

ERM Limited

Annual Report and Financial Statements

For the year ended 31 March 2019



Registered No: 03128071

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Corporate information

Directors

Simon Crowe
Mark Pearson

Chief Financial Officer
Head of Tax and Treasury

Secretary

Roy Burrows

General Counsel

Auditor

Deloitte LLP
Reading
Abbots House
Abbey Street
RG1 3BD
United Kingdom

Banker

HSBC Bank plc
West End Corporate Banking Centre
70 Pall Mall
London
SW1Y 5EZ

Registered office

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

Strategic report

A strategic, financial and operational review for the Company for the financial year 2019 from 1 April 2018 to 31 March 2019 is set out below.

Principal activity and performance

ERM Limited ("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.

The profit for the financial year amounted to £7,909,525 (2018: £5,854,972). The Company has net current assets of £3,996,059 (2018: net current liabilities of £4,221,318).

The financial statements for the year ended 31 March 2018 have been restated. Refer to note 2.12.

The Company's ultimate parent company ERM Worldwide Group Limited, together with its subsidiaries ("the Group") experienced continuous economic growth during FY19 in all major regions of the world. We do not believe that Brexit will have a material impact on the Group or the Company. The Company is an intermediate group holding company and is reliant on the Group operations.

Principal risks and uncertainties

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:

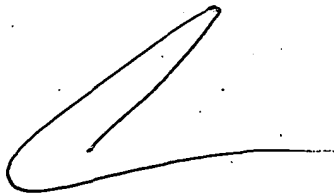
Foreign currency risk

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 revalued at each reporting period.

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.

On behalf of the Board



Simon Crowe
Director

6 December 2019

Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 March 2019.

Directors and their interests

The Directors who served the Company during the year were as follows:

Simon Crowe
Mark Pearson

None of the Directors had any interests in the shares of the Company during the year.

Dividends

The Directors do not recommend the payment of an ordinary dividend (2018: £nil).

Auditor

Following the resignation of KPMG LLP on 7 January 2019, Deloitte LLP was appointed as auditor during the period and will be deemed to be reappointed in accordance with the provision of s487 of the Companies Act 2006. Deloitte LLP will therefore continue in office.

Events after the reporting period

Refer to subsequent events in note 16.

Directors' statement as to disclosure of information to the auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the Company's auditor, each Director has taken all steps that he/she is obliged to take, as a Director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Directors' and officers' liability insurance

The Company maintains liability insurance for the Directors and officers of the Company and of all its subsidiaries. In addition, the Directors of the Company are granted indemnities in respect of certain liabilities or loss that may arise out of or in connection with their duties to the Company, and in accordance with the Companies Act 2006 and the Articles of Association of the Company.

Directors' conflict of interest

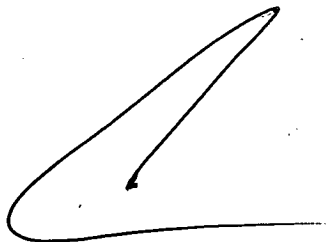
The Articles of Association of the Company contain provisions which are consistent with the Company's Code of Conduct and the Companies Act 2006 regarding actual or potential conflicts of interest involving Directors.

On behalf of the Board

Simon Crowe
Director

6 December 2019

Registered No: 03128071



Statement of Directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements

The Directors are responsible for preparing the Strategic report, 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 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), including FRS 101 "Reduced Disclosure Framework".

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 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 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.

Independent auditor's report

to the members of ERM Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of ERM Limited Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account and other comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the significant accounting policies; and
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 (the 'FRC'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

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

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

We have nothing to report in respect of these matters.

Independent auditor's report

to the members of ERM Limited (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

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

Report on other legal and regulatory requirements

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

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

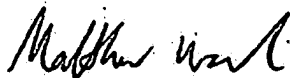
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

We have nothing to report in respect of these matters.

Use of our report

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 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 members as a body, for our audit work, for this report, or for the opinions we have formed.



