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ERM Limited

Annual Report and Financial Statements

31 March 2009

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COMPANIES HOUSE

Registered No: 3128071

ERM Limited

Registered No: 3128071

Directors

Andrew Silverbeck
Mark Pearson

Auditors

KPMG LLP
8 Salisbury Square
London
EC4Y 8BB

Bankers

Barclays Bank PLC
PO Box 544
54 Lombard Street
London
EC3V 9EX

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 annual report and financial statements of the company for the year ended 31 March 2009.

Results and dividends

The loss for the year after taxation amounted to £344,216 (2008 – loss of £3,363,544). The directors do not recommend payment of a dividend (2008 - £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 234 ZA of the Companies Act 1985.

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

07/10/2009

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 these 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 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 proper accounting records that 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 Limited

We have audited the company's financial statements for the year ended 31 March 2009 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes. These financial statements have been prepared under 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 4.

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 and are properly prepared in accordance with the Companies Act 1985. Also we report to you whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements.

In addition we 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 misstatements 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 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 the company's affairs as at 31 March 2009 and of the company's 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.



KPMG LLP
8 Salisbury Square
London
Chartered Accountants
Registered auditor

13 October 2009

Profit and loss account

for the year ended 31 March 2009

	<i>Notes</i>	2009 £	2008 £
Other operating expense		(666)	(5,205)
Impairment of investments		-	(3,051,881)
Operating loss	2	(666)	(3,057,086)
Interest payable	3	(467,175)	(438,043)
Loss on ordinary activities before taxation		(467,841)	(3,495,129)
Tax on loss on ordinary activities	4	123,625	131,585
Loss for the financial year after taxation		(344,216)	(3,363,544)

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

Statement of total recognised gains and losses

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

Balance sheet

at 31 March 2009

	Notes	2009 £	2008 £
Fixed assets			
Investments	5	17,087,927	16,994,663
Current assets			
Debtors	6	286,968	375,785
Creditors: amounts falling due within one year	7	(6,755,450)	(6,406,787)
Net current liabilities		(6,468,482)	(6,031,002)
Total assets less current liabilities		10,619,445	10,963,661
Capital and reserves			
Called up share capital	8	86,824	86,824
Share premium account	9	14,728,501	14,728,501
Profit and loss account	9	(4,195,880)	(3,851,664)
Equity shareholders' funds	9	10,619,445	10,963,661

These financial statements were approved by the board of directors on 07/10/2009 and were signed by:



Andrew Silverbeck

Notes to the financial statements

at 31 March 2009

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 financial statements are prepared on a going concern basis as the parent undertaking has agreed to make adequate funds available to enable the company to meet its liabilities as they fall due.

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

The company is a wholly owned subsidiary of ERM Group Holdings Limited and is included in the group financial statements prepared by that company. The company has therefore taken advantage of the exemption provided by section 228 of the Companies Act 1985 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.

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 income).

Notes to the financial statements

at 31 March 2009

2. Operating loss

The audit for the year ended 31 March 2009 payable to the company's auditors, KPMG LLP, was £3,975 (2008 - £3,975). Audit fees 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 2009 comprised £nil (2008 - £nil). Their emoluments were paid by another group company.

3. Interest payable

	2009 £	2008 £
Bank interest payable	816	11,887
Interest payable on amounts owed to group undertakings	466,359	426,156
	<u>467,175</u>	<u>438,043</u>

4. Tax on loss on ordinary activities

(a) Analysis of tax credit for the year:

	2009 £	2008 £
<i>Current tax:</i>		
UK corporation tax – group relief receivable	(130,995)	(131,585)
Prior year adjustment	7,370	–
	<u>(123,625)</u>	<u>(131,585)</u>

(b) Factors affecting tax credit for the year:

The tax assessed on the loss on ordinary activities differs from the standard rate of corporation tax in the UK of 28% (2008 – 30%). The differences are set out below:

	2009 £	2008 £
Loss on ordinary activities before tax	(467,841)	(3,495,128)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008 - 30%)	<u>(130,995)</u>	<u>(1,048,539)</u>
<i>Effects of:</i>		
Expenses not deductible for tax purposes	–	916,954
Prior year adjustment	7,370	–
Current tax credit for the year (note 5(a))	<u>(123,625)</u>	<u>(131,585)</u>

Notes to the financial statements

at 31 March 2009

4. Tax on loss on ordinary activities (continued)

(c) Deferred tax

The company has an unrecognised deferred tax asset of £38,000 (2008 - £31,000), 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.

