

ERM Limited

Annual Report and Financial Statements

For the year ended 31 March 2011



Registered No 3128071

ERM Limited

Registered No 3128071

Directors

Andrew Silverbeck
Mark Pearson

Auditors

KPMG LLP
15 Canada Square
London
E14 5GL

Bankers

Barclays Bank PLC
Level 27
1 Churchill Place
London
E14 5HP

Solicitors

S J Berwin
222 Grays Inn Road
London
WC1X 8HB

Registered office

2nd Floor
Exchequer Court
33 St Mary Axe
London
EC3A 8AA

Directors' report

The directors present their report and financial statements for the year ended 31 March 2011

Results and dividends

The profit for the year after taxation amounted to £4,556,663 (2010 – profit of £6,171,598) The directors do not recommend payment of a dividend (2010 - £nil)

Principal activity

The company is principally engaged as an intermediate group holding company and there is likely to be no change to the company's activities in future periods

Directors and their interests

The directors who served the company during the year were as follows

Andrew Silverbeck
Mark Pearson

None of the directors had any interests in the shares of the company during the year

Analysis of risk factors

The main risks arising from the company's financial instruments are foreign currency risk and interest rate 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 and/or lends in its base currency and pays and/or receives interest at the LIBOR equivalent of the currency borrowed plus/minus a margin The current policy is not to hedge any of these transactions The company does not have a material exposure to investment risk

Directors' report (continued)

Directors' statement as to disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information. This statement is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the board



Andrew Silverbeck
Director

Statement of directors' responsibilities in respect of the Directors' Report and the Financial Statements

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 or loss for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK 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's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditors' report

to the members of ERM Limited

We have audited the financial statements of ERM Limited for the year ended 31 March 2011 set out on pages 7 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 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 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. Our responsibility is to audit and express opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report (continued)

to the members of ERM Limited

Matters on which we are required to report by exception

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, 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



Andrew Marshall (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

12 October 2011

Profit and loss account

for the year ended 31 March 2011

	<i>Notes</i>	<i>2011</i> £	<i>2010</i> £
Other operating expense		(43,376)	(195)
Operating loss	2	(43,376)	(195)
Income from shares in group undertakings	3	4,566,133	6,269,343
Interest payable and similar charges	4	(4,817)	(90,104)
Profit on ordinary activities before taxation		4,517,940	6,179,044
Tax credit/(charge) on profit on ordinary activities	5	38,723	(7,446)
Profit for the financial year after taxation		4,556,663	6,171,598

There are no material differences between those stated above and those under the historical cost basis

The accompanying notes on pages 9 to 14 form part of these financial statements

Statement of total recognised gains and losses

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

Balance sheet

at 31 March 2011

	Notes	2011 £	2010 £
Fixed assets			
Investments	6	17,364,607	17,285,224
Current assets			
Debtors	7	4,053,559	181,203
Creditors: amounts falling due within one year	8	(70,460)	(675,384)
Net current asset / (liabilities)		3,983,099	(494,181)
Total assets less current liabilities		21,347,706	16,791,043
Capital and reserves			
Called up share capital	9	86,824	86,824
Share premium account	10	14,728,501	14,728,501
Profit and loss account	10	6,532,381	1,975,718
Equity shareholders' funds	10	21,347,706	16,791,043

The accompanying notes on pages 9 to 14 form part of these financial statements

These financial statements were approved by the board of directors on 6 October 2011 and were signed by



Andrew Silverbeck

Notes to the financial statements

at 31 March 2011

1. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Directors' Report on page 2 and 3

The company is an intermediate holding company and is dependent on the central financing arrangements of the ERM Group. On 25 July 2011 Charterhouse Capital Partners LLP acquired a majority stake in the ultimate parent company, ERM Group Holdings Ltd, as part of a management buy-out from Bridgepoint. Following completion the new ultimate parent company of the ERM group is ERM Worldwide Ltd. The group has refinanced its debt financing as the current debt became due on completion of the transaction. The directors, having assessed the response of the directors of the ultimate parent company to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt on the ability of the ultimate parent company to continue as a going concern. On the basis of their assessment of the company's financial position and of the enquiries made of the directors of the ultimate parent company, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial accounts.

Statement of cash flows

The company has taken advantage of the exemption in FRS 1 from producing a statement of cash flows on the grounds that it is a wholly owned subsidiary which is included in the publicly available group financial statements of its ultimate parent company.