Matthew Ward FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Reading, UK
6 December 2019

Profit and loss account and other comprehensive income

For the year ended 31 March 2019

	Notes	Year ended 31 March 2019 £	Year ended 31 March 2018 £
Other operating charges	4	(56,713)	(124,422)
Operating loss		(56,713)	(124,422)
Income from shares in group undertakings	5	8,627,545	6,403,902
Interest receivable and similar income	6	255,042	224,557
Interest payable and similar charges	7	(299,497)	(763,682)
Impairment expense - investment in subsidiary undertakings	9	(626,662)	-
Profit on ordinary activities before taxation		7,899,715	5,740,355
Tax credit on profit on ordinary activities	8	9,810	114,617
Profit for the financial year		7,909,525	5,854,972

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

The accompanying notes on pages 10 to 23 form part of these financial statements.

There is no other comprehensive income or loss other than those shown above.

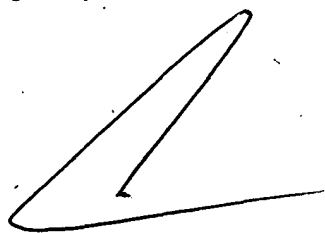
Balance sheet**As at 31 March 2019**

		As at 31 March 2019	As at 31 March 2018 (restated) ¹
	Notes	£	£
Non-current assets			
Investment in subsidiary undertakings	9	27,681,126	28,159,155
Current assets			
Debtors	10	4,175,482	4,057,661
Cash at bank and in hand		23,380	27,164
Total current assets		4,198,862	4,084,825
Creditors: amounts falling due within one year	11	(202,803)	(8,306,143)
Net current assets / (liabilities)		3,996,059	(4,221,318)
Total assets less current liabilities		31,677,185	23,937,837
Creditors: amounts falling due after more than one year	12	-	(170,177)
Net assets		31,677,185	23,767,660
Capital and reserves			
Called up share capital	13	86,824	86,824
Share premium		14,728,501	14,728,501
Profit and loss account		16,861,860	8,952,335
Shareholders' funds		31,677,185	23,767,660

(1) Refer to note 2.12

The accompanying notes on pages 10 to 23 form part of these financial statements.

These financial statements were approved by the Board of Directors on 6 December 2019 and were signed by:



Simon Crowe
Director

Registered No: 03128071

Statement of changes in equity

For the year ended 31 March 2019

	Called up share capital £	Share premium £	Profit and loss account £	Total equity £
At 1 April 2017 (restated) ⁽¹⁾	86,824	14,728,501	3,097,363	17,912,688
<i>Comprehensive income</i>				
Profit for the financial year	-	-	5,854,972	5,854,972
Total comprehensive income	-	-	5,854,972	5,854,972
At 31 March 2018	86,824	14,728,501	8,952,335	23,767,660
<i>Comprehensive income</i>				
Profit for the financial year	-	-	7,909,525	7,909,525
Total comprehensive income	-	-	7,909,525	7,909,525
At 31 March 2019	86,824	14,728,501	16,861,860	31,677,185

(1) Refer to note 2.12

Notes to the financial statements

1. General information

ERM Limited is a company incorporated and domiciled in the UK. The address of the Company's registered office is 2nd Floor, Exchequer Court, 33 St Mary Axe, London, EC3A 8AA. The registered number is 03128071.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

2. Significant accounting policies

2.1 Statement of compliance

These financial statements have prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2014 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, ERM Worldwide Group Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of ERM Worldwide Group Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from its registered office: 2nd Floor, Exchequer Court, 33 St Mary Axe, London, EC3A 8AA.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of ERM Worldwide Group Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of investments in subsidiary undertakings;
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company in the current and prior periods; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The financial statements of the Company are prepared in pounds sterling as the majority of the Company's transactions are denominated in this currency.

2.2 Basis of accounting

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements have been prepared on the historical cost basis and in accordance with applicable accounting standards.

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 3.

Notes to the financial statements

2. Significant accounting policies (continued)

2.3 Going concern

The Company is an intermediate holding company and is dependent on the central financing arrangements of the Group. 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.

2.4 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date.