5. Fixed asset investments

	<i>Subsidiary undertakings £</i>
Cost:	
At 1 April 2008	16,994,663
Additions (Note (a)):	
ERM Argentina S.A	13,991
ERM Technical Services (M) Sdn Bhd	7,637
ERM Nihon Kabushiki Kaisha	71,636
	93,264
Net book value at 31 March 2009	17,087,927
Net book value at 1 April 2008	16,994,663

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

(i) The company injected additional capital of £13,991 in ERM Argentina S.A.

(ii) The company acquired 20% shareholding in ERM Technical Services (M) Sdn Bhd for a total cash consideration of £7,637.

(iii) The company injected additional capital of £71,636 in ERM Nihon Kabushiki Kaisha

The following is a list of the company's 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>
Environmental Resources Management Limited	UK	Ordinary	30%
ERM Italia S.p.A.	Italy	Ordinary	35%
Environmental Resources Management Naamloze Vennootschap	Belgium	Ordinary	35%
Environmental Resources Management Australia Pty Limited	Australia	Ordinary	49%
ERM-Hong Kong, Limited	Hong Kong	Ordinary	23%
ERM-China Limited	Hong Kong	Ordinary	5%
ERM Nihon Kabushiki Kaisha	Japan	Ordinary	100%
ERM India Private Limited	India	Ordinary	26%
ERM Brazil Ltda	Brazil	Ordinary	50%

Notes to the financial statements

at 31 March 2009

5. Fixed asset investments (continued)

Environmental Resources Management			
Puerto Rico, Inc.	Puerto Rico	Ordinary	1%
ERM Argentina S.A.	Argentina	Ordinary	25%
ERM Europe Limited	UK	Ordinary	33%
ERM - Asia Pacific Holdings Limited	UK	Ordinary	100%
ERM - Asia Pacific PTY Limited	UK	Ordinary	14%
Environmental Resources Management Panama S.A.	Panama	Ordinary	99%
ERM Environmental Resources Management S.R.L.	Romania	Ordinary	100%
ERM Remediation and Construction Management N.V.	Belgium	Ordinary	100%
ERM Technical Services (M) Sdn Bhd	Malaysia	Ordinary	20%

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 and ERM - Asia Pacific Holdings Limited, which are intermediate holding companies.

6. Debtors

	2009	2008
	£	£
Group relief receivable	130,995	264,520
Amounts due from group undertakings	155,973	111,265
	<u>286,968</u>	<u>375,785</u>

7. Creditors: amounts falling due within one year

	2009	2008
	£	£
Bank overdraft	50,084	34,611
Amounts owed to group undertakings	6,705,366	6,372,176
	<u>6,755,450</u>	<u>6,406,787</u>

Notes to the financial statements

at 31 March 2009

8. Share capital

	2009	Authorised 2008
	£	£
Ordinary shares of 5p each (100,000,000 shares)	5,000,000	5,000,000

	No.	Allotted, called up and fully paid 2009	No.	2008
		£		£
Ordinary shares of 5p each	1,736,475	86,824	1,736,475	86,824

9. Reconciliation of shareholders' funds and movement on reserves

	Share capital £	Share premium account £	Profit and loss account £	Total share- holders' funds £
At 1 April 2007	86,824	14,728,501	(488,120)	14,327,205
Loss for the year	–	–	(3,363,544)	(3,363,544)
At 31 March 2008	86,824	14,728,501	(3,851,664)	10,963,661
Loss for the year	–	–	(344,216)	(344,216)
At 31 March 2009	86,824	14,728,501	(4,195,880)	10,619,445

10. 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 group undertakings.

11. Ultimate parent company and controlling party

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

The ultimate parent company and controlling party is ERM Group Holdings Limited. ERM Group Holdings Limited has included the company in its group financial statements, copies of which are available from its registered office: 2nd Floor, Exchequer Court, 33 St Mary Axe, London, EC3A 8AA.