
	<u>111,742</u>	<u>54,124</u>

11. Provisions

	2007	2006
	£	£
Deferred tax (note 7(c))	317	-

12. Share capital

		<i>Authorised</i>	
		<i>2007</i>	<i>2006</i>
		<i>£</i>	<i>£</i>
Ordinary shares of £1 each		12,000	12,000
		<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>			
		<i>2007</i>	<i>2006</i>
<i>No</i>	<i>£</i>	<i>No</i>	<i>£</i>
Ordinary shares of £1 each	12,000	12,000	12,000

Notes to the financial statements

at 31 March 2007

13. Reconciliation of shareholders' funds and movements on reserves

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total</i>
	£	£	£
At 1 April 2005	-	-	-
Shares issued	12,000	-	12,000
Loss for the year	-	(19,777)	(19,777)
At 31 March 2006	12,000	(19,777)	(7,777)
Loss for the year	-	(4,028)	(4,028)
At 31 March 2007	12,000	(23,805)	(11,805)

14. Related party transactions

The company has taken advantage of the exemption available under FRS 8 not to disclose transactions with other members of the group

15. Ultimate parent undertaking

The immediate parent undertaking is Environmental Resources Management Limited. The ultimate parent undertaking and controlling party is ERM Group Holdings Limited. Copies of its group financial statements, which include the company, are available from 8 Cavendish Square, London W1M 0ER.

ERM Overseas Statutory Accounts Pack

- 3 x signed statutory accounts
 - Tabs on audit report pages
 - Directors report and balance sheet still need to be date stamped

- Letter of representation
 - Date to be completed

- Group confirmation of inter-company balances

- Group letter of support