

ERM International Services Limited

Annual Report and Financial Statements

For the year ended 31 March 2019



Registered No: 03771741

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Corporate Information

Directors

Claudio Bertora
Mark Pearson

Auditor

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

Banker

Barclays Bank PLC
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London
EC3V 9EX

Registered office

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Exchequer Court,
33 St Mary Axe,
London,
England,
EC3A 8AA

Directors' report

The Directors present their annual report and audited financial statements of ERM International Services Limited, registered number 03771741 for the year ended 31 March 2019.

The directors' report has been prepared in accordance with the spread provisions applicable to companies entitled to the small companies exemption.

Principal activity and review of the business

The principal activities of the Company during the year were the provision of environmental consulting services. Results from Sweden and Mozambique form the financial statements of ERM International Services Limited. There is likely to be no change to the Company's activities in future periods. We do not believe that Brexit will have a material impact on the Group or the Company. The Company does not anticipate there being any significant impact due to the diversity of sectors and product services. The directors will continue to monitor the effects of Brexit going forward.

Results and dividends

The loss for the financial year ended 31 March 2019 amounted to 8,367,617 SEK (2018: loss of 7,947,087 SEK). The Directors do not recommend payment of a dividend (2018: nil SEK).

The Company has net current liabilities of 23,914,379 SEK at 31 March 2019 (2018: net current liabilities of 15,598,883 SEK).

Principal risks and uncertainties

The key risks to which the Company is exposed are reviewed regularly by senior management and the Board. The major risks that the Company faces relate to:

Risks relating to the Company's financial condition

The Company's credit risk is primarily attributable to its debtors and amounts recoverable on contracts. The Company's debtors are group undertakings, owned by the same ultimate parent undertaking.

Risks relating to the Company's business performance and to political and regulatory factors

The Company faces a competitive market with relatively low barriers to entry. The Company may be exposed to liabilities in connection with its business and its liability for potential claims or pending claims may exceed its insurance coverage or no insurance coverage may exist for such claims. Further, the Company may fail to meet cost, schedule or performance requirements under client contracts. Changes in environmental laws, regulations and government policy may adversely affect the Company's business, as may foreign political or economic instability, due to the number of countries in which the Company operates.

Some of the Company's end markets are somewhat cyclical in nature. Whilst the Company's revenues are drawn from a range of private and, to a lesser extent, public markets, material downturns in some markets, including for example the Oil & Gas sector, could impact the business.

These risks are managed by anticipating consultancy trends and identifying new markets and sectors in which the Company might operate, and in reviewing that it does not have over-dependence on any one industry or client. The Company has processes to manage contractual conditions with appropriate insurance arrangements in place and to identify contingent liabilities when they arise. The Directors believe that the Company has adequately provided for known liabilities and that it has adequate insurance to cover known potential legal claims.

Risks relating to the Company's personnel

The Company's operating result requires the Company to maintain a high degree of utilisation of its consultants.

These risks are managed by monitoring and maximising staff utilisation and by having remuneration policies which reward performance and promote continued employment with the Company.

Directors' report

Directors

The directors who served the company during the year and subsequent to the year-end were as follows:

Claudio Bertora
Mark Pearson

Future developments

The Directors consider the outlook for the Company to be positive, and expect fee income and profitability to return to growth.

Disabled employees

The Company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the Company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement

All employees receive regular copies of the Company's email newsletter, which provides information about the activities of ERM companies worldwide. Regular team meetings are held at which performance and ideas are discussed, and these provide an effective channel for communication between staff and senior management. Many employees are shareholders in group companies, and all members of staff participate in the success of the business via the group bonus schemes, which are linked to financial performance.

Ultimate parent undertaking

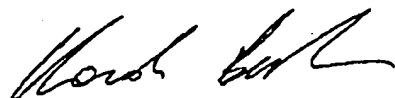
The ultimate parent company is ERM Worldwide Group Limited.

Directors' statement as to disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, as far as they are each aware, there is no relevant audit information of which the Company's auditor is 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 auditor is 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.

On behalf of the Board on 20 December 2019.

x



Claudio Bertora
Director

Registered No: 03771741

Directors' responsibilities statement

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), 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 judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report

to the members of ERM International Services Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of ERM International Services 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 loss 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; and
- the related notes 1 to 18.

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.

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.

Independent auditor's report (continued)

to the members of ERM International Services Limited

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 directors' report.

Matters on which we are required to report by exception

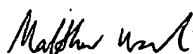
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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; or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report and from the requirement from preparing a strategic report.

