

**REPORT OF THE DIRECTORS AND
AUDITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2008
FOR
ERMS UK (HOLDINGS) LIMITED**



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ERMS UK (HOLDINGS) LIMITED

**CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2008**

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	4
Consolidated Profit and Loss Account	6
Consolidated Statement of Total Recognised Gains and Losses	7
Consolidated Balance Sheet	8
Company Balance Sheet	9
Notes to the Consolidated Financial Statements	10



ERMS UK (HOLDINGS) LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31ST DECEMBER 2008**

DIRECTORS:	I. Smith A F Troost
SECRETARY:	I. Smith
REGISTERED OFFICE:	Frans House Fenton Way Chatteris Cambridgeshire PE16 6UP
REGISTERED NUMBER:	1993374 (England and Wales)
AUDITORS:	Keens Shay Keens Limited Chartered Accountants & Registered Auditors 2nd Floor Exchange Building 16 St Cuthberts Street Bedford Bedfordshire MK40 3JG
BANKERS:	National Westminster Bank Plc 7 Cornhill Bury St Edmunds Suffolk IP33 1BQ



ERMS UK (HOLDINGS) LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST DECEMBER 2008

The directors present their report with the financial statements of the company and the group for the year ended 31st December 2008.

PRINCIPAL ACTIVITIES

The principal activities of the group in the year under review were those of firstly the wholesale distribution of salad, citrus and grape produce and secondly that of freehold property owners in Chatteris, Cambridgeshire, with the properties let commercially to its subsidiary company Erms (UK) Limited.

REVIEW OF BUSINESS

The decline of the UK pound against the Euro has had an adverse effect in the year. The directors are hoping that in 2009 the UK pound will strengthen against the Euro so that the company will be able to recover some of the deficit from 2008.

DIVIDENDS

No dividend will be distributed for the year ended 31st December 2008.

DIRECTORS

The directors set out in the table below have held office during the whole of the period from 1st January 2008 to the date of this report.

The beneficial interests of the directors holding office at 31st December 2008 in the shares of the company, according to the register of directors' interests, were as follows:

	31.12.08	1.1.08
Ordinary shares of £1 each		
I. Smith	1,324	1,324
A F Troost	-	-

These directors did not hold any non-beneficial interests in the shares of the company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group 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;
- 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.




ERMS UK (HOLDINGS) LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST DECEMBER 2008**

AUDITORS

The auditors, Keens Shay Keens Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:


.....
I. Smith - Secretary

Date: 3rd July 2009



REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ERMS UK (HOLDINGS) LIMITED

We have audited the group and company financial statements of Erms UK (Holdings) Limited for the year ended 31st December 2008 on pages six to twenty. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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

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

We read the Report of the Directors 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 group's and 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.



**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
ERMS UK (HOLDINGS) LIMITED**

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and parent company's affairs as at 31st December 2008 and of the group's profit 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 Report of the Directors is consistent with the financial statements.

Keens Shay Keens Limited
Chartered Accountants &
Registered Auditors
2nd Floor Exchange Building
16 St Cuthberts Street
Bedford
Bedfordshire
MK40 3JG

Date: 3rd July 2009

**ERMS UK (HOLDINGS) LIMITED****CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2008**

	Notes	2008 £	2007 £
TURNOVER		11,279,670	9,623,821
Cost of sales		<u>9,160,083</u>	<u>7,314,917</u>
GROSS PROFIT		2,119,587	2,308,904
Administrative expenses		<u>2,275,938</u>	<u>1,367,474</u>
		(156,351)	941,430
Other operating income		<u>331,303</u>	<u>162,912</u>
OPERATING PROFIT	3	174,952	1,104,342
Interest receivable and similar income		<u>6,641</u>	<u>33,157</u>
		181,593	1,137,499
Interest payable and similar charges	4	<u>152,785</u>	<u>50,608</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		28,808	1,086,891
Tax on profit on ordinary activities	5	<u>16,688</u>	<u>326,785</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		<u>12,120</u>	<u>760,106</u>

CONTINUING OPERATIONS

None of the group's activities were acquired or discontinued during the current year. All the trading activities of Erms UK (Holdings) Limited were discontinued in the previous year. All the trading activities of Erms (UK) Limited were acquired during the previous year.