Foreign exchange differences arising on translation are recognised in the profit and loss account. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

2.5 Financial instruments

Non-derivative financial instruments comprise investments in equity securities, trade and other debtors, cash and cash equivalents, and trade and other creditors.

Investments in equity securities

Investments in subsidiary undertakings are stated at cost less impairment.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents include cash on hand. These represent short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. As per IAS 7.7 cash equivalents are held for the purpose of meeting short term cash commitments rather than for investment or other purposes.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

2.6 Business combinations

Subject to the transitional relief in IFRS 1, all business combinations are accounted for by applying the acquisition method as at the acquisition date, which is the date on which control is transferred to the Company.

The Company measures its cost of investment in subsidiary undertakings at the acquisition date as the fair value of the consideration transferred; plus an estimated amount of contingent consideration, if any. Costs related to the acquisitions, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

Notes to the financial statements

2. Significant accounting policies (continued)

2.7 Impairment of financial assets

The Company recognises a loss allowance for expected credit losses ("ECL") on amounts due from group undertakings. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

The company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If the credit risk on the financial instrument has not increased significantly since initial recognition, the company measures the loss allowance for that financial instrument at an amount equal to 12 months ECL. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Definition of default

The Company considers that default has occurred when a financial asset is more than 120 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

The Company recognises an impairment gain or loss in profit or loss for financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

2.8 Financial liabilities

The Company classifies its financial liabilities in the following measurement categories:

- At fair value through profit or loss; and
- At amortised cost.

The Company classifies debt and equity instruments as either financial liabilities or as equity, in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of the Company, after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Financial liabilities not classified as fair value through profit or loss are classified and measured at amortised cost using the effective interest method.

The Company's financial liabilities comprise borrowings, accruals and other payables. All financial liabilities are recognised initially at their fair value plus any directly attributable issue costs and subsequently measured at amortised cost using the effective interest method except for derivatives, which are classified as held for trading, except where they qualify for hedge accounting, and are held at fair value. The fair values of the Company's liabilities held at amortised cost are approximately equal to their carrying amount.

Borrowings

All borrowings are initially recognised at the fair value of the consideration received net of issue costs associated with the borrowing. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of issue costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method. Financial expenses comprise interest expense on borrowings.

Accruals and other payables

Accruals and other payables are included in current liabilities, except for maturities greater than 12 months after the reporting date. Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Notes to the financial statements

2. Significant accounting policies (continued)

2.8 Financial liabilities (continued)

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit and loss.

2.9 Interest receivable and interest payable

Interest payable and similar charges include interest payable, and net foreign exchange losses that are recognised in the profit and loss account. Interest receivable and similar income includes interest receivable on funds invested and net foreign exchange gains.

Interest receivable and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

2.10 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. A deferred tax asset is recognised only to the extent that it is probable that future profits will be available against which the temporary difference can be utilised.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

2.11 Adoption of new standards

This is the first year that the Company has applied a number of amendments of IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2018. These include IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. The nature and the impact of each new standard and amendments is described below.

IFRS 9 Financial Instruments

In the current year, the Company has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives. The Company has chosen to apply this provision and adopt IFRS 9 via the modified retrospective approach.

IFRS 9 brings together the classification and measurement, impairment and hedge accounting to replace IAS 39 Financial Instruments: Recognition and Measurement.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit and loss ("FVTPL").

Notes to the financial statements

2. Significant accounting policies (continued)

2.11 Adoption of new standards (continued)

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

The Company has assessed the new requirements for financial assets and there were no changes to the Company's assets previously classified as held at amortised cost under IAS 39.

The impairment requirements are based on expected credit losses ("ECL") and apply to financial assets measured at amortised cost and FVOCI.

For cash and cash equivalents, ECL has been estimated to be close to zero, reflecting the on demand and low credit risk nature of these instruments.

The requirement to use an expected loss method of impairment of financial assets on adoption of IFRS 9 on 1 April 2018 did not have a material impact on the Company's 2018 financial results.