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

20 December 2019

Profit and loss account and other comprehensive income

For the year ended 31 March 2019

	Note	2019 SEK	2018 SEK
Turnover	5	10,094,601	11,282,976
Project costs		(7,303,056)	(6,921,236)
Staff costs	9	(2,351,006)	(4,036,158)
Depreciation	11	(52,121)	(33,797)
Other operating charges		(2,061,880)	(3,542,797)
		(11,768,063)	(14,533,988)
Operating Loss	6	(1,673,462)	(3,251,012)
Interest payable and similar charges	7	(6,694,155)	(4,696,075)
Loss on profit before taxation		(8,367,617)	(7,947,087)
Tax charge on loss	10	-	-
Loss for the financial year		(8,367,617)	(7,947,087)

All operations are derived from continuing activities.

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

The accompanying notes on pages 10 to 22 form part of these financial statements.

There is no other comprehensive income or losses other than as shown above.


Balance sheet

As at 31 March 2019

	<i>Note</i>	<i>2019 SEK</i>	<i>2018 SEK</i>
Fixed assets			
Tangible assets	11	-	52,121
Current assets			
Debtors	12	10,331,988	5,478,452
Work in progress		665,335	2,601,085
Cash at bank and in hand		11,993,916	8,053,697
Total current assets		22,991,239	16,133,234
Creditors: amounts falling due within one year	13	(46,905,618)	(31,732,117)
Net current liabilities		(23,914,379)	(15,598,883)
Total assets less current liabilities		(23,914,379)	(15,546,762)
Capital and reserves			
Called up share capital	14	27	27
Profit and loss account		(23,914,406)	(15,546,789)
Shareholders' deficit		(23,914,379)	(15,546,762)

The notes on pages 10 to 22 form part of these financial statements.

The financial statements were approved by the Board of Directors on 2^o December 2019 and signed on its behalf by:

x 

Claudio Bertora
Director

Registered No: 03771741

Statement of changes in equity

For the year ended 31 March 2019

	<i>Called up share capital SEK</i>	<i>Profit and loss account SEK</i>	<i>Total equity SEK</i>
At 1 April 2017	27	(7,599,702)	(7,599,675)
<i>Comprehensive expense</i>			
Net loss for the financial year	-	(7,947,087)	(7,947,087)
Total comprehensive expense	-	(7,947,087)	(7,947,087)
At 31 March 2018	27	(15,546,789)	(15,546,762)
<i>Comprehensive expense</i>			
Net loss for the financial year	-	(8,367,617)	(8,367,617)
Total comprehensive expense	-	(8,367,617)	(8,367,617)
At 31 March 2019	27	(23,914,406)	(23,914,379)

Notes to the financial statements

For the year ended 31 March 2019

1. General Information

ERM International Services Limited (the "Company") is a Company incorporated and domiciled in the UK.

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 were 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 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 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.

Notes to the financial statements

For the year ended 31 March 2019

2. Significant accounting policies (continued)

2.2 Basis of accounting

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

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 4.

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

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

2.3 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 pages 2 and 3.

The principal activity of the Company is the provision of environmental consulting services and the Company is dependent on the central financing arrangements of the ERM 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.

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.

Foreign exchange differences arising on translation are recognised in the profit and loss account.

Notes to the financial statements

For the year ended 31 March 2019

2. Significant accounting policies (continued)

2.5 Non-derivative financial instruments

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

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 in 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 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.

Notes to the financial statements

For the year ended 31 March 2019

2. Significant accounting policies (continued)

2.7 Financial liabilities

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

- At fair value through profit or loss
- 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, and trade and other payables, including accruals. 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.

2.8 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 (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition are capitalised as part of the cost of that asset. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

2.9 Taxation

Tax on the profit or loss for the period comprises current tax 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 period, using tax rates enacted or substantively enacted at the balance sheet date.

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.

Notes to the financial statements

For the year ended 31 March 2019

2. Significant accounting policies (continued)

2.10 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.11 Revenue recognition

The Company follows the principles of IFRS 15 in determining appropriate revenue recognition policies. Revenue represents amounts chargeable for services provided to third parties in the normal course of business.