ERMS UK (HOLDINGS) LIMITED

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31ST DECEMBER 2008**

	2008	2007
	£	£
PROFIT FOR THE FINANCIAL YEAR	12,120	760,106
Revaluation of freehold property	<u>-</u>	<u>717,533</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>12,120</u>	<u>1,477,639</u>

The notes form part of these financial statements

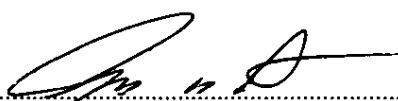


ERMS UK (HOLDINGS) LIMITED

**COMPANY BALANCE SHEET
31ST DECEMBER 2008**

	Notes	2008 £	2007 £
FIXED ASSETS			
Tangible assets	7	6,690,922	6,743,907
Investments	8	<u>100</u>	<u>100</u>
		6,691,022	6,744,007
CURRENT ASSETS			
Debtors	10	56,211	2,736
Cash at bank		<u>396</u>	<u>3,045</u>
		56,607	5,781
CREDITORS			
Amounts falling due within one year	11	<u>255,779</u>	<u>355,357</u>
NET CURRENT LIABILITIES		(199,172)	(349,576)
TOTAL ASSETS LESS CURRENT LIABILITIES		6,491,850	6,394,431
CREDITORS			
Amounts falling due after more than one year	12	(2,690,767)	(2,179,195)
PROVISIONS FOR LIABILITIES	16	<u>(1,095)</u>	<u>(1,333)</u>
NET ASSETS		<u>3,799,988</u>	<u>4,213,903</u>
CAPITAL AND RESERVES			
Called up share capital	17	16,324	16,324
Share premium	18	51,636	51,636
Revaluation reserve	18	717,533	717,533
Profit and loss account	18	<u>3,014,495</u>	<u>3,428,410</u>
SHAREHOLDERS' FUNDS	21	<u>3,799,988</u>	<u>4,213,903</u>

The financial statements were approved by the Board of Directors on 3rd July 2009 and were signed on its behalf by:


.....
I. Smith - Director

The notes form part of these financial statements




ERMS UK (HOLDINGS) LIMITED

**CONSOLIDATED BALANCE SHEET
31ST DECEMBER 2008**

	Notes	2008 £	2007 £
FIXED ASSETS			
Tangible assets	7	7,083,752	7,128,524
Investments	8	-	-
		<u>7,083,752</u>	<u>7,128,524</u>
CURRENT ASSETS			
Stocks	9	260,618	165,623
Debtors	10	1,759,332	1,142,358
Cash at bank and in hand		<u>159,201</u>	<u>421,757</u>
		<u>2,179,151</u>	<u>1,729,738</u>
CREDITORS			
Amounts falling due within one year	11	<u>1,582,466</u>	<u>1,700,627</u>
NET CURRENT ASSETS		<u>596,685</u>	<u>29,111</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,680,437</u>	<u>7,157,635</u>
CREDITORS			
Amounts falling due after more than one year	12	(2,690,767)	(2,179,195)
PROVISIONS FOR LIABILITIES	16	<u>(25,613)</u>	<u>(26,503)</u>
NET ASSETS		<u><u>4,964,057</u></u>	<u><u>4,951,937</u></u>
CAPITAL AND RESERVES			
Called up share capital	17	16,324	16,324
Share premium	18	51,636	51,636
Revaluation reserve	18	717,533	717,533
Profit and loss account	18	<u>4,178,564</u>	<u>4,166,444</u>
SHAREHOLDERS' FUNDS	21	<u><u>4,964,057</u></u>	<u><u>4,951,937</u></u>

The financial statements were approved by the Board of Directors on 3rd July 2009 and were signed on its behalf by:


I. Smith - Director

The notes form part of these financial statements

ERMS UK (HOLDINGS) LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2008**

1. ACCOUNTING POLICIES**Accounting convention**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Basis of consolidation

The consolidated accounts incorporate the accounts of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group accounts by virtue of section 230 of the Companies Act 1985.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- 2% on cost or revalued amounts
Plant and machinery	- 20% on cost
Fixtures and fittings	- 33% on cost and 10% on cost
Motor vehicles	- 33% on reducing balance

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Employee benefits**Retirement benefit arrangements**

The company operates a single defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate. The company also operates a number of other group pension schemes for employees with contributions being paid in accordance with the rules of each of the schemes.