Basis of consolidation

Until 25 July 2011 the company was a wholly owned subsidiary of ERM Group Holdings Limited and was included in the group financial statements prepared by that company. The company has therefore taken advantage of the exemption provided by section 400 of the Companies Act 2006 not to prepare group financial statements.

Investments

Investments held as fixed assets are stated at cost, less provision for permanent diminution in value. Those held as current assets are stated at the lower of cost and net realisable value.

The carrying values of fixed asset investments are reviewed for impairments if events or changes in circumstances indicate that the carrying value may not be recoverable.

Deferred taxation

Deferred taxation 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, 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.

Notes to the financial statements

at 31 March 2011

1. Accounting policies (continued)

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 translated at the rate of exchange ruling at the balance sheet date

All differences are taken to the profit and loss account (included under operating loss)

2. Operating loss

The audit for the year ended 31 March 2011 payable to the company's auditors, KPMG LLP, was £1,997 (2010 - £3,975) Audit fees for the year ended 31 March 2010 were borne by another group company There were no employees and no other staff related costs

Total aggregate emoluments for directors during the year ended 31 March 2011 comprised £nil (2010 - £nil) Their emoluments were paid by another group company

3. Income from shares in group undertakings

	2011 £	2010 £
Dividend income	4,566,133	6,269,343

During the year ended 31 March 2011 the company received dividend income of £935,045 from Environmental Resources Management Naamloze Vennootschap (a company incorporated in Belgium) and £3,631,088 from ERM Nihon Kabushiki Kaisha (a company incorporated in Japan) During the year ended 31 March 2010 the company received dividend income of £5,650,322 from Environmental Resources Management Australia Pty Limited and £619,021 from ERM - Asia Pacific PTY Limited

4. Interest payable and similar charges

	2011 £	2010 £
Bank interest payable	3,520	1,967
Interest payable on amounts owed to group undertakings	1,297	88,137
	4,817	90,104

Notes to the financial statements

at 31 March 2011

5. Tax (credit)/charge on profit on ordinary activities

(a) Analysis of tax (credit)/charge for the year

	2011 £	2010 £
<i>Current tax</i>		
UK corporation tax – group relief receivable	(13,494)	(25,229)
Prior year adjustment	(25,229)	32,675
Tax (credit)/charge on profit on ordinary activities	(38,723)	7,446

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

The tax assessed on the profit on ordinary activities differs from the standard rate of corporation tax in the UK of 28% (2010 – 28%) The differences are set out below

	2011 £	2010 £
Profit on ordinary activities before tax	4,517,940	6,179,044
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2010 - 28%)	1,265,023	1,730,132
<i>Effects of</i>		
Non-taxable income	(1,278,517)	(1,755,361)
Prior year adjustment	(25,229)	32,675
Current tax (credit) /charge for the year (note 5(a))	(38,723)	7,446

(c) Deferred tax

The company has an unrecognised deferred tax asset of £89,000 (2010 - £71,000), consisting of losses not utilised. The deferred tax asset has not been recognised due to uncertainty as to the availability of sufficient and suitable taxable profits in the near future.

(d) Factors that may affect future tax charges

The standard rate of UK corporation tax was reduced from 28% to 26% from 1 April 2011, with further reductions in each of the next three years to bring the rate down to 23% by 1 April 2014.

Notes to the financial statements

at 31 March 2011

6. Fixed asset investments

	<i>Subsidiary undertakings £</i>
Cost	
At 1 April 2010	17,285,224
Additions (note (a))	
ERM Argentina S A	46,510
Environmental Resources Management Taiwan Co , Ltd	32,873
	<u>79,383</u>
Net book value at 31 March 2011	17,364,607
Net book value at 1 April 2010	<u><u>17,285,224</u></u>

(a) During the year, the following additions were made

(i) The company injected additional capital of £46,510 in ERM Argentina S A

(ii) The ownership of Environmental Resources Management Taiwan Co , Ltd of £32,873 was transferred from ERM Holdings B V to ERM Limited

The following is a list of the company's principal subsidiary undertakings and particulars of the shareholdings therein