Revenue from services is recognised following the principles outlined in IFRS 15's five step model as detailed below:

- Identifying the contract. Upon acceptance of a proposal, a contract is entered into, to include details on the scope of work and each party's rights and obligations regarding the transfer of the service as well as payment terms for the service being transferred;
- Identifying the performance obligations in the contract. Key deliverables are stated in the contract and monitored on an ongoing basis against the agreed delivery timetable. The contract states our obligations to the client. In assessing performance obligations, consideration is given as to whether each identified key deliverable is a separate performance obligation, or a series of services that are substantially the same and have the same pattern of transfer to the customer so as to form one overall performance obligation;
- Determining the transaction price. Each contract has a section describing fees and will state the invoicing profile (i.e. the value and frequency) of the invoices to be raised. The transaction price is developed during the proposal process through establishing the scope of the work and the staffing levels required to deliver that work. Upon acceptance the total fee value is stated in the contract and is also broken down into an invoicing schedule;
- Allocating the transaction price to separate performance obligations. Contracts typically include only one performance obligation and therefore the process of allocating the contract price is straightforward. In instances where more than one performance obligation is identified in the contract these contracts typically include separately agreed fees for each performance obligation. Allocation of the transaction price is therefore straightforward;
- Recognising revenue as performance obligations are satisfied. Revenue is recognised over time as the work is performed. Performance of the service does not create an asset with an alternative use, and we have enforceable right to payment for work performed to date.

Gross revenue

Gross revenue represents amounts recoverable from clients in respect of the Company's continuing activities. Gross revenue includes costs incurred on behalf of clients and excludes sales taxes.

Notes to the financial statements

For the year ended 31 March 2019

2. Significant accounting policies (continued)

2.11 Revenue recognition (continued)

The Company typically enters into 'time and expense' and 'fixed fee' contracts. For contracts which are based on time and expense, gross revenue and profit is recognised based on hours and expenses charged to date. For fixed fee contracts, gross revenue and profit is recognised on a percentage completion basis when the outcome of a contract or project can be reasonably foreseen. The percentage of completion is established by reference to the costs incurred to date as compared to the total costs to be incurred under the transaction. Contract expenses include direct staff costs, sub-contractor costs and disbursements. The Directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS 15.

Attributable profit is recognised for that part of the work performed on each contract at the accounting date when the outcome can be assessed with reasonable certainty.

Net revenue

Net revenue is gross revenue after deduction of external project costs, which are principally sub-contractors on projects.

Contract losses

Contracts are reviewed regularly and full provision is made for any anticipated total loss on contracts in the period in which they are first identified.

2.12 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

- Plant and equipment – 33% per annum
- Motor vehicles – 25% per annum

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

2.13 Operating leases

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into an operating lease such incentives are recognised as a liability. Lease incentives are recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the lease are consumed.

Notes to the financial statements

For the year ended 31 March 2019

3. Adoption of new and revised Standards

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 standards 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). 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, and lease receivables and certain loan commitments and financial guarantee contracts.

For trade receivables and amounts recoverable on contracts, a simplified approach has been adopted as permitted by IFRS 9, whereby an allowance is recognised for the lifetime ECL of the instrument. Practical expedients have been employed to calculate the ECL for trade receivables and amounts recoverable on contracts.

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.

Notes to the financial statements

For the year ended 31 March 2019

3. Adoption of new and revised Standards (continued)

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. The outcome of this review has not identified any changes in revenue recognition for prior or existing revenues.

4. 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

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

5. Turnover

Turnover, which is stated net of value added tax, represents amounts attributable to labour effort of employees working on projects owned by group undertakings. Turnover is attributable to the one principal activity of the Company.

An analysis of turnover by geographical market is given below:

	2019 SEK	2018 SEK
United Kingdom	2,053,282	2,080,932
Africa	7,964,778	9,199,262
Rest of the World	76,541	2,782
	10,094,601	11,282,976

Notes to the financial statements

For the year ended 31 March 2019

6. Operating profit

This is stated after charging:

	2019 SEK	2018 SEK
Audit fees of these financial statements	128,174	109,667
Foreign exchange (gains) / losses	407,404	1,742,233
Operating lease rentals – land and buildings	590,312	864,330
Depreciation	52,121	33,797

7. Interest payable and similar charges

	2019 SEK	2018 SEK
Intercompany interest	6,694,155	4,696,075
	6,694,155	4,696,075

8. Directors' emoluments

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

9. Staff costs

Staff costs of the Company for the year ended 31 March 2019 are as follows:

	2019 SEK	2018 SEK
Wages and salaries	1,831,243	3,115,232
Social security costs	194,476	589,585
Other pension costs	325,287	331,341
	2,351,006	4,036,158

Average number of employees during the year was 3 (2018: 6).