IFRS 15 Revenue from Contracts with Customers

On 1 April 2018, the Company adopted IFRS 15 Revenue from Contracts with Customers. IFRS 15 establishes a single, comprehensive framework for revenue recognition. The primary objective of IFRS 15 is revenue recognition that represents the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company adopted IFRS 15 using the modified retrospective method applied to contracts not yet completed as of the date of adoption. No practical expedients were applied on transition.

The Company has assessed the impact on its financial statements resulting from the application of IFRS 15. Due to the nature of the operations of the Company, the review has not identified any changes in revenue recognition.

2.12 Restatement

In the current year, management revised its approach for assessing the recoverable amount of the investments held in subsidiary undertakings. Historically, investments in subsidiary undertakings were annually tested for impairment by applying estimates and assumptions at a Group level when calculating the expected future cash flows to determine the value in use of the investments held in subsidiary undertakings. Management has determined that the revised approach more accurately reflects the value in use of the investments.

As a result, a prior period restatement has arisen in the financial statements in relation to an impairment of its investment held in its wholly owned subsidiary ERM AS as at 31 March 2017.

The Directors have recognised the following adjustments in the financial statements:

Balance Sheet at 31 March 2017:

The net assets as at 31 March 2017 have been adjusted from £18,671,574 to £17,912,688, comprised of the following restatements:

- Investment in subsidiary undertakings net book value adjusted from £28,364,103 to £27,605,217 as a result of £758,886 impairment.
- Retained profit adjusted from £3,856,249 to £3,097,363.

Notes to the financial statements

3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Company financial statements requires the Directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses and the accompanying disclosures. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

No critical accounting judgements have been made within these financial statements.

Key sources of estimation uncertainty

Impairment of assets, including investments

On an annual basis, the Company is required to perform an impairment review to assess whether the carrying value of its assets, including the investment asset is less than its recoverable amount. Recoverable amount is based on a calculation of expected future cash flows, which include estimates of future performance.

Notes to the financial statements

4. Other operating charges

	Year ended 31 March 2019	Year ended 31 March 2018
	£	£
Foreign exchange gains	(263)	9,605
Other operating charge	(56,450)	(134,027)
	(56,713)	(124,422)

The audit fee for the year ended 31 March 2019 payable to the Company's auditor, Deloitte LLP, was £5,000 (2018: KPMG LLP £3,871). Audit fees for the years ended 31 March 2019 and 31 March 2018 were borne by another group company. Fees payable to Deloitte LLP and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements of the ultimate parent company are required to disclose such fees on a consolidated basis.

There were no employees and no other staff related costs.

Total aggregate emoluments for Directors during the year ended 31 March 2019 comprised £nil (2018: £nil). Their emoluments were paid by another group company.

5. Income from shares in group undertakings

	Year ended 31 March 2019	Year ended 31 March 2018
	£	£
Dividend income	8,627,545	6,403,902
	8,627,545	6,403,902

During the year ended 31 March 2019, the Company received dividends from the below subsidiary companies;

(i) ERM Hong Kong Limited for £8,516,590.

(ii) ERM International B.V for £110,955.

6. Interest receivable and similar income

	Year ended 31 March 2019	Year ended 31 March 2018
	£	£
Interest receivable on amounts due from group undertakings	255,042	224,557
	255,042	224,557

7. Interest payable and similar charges

	Year ended 31 March 2019	Year ended 31 March 2018
	£	£
Bank interest payable	1,767	1,608
Interest payable on amounts due to group undertakings	249,026	647,403
Foreign exchange losses on revaluation of intercompany loans	48,704	114,671
	299,497	763,682

Notes to the financial statements

8. Tax credit on profit on ordinary activities

(a) Analysis of tax credit:

	Year ended 31 March 2019 £	Year ended 31 March 2018 £
Current tax:		
In respect of current year	10,237	102,324
In respect of prior years	(427)	12,293
Total current tax credit	9,810	114,617
Total deferred tax charge	-	-
Total tax credit for the year (note 8(b))	9,810	114,617

No deferred taxes were recognised during the years ended 31 March 2019 and 31 March 2018.

