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# **Diligen Limited**

## **Report and Financial Statements**

31 March 2006

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COMPANIES HOUSE  
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Registered No 04441186

**Directors**

Malcolm Hutton

**Secretary**

Stephen Harrison

William Boyd

**Auditors**

Ernst & Young LLP

1 More London Place

London

SE1 2AF

**Bankers**

Barclays Bank PLC

54 Lombard Street

London

EC3V 9EX

**Solicitors**

S J Berwin

222 Grays Inn Road

London

WC1X 8HB

**Registered office**

8 Cavendish Square

London

W1G 0ER

## Directors' report

The directors present their report and financial statements for the year ended 31 March 2006

### Results and dividends

The loss for the year, after taxation, amounted to € 98,824 (2005 €97,747) The directors do not recommend the payment of an ordinary dividend

### Principal activity

The principal activities of environmental, risk and health and safety consulting services were not carried out by the company during the year The company remains dormant with the exception of necessary operating expenses

### Analysis of risk factors

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

#### Foreign Currency Risk

Transactions on the loan balances with group undertakings were recorded in other foreign currencies at the rate ruling at the date of transaction and outstanding balances are regularly revalued to reflect the prevailing rates of exchange

#### Interest rate risk

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

### Directors and their interests

The directors in office in the year were as shown below Their beneficial interests in the shares of the company were as follows

<i>Director/Secretary</i>	<i>Company</i>	<i>31 March 2006 No of shares</i>	<i>31 March 2005 No of shares</i>
Daniel Sevick (resigned 23 Sept 05)	ERM Group Holdings Limited	-	-
Malcolm Hutton	ERM Group Holdings Limited	4,956	-
Philip Keller (resigned 29 Sept 06)	ERM Group Holdings Limited	11,716	-
Daniel Sevick (resigned 23 Sept 05)	ERM Holdings Limited	-	-
Malcolm Hutton	ERM Holdings Limited	-	9,529
Philip Keller (resigned 29 Sept 06)	ERM Holdings Limited	-	29,596

### Ultimate parent company

On 8<sup>th</sup> December 2005, ERM Holdings Limited, the then ultimate holding company, sold its investment in Diligen Limited The ultimate parent company is now ERM Group Holdings Limited

### Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting

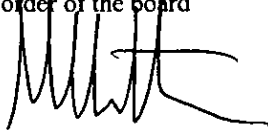
### Directors' statement as to disclosure of information to auditors

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

## Directors' report

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

By order of the board



Malcolm Hutton  
Director

30 MARCH 2007

## **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

# **Independent auditors' report**

**to the members of Diligen Limited**

We have audited the company's financial statements for the year ended 31 March 2006 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 10. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

## **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

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

We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

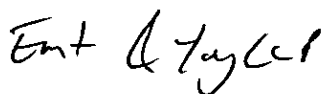
# Independent auditors' report

to the members of Diligen Limited (continued)

## Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company as at 31 March 2006 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements



Ernst & Young LLP  
Registered Auditor  
London

30 March 2007

## Profit and loss account

for the year ended 31 March 2006

	Notes	2006 €	2005 €
<b>Turnover</b>	2	-	(19,975)
<b>Gross loss</b>		-	(19,975)
Net operating expenses		(98,824)	(77,772)
<b>Loss on ordinary activities before taxation</b>	3	(98,824)	(97,747)
Taxation	4	-	-
<b>Loss for the financial year</b>		(98,824)	(97,747)

## Statement of total recognised gains and losses

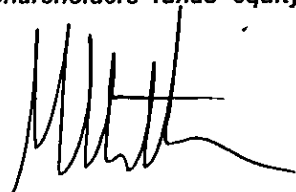
There are no recognised gains or losses other than as shown in the profit and loss account above



## Balance sheet

at 31 March 2006

	Notes	2006 €	2005 €
<b>Current assets</b>			
Debtors	5	148	148
Cash at bank and in hand		1	62,696
		<u>149</u>	<u>62,844</u>
<b>Creditors</b> amounts falling due within one year	6	(1,099,874)	(1,063,745)
<b>Net current liabilities</b>		<u>(1,099,725)</u>	<u>(1,000,901)</u>
<b>Capital and reserves</b>			
Called up share capital	7	148	148
Profit and loss account	8	(1,099,873)	(1,001,049)
<b>Shareholders' funds: equity</b>	8	<u>(1,099,725)</u>	<u>(1,000,901)</u>



Malcolm Hutton  
Director

30/3/07

# Notes to the financial statements

at 31 March 2006

## 1. Accounting policies

### *Going Concern*

The financial statements have been prepared on a going concern basis as the ultimate parent undertaking has committed to provide funds, if required, to enable the company to meet its liabilities as they fall due

### *Accounting convention*

The financial statements are prepared under the historical cost convention in accordance with applicable accounting standards. The financial statements are presented in Euros, the company's functional currency. The directors consider the going concern basis to be appropriate as all recorded transactions are held with and supported by the company's ultimate parent undertaking.

### *Cash flow exemption*

The company is exempt from the requirement to prepare a statement of cash flows under FRS 1 (Revised 1996) and, accordingly, no statement of cash flows has been prepared.

### *Deferred taxation*

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

### *Foreign currencies*

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

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

## 2. Turnover

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

## 3. Loss on Ordinary Activities Before Taxation.

This is stated after charging

	2006 €	2005 €
Auditors' remuneration – audit services	3,962	3,274

# Notes to the financial statements

at 31 March 2006

## 4. Taxation

### (a) Tax on loss on ordinary activities

The tax credit is made up as follows

	2006 €	2005 €
<i>Current tax</i>		
UK corporation tax	—	—

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

The tax credit assessed for the year differs from the standard rate of corporation tax in the UK of 30%

The differences are explained below

	2006 €	2005 €
Loss on ordinary activities before tax	(98,824)	(97,747)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30 % (2005 - 30%)	(29,647)	(29,324)
<i>Effects of</i>		
Expenses not deductible for tax purposes	29,647	29,234
Current tax credit for the year (note 6(a))	—	—

## 5. Debtors

	2006 €	2005 €
Unpaid share capital	148	148
	148	148

## 6. Creditors: amounts falling due within one year

	2006 €	2005 €
Amounts due to group undertakings	1,099,874	1,060,539
Accruals	—	3,206
	1,099,874	1,063,745