<i>Company name</i>	<i>Country of incorporation</i>	<i>Class of shares</i>	<i>Proportion of shares held directly</i>
Australia Pty Limited	Australia	Ordinary	49%
ERM - Asia Pacific PTY Limited	Australia	Ordinary	14%
ERM Argentina S A	Argentina	Ordinary	25%
Environmental Resources Management Naamloze Vennootschap	Belgium	Ordinary	35%
Environmental Resources Management ERM Remediation and Construction Management N V	Belgium	Ordinary	100%
ERM Brazil Ltda	Brazil	Ordinary	50%
Environmental Resources Management ERM Colombia LTDA	Colombia	Ordinary	1%
ERM-Hong Kong, Limited	Hong Kong	Ordinary	23%
ERM-China Limited	Hong Kong	Ordinary	5%
ERM India Private Limited	India	Ordinary	26%
P T ERM Indonesia	Indonesia	Ordinary	10%
ERM Italia S p A	Italy	Ordinary	35%
ERM Nihon Kabushiki Kaisha	Japan	Ordinary	100%
ERM Technical Services (M) Sdn Bhd	Malaysia	Ordinary	20%
ERM International B V	Netherlands	Ordinary	100%
ERM New Zealand Ltd	New Zealand	Ordinary	100%
Environmental Resources Management Panama S A	Panama	Ordinary	99%

Notes to the financial statements

at 31 March 2011

6. Fixed asset investments (continued)

<i>Company name</i>	<i>Country of incorporation</i>	<i>Class of shares</i>	<i>Proportion of shares held directly</i>
Environmental Resources Management Puerto Rico, Inc	Puerto Rico	Ordinary	50%
ERM Environmental Resources Management S R L	Romania	Ordinary	100%
ERM-Siam Co Ltd	Thailand	Ordinary	6%
Environmental Resources Management Limited	UK	Ordinary	30%
Environmental Resources Management Taiwan Co , Ltd	Taiwan	Ordinary	100%
ERM Europe Limited	UK	Ordinary	33%
ERM - Asia Pacific Holdings Limited	UK	Ordinary	100%

For all subsidiary undertakings listed above, the country of operation is the same as its country of incorporation. The nature of the business of all of the company's principal subsidiaries is the provision of environmental, risk and health and safety consulting services, except for ERM Europe Limited, ERM Asia Pacific PTY Ltd, ERM - Asia Pacific Holdings Limited and ERM International BV, which are intermediate holding companies.

7. Debtors

	<i>2011</i>	<i>2010</i>
	<i>£</i>	<i>£</i>
Group relief receivable	63,952	25,229
Amounts due from group undertakings	3,989,607	155,974
	<u>4,053,559</u>	<u>181,203</u>

8. Creditors: amounts falling due within one year

	<i>2011</i>	<i>2010</i>
	<i>£</i>	<i>£</i>
Bank overdraft	70,460	76,523
Amounts owed to group undertakings	-	598,861
	<u>70,460</u>	<u>675,384</u>

Notes to the financial statements

at 31 March 2011

9. Share capital

	2011 £	Authorised 2010 £
Ordinary shares of 5p each (100,000,000 shares)	5,000,000	5,000,000

	No	Allotted, called up and fully paid 2011 £	No	2010 £
Ordinary shares of 5p each	1,736,475	86,824	1,736,475	86,824

10. Reconciliation of shareholders' funds and movement on reserves

	Share capital £	Share premium account £	Profit and loss account £	Total share- holders' funds £
At 31 March 2009	86,824	14,728,501	(4,195,880)	10,619,445
Profit for the year	–	–	6,171,598	6,171,598
At 31 March 2010	86,824	14,728,501	1,975,718	16,791,043
Profit for the year	–	–	4,556,663	4,556,663
At 31 March 2011	86,824	14,728,501	6,532,381	21,347,706

11. Related party disclosures

The company is a member of the ERM Group Holdings Limited group of companies. In accordance with the exemption conferred by FRS 8 the company has not disclosed transactions with other 100% owned group undertakings.

12. Ultimate parent company and controlling party

The company's immediate parent company is ERM Holdings Limited.

Until 25 July 2011 the ultimate parent company and controlling party was ERM Group Holdings Limited. ERM Group Holdings Limited included the company in its group financial statements for the year ended 31 March 2011, copies of which are available from its registered office: 2nd Floor, Exchequer Court, 33 St Mary Axe, London, EC3A 8AA. On 25 July 2011 the ultimate parent company changed to ERM Worldwide Limited.