(b) Reconciliation of current tax credit:

The tax credit is reconciled to the profit and loss statement as follows:

	Year ended 31 March 2019 £	Year ended 31 March 2018 £
Profit on ordinary activities before tax	7,899,715	5,740,355
Profit on ordinary activities at UK statutory rate of 19% (2018: 19%)	(1,500,946)	(1,090,667)
Effects of:		
Non-deductible expenses	(128,051)	(23,750)
Non-taxable income	1,639,234	1,216,741
Prior year items	(427)	12,293
Total tax credit for the year (note 8(a))	9,810	114,617

(c) Factors that may affect future tax charges:

The standard rate of corporation tax in the UK was 19% in the year ended 31 March 2019. The rate will be reduced to 17% from 1 April 2020.

Notes to the financial statements

9. Investment in subsidiary undertakings

	Investment in subsidiaries £
Cost:	
At 1 April 2018	28,918,041
Additions:	
ERM-Europe, Ltd (note (i))	110,955
ERM Burkina Faso SARL (note (ii))	37,678
At 31 March 2019	29,066,674
Amounts provided for impairment:	
At 1 April 2018 (restated) ⁽¹⁾	(758,886)
Impairment expense recognised during the period (iii)	(626,662)
At 31 March 2019	(1,385,548)
Net book value at 1 April 2018 (restated)	28,159,155
Net book value at 31 March 2019	27,681,126

(1) Refer to note 2.12

The movements in the investment in subsidiary undertakings are explained below:

- (i) The Company's subsidiary, ERM International B.V, declared a dividend payable to the Company for £110,955. The dividend was settled through the transfer of ERM International B.V.'s investment held in ERM-Europe, Ltd at the carrying value £110,955.
- (ii) The Company incorporated ERM Burkina Faso SARL. On incorporation £37,678 (XOF 28,130,000) was invested by the Company into the share capital of ERM Burkina Faso SARL in exchange for the issuance of 2,813 shares.
- (iii) The Company recognised a full impairment of £219,166 of its investment in ERM Consultants (Ghana) Limited and £407,496 of its investment in ERM-China Limited.

Notes to the financial statements

9. Investment in subsidiary undertakings (continued)

The following is a list of the Company's subsidiary undertakings and particulars of the shareholdings therein. The address key refers to the registered office address which is provided in a subsequent table.

Company name	Country of incorporation	Proportion held	Address key
<i>North America</i>			
ERM Consultants Canada Ltd.	Canada	90%	1
<i>United Kingdom</i>			
Environmental Resources Management Limited	UK	29.82%	2
ERM-Asia Pacific Holdings, Limited	UK	100%	2
ERM-Europe, Ltd	UK	100%	2
<i>EMEA</i>			
Environmental Resources Management-ERM N.V.	Belgium	35%	3
ERM Remediation & Construction Management Belgium NV	Belgium	99.84%	4
ReachCentrum SA	Belgium	99%	5
ERM Burkina Faso SARL	Burkina Faso	100%	6
ERM (RDC) Sarl	DR Congo	100%	7
ERM Consultants (Ghana) Limited	Ghana	100%	8
Salama Environmental Resources Management LLC	Iraq	100%	9
ERM Italia S.p.A.	Italy	34.78%	10
ERM Eurasia Limited Liability Partnership	Kazakhstan	100%	11
ERM Consulting East Africa Limited	Kenya	99%	12
RePlan ERM Consulting Nigeria Limited	Nigeria	98%	14
ERM AS	Norway	100%	15
ERM Environmental Resources Management S.R.L.	Romania	100%	16
ERM (Senegal) SARL	Senegal	100%	17
ERM Swiss GmbH	Switzerland	100%	18
ERM Consulting Tanzania Limited	Tanzania	99.99%	19
<i>Asia Pacific</i>			
ERM China (Holdings) Limited	Hong Kong	0.10%	20
ERM-China Limited	Hong Kong	5%	20
ERM-Hong Kong, Limited	Hong Kong	23.21%	20
ERM India Private Limited	India	26%	21
PT. ERM Indonesia	Indonesia	10%	22
ERM Japan Ltd.	Japan	100%	23
ERM Macau Limited	Macau	100%	24
ERM Technical Services (M) Sdn. Bhd.	Malaysia	20%	25
ERM Myanmar Company Limited	Myanmar	99.90%	26
ERM New Zealand Limited	New Zealand	100%	27
ERM-Siam Co., Ltd	Thailand	5.71%	28