Notes to the financial statements

For the year ended 31 March 2019

10. Tax charge on loss

(a) Analysis of tax charge:

	2019 SEK	2018 SEK
Current tax		
In respect of prior years	-	-
Total current tax charge	-	-
Total deferred tax charge	-	-
Total tax charge for the year (note 10(b))	-	-

(b) Reconciliation of current tax charge:

The tax charge is reconciled to the loss in the profit and loss account as follows:

	2019 SEK	2018 SEK
Loss before tax	(8,367,617)	(7,947,087)
Loss at UK statutory rate of 19% (2018:19%)	(1,589,847)	(1,509,947)
Effects of:		
Unutilised tax losses	1,589,847	1,509,947
Total tax charge for the year (note 10(a))	-	-

(c) Deferred tax:

The Company has an unrecognised deferred tax asset at 32% of SEK 335,707 (2018: SEK 5,084,385) consisting of losses arising in the current and prior years. 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 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

For the year ended 31 March 2019

11. Tangible fixed assets

	<i>Motor Vehicle SEK</i>	<i>Plant & Equipment SEK</i>	<i>Total SEK</i>
<i>Cost</i>			
At 1 April 2018 and 31 March 2019	244,363	499,961	744,324
<i>Depreciation</i>			
At 1 April 2018	194,258	497,945	692,203
Charge for year	150,105	2,016	52,121
At 31 March 2019	244,363	499,961	744,324
<i>Net book value:</i>			
At 31 March 2019	-	-	-
At 31 March 2018	50,105	2,016	52,121

12. Debtors

	<i>2019 SEK</i>	<i>2018 SEK</i>
Amounts due from group undertakings	6,271,583	4,884,708
Trade debtors (less loss allowance)	3,851,928	362,653
Other debtors	46,545	8,992
Prepayments and accrued income	122,250	137,085
VAT receivable	5,612	6,008
Corporation tax receivable	34,072	79,006
	10,331,988	5,478,452

(1) Trade debtors is disclosed net of a loss allowance of SEK 146,041 (2018: SEK 7,515).

In this analysis, "group undertakings" refers to members of the ERM Worldwide Group Limited group of companies, of which this Company forms a part. 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.

The Company receives payments from customers based on a billing schedule, as established in the contract. Trade receivables and amounts recoverable on contracts are recognised when the right to consideration becomes unconditional.

The following table details the risk profile of trade receivables based on the Company's provision matrix. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Company's different customer base. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Notes to the financial statements

For the year ended 31 March 2019

12. Debtors (continued)

31 March 2019	Not past due SEK	1-30 days SEK	31-60 days SEK	61-90 days SEK	>90 days SEK	Total SEK
Expected credit loss rate	0.3%	-	-	-	4.1%	3.8%
Total gross carrying amount at default	338,737	-	-	-	3,513,190	3,851,927
Lifetime ECL	991	-	-	-	145,050	146,041

31 March 2018	Not past due SEK	1-30 days SEK	31-60 days SEK	61-90 days SEK	>90 days SEK	Total SEK
Expected credit loss rate	-	0.4%	0.8%	-	3.4%	2.1%
Total gross carrying amount at default	-	29,196	151,667	-	181,790	362,653
Lifetime ECL	-	105	1,281	-	6,129	7,515

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.

13. Creditors: amounts falling due within one year

	2019 SEK	2018 SEK
Trade creditors	1,049,587	722,718
Other creditors	731,348	234,386
Accruals and deferred income	139,736	413,403
Amounts due to group undertakings	44,984,947	30,361,610
	46,905,618	31,732,117

In this analysis, "group undertakings" refers to members of the ERM Worldwide Group Limited group of companies, of which this Company forms a part. Amounts due to 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 + 4% applicable to all operational loans.

14. Share capital

	Allotted, called up and fully paid 2019		Allotted, called up and fully paid 2018	
	No.	SEK	No.	SEK
Equity interests:				
Ordinary shares of £1 each	2	27	2	27

The share capital was translated using a historic rate on the date of Company's incorporation.

Notes to the financial statements

For the year ended 31 March 2019

15. Other financial commitments

Non-cancellable operating lease rentals are payable as follows:

	<i>Land and buildings</i>	
	<i>2019</i>	<i>2018</i>
	<i>SEK</i>	<i>SEK</i>
Operating leases which expire:		
Within one year	689,554	772,900
In two to five years	-	73,565
	689,554	846,465

16. 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.

17. Ultimate parent undertaking and controlling party

The immediate parent company is ERM-Europe, Ltd.

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.

18. Events after the reporting period

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, which replace the existing banking facilities, are for a total amount of \$1,000 million, comprising first lien facilities of \$700 million and second lien facilities of \$175 million (total first and second lien facilities of \$875 million), as well as a revolving credit facility of \$125 million. The total of the new facilities is equal to the debt package it replaces with an increase of revolving credit facility to \$125 million. The bank debt is to be repaid over the period 2026 to 2027.

On 12 July 2019, as part of the refinancing the Company drew down on the new credit facilities, total amount of \$239 million, comprising first lien facilities €56.4 million (\$64 million) and second lien facilities of \$175 million.