Notes to the financial statements

9. Investment in subsidiary undertakings (continued)

Company name	Country of incorporation	Proportion held	Address key
<i>Latin America</i>			
ERM Argentina S.A.	Argentina	25.33%	29
ERM Brasil Ltda.	Brazil	95.90%	30
ERM-Brazil, Ltd.	Cayman Islands	100%	31
ERM-Chile S.A.	Chile	99%	32
Environmental Resources Management Colombia Ltda.	Colombia	1.01%	33
Environmental Resources Management Panama S.A.	Panama	99%	35
Environmental Resources Management Puerto Rico, Inc.	Puerto Rico	50%	36
ERM Guyana Inc.	Guyana	100%	37

All subsidiaries noted above operate in the same country as of incorporation. The nature of the business of the Company's subsidiaries is the provision of environmental, risk and health and safety and sustainability consulting services, with the exception of those companies listed below which are intermediate holding companies.

ERM Brazil, Ltd
ERM China (Holdings) Limited
ERM AS
ERM-Europe, Limited
ERM-Asia Pacific Holdings, Limited

The following is a list of subsidiary undertakings over which the Company has an indirect shareholding through other group entities. All companies either carry out the principal activities of the group, namely the provision of environmental, health, safety, risk, social and sustainability consulting services, or are holding companies.

Company name	Country of incorporation	Address key
<i>North America</i>		
ERM Certification & Verification Services Incorporated	USA	38
<i>United Kingdom</i>		
ERM Certification and Verification Services Limited	UK	2
ERM Eurasia Limited	UK	2
ERM International Services Limited	UK	2
ERM (Overseas Holdings) Limited	UK	2
<i>EMEA</i>		
ERM Environmental Resources Management Ireland Limited	Ireland	39
Environmental Resources Management Nederland Holding B.V.	Netherlands	13
ERM Holdings B.V.	Netherlands	2
RePlan ERM Consulting Nigeria Limited	Nigeria	14
ERM Norway AS	Norway	15
ERM Polska Sp.z.o.o.	Poland	40
ERM Portugal - Consultores em Engenharia do Ambiente, LDA.	Portugal	41
Impacto 2000 - Gabinete de Engenharia e Planeamento Industrial, Unipessoal LDA.	Portugal	41
Environmental Resources Management Southern Africa Proprietary Limited	South Africa	42
Environmental Resources Management Iberia, S.A.	Spain	43

Notes to the financial statements

9. Investment in subsidiary undertakings (continued)

Company name	Country of incorporation	Address key
<i>Asia Pacific</i>		
ERM CVS (Shanghai) Limited	China	44
ERM (Shanghai) Limited	China	44
ERM China (Holdings) Limited	Hong Kong	20
ERM-China Limited	Hong Kong	20
ERM India Private Limited	India	21
ERM Korea Limited	Korea	45
Environmental Resources Management (M) Sdn. Bhd.	Malaysia	25
ERM Asia Pacific (M) Sdn. Bhd.	Malaysia	25
ERM Technical Services (M) Sdn. Bhd.	Malaysia	25
ERM Taiwan Co., Ltd	Taiwan	46
ERM Vietnam Company Limited	Vietnam	47
<i>Latin America</i>		
rePlan Colombia S.A.S.	Colombia	48
ERM Peru S.A.	Peru	49
ERM Venezuela S.A.	Venezuela	50

The registered office addresses for the above direct and indirect subsidiaries are set out below, with reference to the 'address key' in the tables above:

Address key	Address
1	900-885 West Georgia Street, Vancouver, British Columbia V6C 3H1, Canada
2	2nd Floor Exchequer Court, 33 St Mary Axe, London EC3A 8AA, United Kingdom
3	Kantersteen 47, Brussels, 1000, Belgium
4	Posthoflei 5, bus 6, Antwerp, 2600, Belgium
5	Avenue Edmond Van Nieuwenhuysse 6, Auderghem, Bruxelles, 1160, Belgium
6	Quartier Pissy, Secteur 17, Parcelle R, Lot 280, Ouagadougou, Burkina Faso
7	2985 Avenue Lumumba, Commune KAMPEMBA, Lubumbashi, CD
8	HNO. 12, Airport City, Una Home, 3rd Floor, PMB CT 42 Cantonments, Accra, Ghana
9	1st Floor, Karada Mariam District 222, Street 37, Building 41, Baghdad, Iraq
10	Via San Gregorio 38, Milan, 20124, Italy
11	Office 709, 86 Gogol str., Almaty, 050000, Republic of Kazakhstan
12	LR No. 12081/10 Sameer Business Park Block C, Unit C1, Mombasa Road, P.O.Box 10032-00100, Nairobi, Kenya.
13	Burg. de Raadtsingel 55, Dordrecht, 3311 JG, Netherlands
14	33 Ogunlowo Street, Off Obafemi Awolowo Way, Ikeja, Lagos, Nigeria
15	Bygg D, Andoyfaret 33, Kristiansand, 4623, Norway
16	145 Calea Victoriei, 7th Level (8th Floor), Sector 1, Bucharest, 010072, Romania
17	AZUR 15 Building, 12, Boulevard Djily MBAYE, Dakar, BP 50555, Senegal
18	Techno-Pole 4, Sierre, 3960, Switzerland
19	2nd Floor, Bains Avenue, Off Chole Road, Masaki, P.O. Box 38568, Dar es Salaam, Tanzania
20	16/F Berkshire House, 25 Westlands Road, Quarry Bay, Hong Kong
21	B-I/flat no-1770, Vasant Kunj, New Delhi, 110070, India
22	Wisma Aldiron Dirgantara, 2nd Floor, Suite 238-239, Jl. Jend. Gatot Subroto Kav. 72, 12780, Indonesia
23	Landmark Tower 19F, 2-2-1 Minatomirai, Nishi-ku, Yokohama, Kanagawa 220-8119, Japan

Notes to the financial statements

9. Investment in subsidiary undertakings (continued)

Address key	Address
24	Avenida da Praia Grande, No 409, China Law Building 16/F - B11, Macau
25	52, 1st Floor, Jalan SS 21/58, Damansara Utama, Petaling Jaya, Selangor Darul Ehsan 47400, Malaysia
26	Suite 628, Arcc Offices 6/F, 611 Hledan Centre, Corner of Pyay Road and Hledan Road, Kamayut Township Yangon Myanmar 11181
27	Suite 8b, Level 8, Wellesley Centre, 44-52 Wellesley Street, Auckland Central, Auckland, 1010, New Zealand
28	179 Bangkok City Tower, 24th Floor, South Sathorn Road, Thungmahamek, Sathorn, Bangkok, 10120, Thailand
29	Av. Cabildo 2677 Piso 6, Buenos Aires, C1428AAI, Argentina
30	Avenida Luis Carlos Berrini, 105 – 17º andar - cj. 171, Cidade Monções, São Paulo/SP, Brazil, 04571-010
31	PO Box 309, Ugland House, South Church Street, George Town, Grand Cayman, KY1-1104, Cayman Islands
32	Cruz del Sur 133 of, 802 Las Condes, Santiago, Chile
33	Cra 16 No 93A-36 Piso 6, Bogota, Colombia
34	Mariano Escobedo #476, 13th floor, Colonia Nueva Anzures, Mexico City, 11590, Mexico
35	Via Ricardo J. Alfaro, Century Tower, Piso 17, Oficina 1716, Panama City, 0832-0588, Panama
36	City Tower Suite 1002, 250 Ponce de Leon Avenue, PO Box 192291, San Juan, Puerto Rico 00919-2291
37	Lot 1 Croal Street, Stabroek, Demerara, Georgetown, GY
38	3200 Windy Hill Road SE, Suite 1500 WEST, Atlanta, Georgia 30339-5640, United States
39	Suite 313, The Greenway, Block C, Ardilaun Court, 112-114 St Stephen's Green, Dublin, D02 TD28, IE
40	Ul. Chmielna 134, Warsaw, 00-805, Poland
41	Av. Joao Crisostomo 30, 1st floor, Lisbon, 1050-127, Portugal
42	Building 32, The Woodlands Office Park, Woodlands Drive, Woodmead, Johannesburg, 2148, South Africa
43	Paseo de la Castellana 184, 3ª planta, Madrid, 28046, Spain
44	Suite 2005 Litong Plaza, No.1350 Sichuan North Road, Shanghai, 200080, China
45	9th Floor, Central Place, Junglim-dong 50 Seosomun-ro Jung-gu, Seoul, 04505, Korea
46	15FL, No. 319, Sec. 2 Dunhua S. Rd., Da'an Dist, Taipei, Taiwan
47	7th Floor, Saigon Finance Center, 9 Dinh Tien Hoang Street, Dakao Ward, District 1, Ho Chi Minh City, Vietnam
48	CR 9, Numero 74, IN 3, LC 3, Bogota, Colombia
49	Calle Las Orquideas 675, Interior 402, San Isidro, Lima, 27, Peru
50	Av. Abraham Lincoln con calle Olimpo, Edificio Torre Domus Piso 14 Ofc 14A Sector Sabana Grande, Caracas, Venezuela

10. Debtors

	As at 31 March 2019 £	As at 31 March 2018 £
Amounts due from group undertakings	4,163,988	3,954,179
Other debtors	1,257	1,158
Group tax relief receivable	10,237	102,324
	4,175,482	4,057,661

Amounts due from group undertakings carry interest rates of either local currency LIBOR + 4.88% (subject to a local currency LIBOR floor of 1%) applicable to all structural loans or local currency LIBOR less 0.5% (minimum rate being 0%) applicable to all operational loans.

Amounts due from group undertakings are repayable on demand.

Notes to the financial statements

11. Creditors: amounts falling due within one year

	As at 31 March 2019 £	As at 31 March 2018 £
Amounts due to group undertakings	-	8,117,098
Accruals	37,483	18,868
Deferred consideration payable	165,320	170,177
	202,803	8,306,143

Deferred consideration payable is in respect of the acquisition of ReachCentrum SA that completed on 30 March 2016, payable within one year £165,320 (2018: £170,177) and payable after more than one year £nil (2018: £170,177).

12. Creditors: amounts falling due after more than one year

	As at 31 March 2019 £	As at 31 March 2018 £
Deferred consideration payable (see note 11)	-	170,177
	-	170,177

13. Share capital

	2019 No.	2019 £	Allotted, called up and fully paid 2018 No.	2018 £
Ordinary shares of 5p each	1,736,475	86,824	1,736,475	86,824

14. Related party disclosures

The Company is a member of the ERM Worldwide Group Limited group of companies. In accordance with the exemption conferred by IAS 24 the Company has not disclosed transactions with other 100% owned group undertakings.

15. Ultimate parent company and controlling party

The Company's immediate parent company is Eagle 4 Limited.

The ultimate parent company and controlling party is ERM Worldwide Group Limited. ERM Worldwide Group 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.

16. Events after the reporting period

In October 2019 the Group completed an internal reorganisation of its group structure, transferring certain subsidiaries within the Group. The net effect on the Company's balance sheet after the reporting period is explained below:

The Company's investments in subsidiary undertakings increased by £5 million. This was settled through the issuance of ordinary shares in the Company to its immediate parent (£3 million) and a decrease in the Company's interest bearing loan with another Group entity (£2 million).

On 12 July 2019, the Group completed a refinancing of its credit facilities with a new syndicate of lenders, led by Citibank. The new credit facilities replace the existing banking facilities with the bank debt to be repaid over the period 2026 to 2027.