ERMS UK (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31ST DECEMBER 2008

2. STAFF COSTS

	2008	2007
	£	£
Wages and salaries	1,784,708	1,354,391
Social security costs	180,449	151,593
Other pension costs	37,805	37,325
	<u>2,002,962</u>	<u>1,543,309</u>

The average monthly number of employees during the year was as follows:

	2008	2007
Production staff	62	48
Administrative staff	<u>10</u>	<u>10</u>
	<u>72</u>	<u>58</u>

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2008	2007
	£	£
Hire of plant and machinery	111,091	23,545
Other operating leases	24,469	16,179
Depreciation - owned assets	217,072	157,203
Profit on disposal of fixed assets	-	(11,684)
Auditors' remuneration	7,680	9,300
Foreign exchange differences	<u>670,640</u>	<u>111,850</u>
Directors' emoluments	<u>167,331</u>	<u>199,183</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
------------------------	----------	----------

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2008	2007
	£	£
Bank loan interest	-	12,238
Interest payable on related party loan	<u>152,785</u>	<u>38,370</u>
	<u>152,785</u>	<u>50,608</u>

ERMS UK (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31ST DECEMBER 2008

5. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2008 £	2007 £
Current tax:		
UK corporation tax	17,545	301,687
(Over)/under provision prior year	33	-
Deferred tax	<u>(890)</u>	<u>25,098</u>
Tax on profit on ordinary activities	<u>16,688</u>	<u>326,785</u>

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2008 £	2007 £
Profit on ordinary activities before tax	<u>28,809</u>	<u>1,086,891</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28.5% (2007 - 30%)	8,211	326,067
Effects of:		
Expenses not deductible for tax purposes	20,046	6,110
Capital allowances in advance of depreciation	(10,679)	(27,836)
Marginal corporation tax rate adjustment	<u>-</u>	<u>(2,654)</u>
Current tax charge	<u>17,578</u>	<u>301,687</u>

6. LOSS OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £(413,915) (2007 - £22,072 profit).

ERMS UK (HOLDINGS) LIMITED
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2008**
7. TANGIBLE FIXED ASSETS
Group

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST OR VALUATION					
At 1st January 2008	7,057,499	606,307	241,842	60,235	7,965,883
Additions	49,485	60,157	64,896	-	174,538
Disposals	-	-	(2,238)	-	(2,238)
At 31st December 2008	<u>7,106,984</u>	<u>666,464</u>	<u>304,500</u>	<u>60,235</u>	<u>8,138,183</u>
DEPRECIATION					
At 1st January 2008	332,259	354,592	126,390	24,118	837,359
Charge for year	<u>98,470</u>	<u>66,512</u>	<u>40,051</u>	<u>12,039</u>	<u>217,072</u>
At 31st December 2008	<u>430,729</u>	<u>421,104</u>	<u>166,441</u>	<u>36,157</u>	<u>1,054,431</u>
NET BOOK VALUE					
At 31st December 2008	<u>6,676,255</u>	<u>245,360</u>	<u>138,059</u>	<u>24,078</u>	<u>7,083,752</u>
At 31st December 2007	<u>6,725,240</u>	<u>251,715</u>	<u>115,452</u>	<u>36,117</u>	<u>7,128,524</u>

Included in cost or valuation of land and buildings is freehold land of £2,311,041 (2007 - £2,311,041) which is not depreciated.

Cost or valuation at 31st December 2008 is represented by:

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
Valuation in 2007	717,533	-	-	-	717,533
Cost	<u>6,389,451</u>	<u>666,464</u>	<u>304,500</u>	<u>60,235</u>	<u>7,420,650</u>
	<u>7,106,984</u>	<u>666,464</u>	<u>304,500</u>	<u>60,235</u>	<u>8,138,183</u>

ERMS UK (HOLDINGS) LIMITED
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2008**
7. TANGIBLE FIXED ASSETS - continued
Group

Fixed assets, included in the above, which are held under finance leases are as follows:

	Plant and machinery £	Fixtures and fittings £	Totals £
DEPRECIATION			
Charge for the year	<u>4,435</u>	<u>981</u>	<u>5,416</u>
NET BOOK VALUE			
At 31st December 2008	<u>-</u>	<u>-</u>	<u>-</u>
At 31st December 2007	<u>4,435</u>	<u>981</u>	<u>5,416</u>

Company

	Freehold property £	Plant and machinery £	Totals £
COST			
At 1st January 2008	7,057,499	20,000	7,077,499
Additions	<u>49,485</u>	<u>-</u>	<u>49,485</u>
At 31st December 2008	<u>7,106,984</u>	<u>20,000</u>	<u>7,126,984</u>
DEPRECIATION			
At 1st January 2008	332,259	1,333	333,592
Charge for year	<u>98,470</u>	<u>4,000</u>	<u>102,470</u>
At 31st December 2008	<u>430,729</u>	<u>5,333</u>	<u>436,062</u>
NET BOOK VALUE			
At 31st December 2008	<u>6,676,255</u>	<u>14,667</u>	<u>6,690,922</u>
At 31st December 2007	<u>6,725,240</u>	<u>18,667</u>	<u>6,743,907</u>

Included in cost of land and buildings is freehold land of £2,311,041 (2007 - £2,311,041) which is not depreciated.



ERMS UK (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31ST DECEMBER 2008

8. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £
COST	
At 1st January 2008 and 31st December 2008	<u>100</u>
NET BOOK VALUE	
At 31st December 2008	<u>100</u>
At 31st December 2007	<u>100</u>

The fixed asset investment represents 100% of the issued share capital in Erms (UK) Limited, a company incorporated in England.

9. STOCKS

	Group	
	2008 £	2007 £
Produce goods for resale	<u>260,618</u>	<u>165,623</u>

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2008 £	2007 £	2008 £	2007 £
Trade debtors	1,597,728	1,064,844	14,191	-
Amounts owed by group undertakings	-	4,526	38,591	-
Tax	67,138	-	-	-
VAT	-	-	3,429	2,735
Prepayments and accrued income	<u>94,466</u>	<u>72,988</u>	<u>-</u>	<u>1</u>
	<u>1,759,332</u>	<u>1,142,358</u>	<u>56,211</u>	<u>2,736</u>

ERMS UK (HOLDINGS) LIMITED
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2008**
11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Bank loans and overdrafts (see note 13)	18,423	-	10	-
Other loans (see note 13)	206,982	155,656	206,982	155,656
Finance leases (see note 14)	-	1,399	-	-
Trade creditors	1,028,811	972,438	17,150	2,730
Amounts owed to group undertakings	17,796	2,891	-	-
Tax	-	134,241	-	4,542
Social security and other taxes	71,198	55,666	-	-
VAT	53,531	41,938	-	-
Other creditors	2,210	2,733	120,305	185,695
Accruals and deferred income	183,515	333,665	31,637	6,734
	<u>1,582,466</u>	<u>1,700,627</u>	<u>376,084</u>	<u>355,357</u>

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Other loans (see note 13)	<u>2,690,767</u>	<u>2,179,195</u>	<u>2,690,767</u>	<u>2,179,195</u>

13. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank overdrafts	18,423	-	10	-
Related party loan	<u>206,982</u>	<u>155,656</u>	<u>206,982</u>	<u>155,656</u>
	<u>225,405</u>	<u>155,656</u>	<u>206,992</u>	<u>155,656</u>
Amounts falling due between one and two years:				
Related party loan	<u>206,982</u>	<u>155,656</u>	<u>206,982</u>	<u>155,656</u>
Amounts falling due between two and five years:				
Related party loan	<u>827,928</u>	<u>622,624</u>	<u>827,928</u>	<u>622,624</u>
Amounts falling due in more than five years:				
Repayable by instalments				
Related party loan	<u>1,655,857</u>	<u>1,400,915</u>	<u>1,655,857</u>	<u>1,400,915</u>

ERMS UK (HOLDINGS) LIMITED
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2008**
14. OBLIGATIONS UNDER LEASING AGREEMENTS
Group

	Finance leases	
	2008	2007
	£	£
Net obligations repayable:		
Within one year	<u>-</u>	<u>1,399</u>

The following operating lease payments are committed to be paid within one year:

Group

	Other operating leases	
	2008	2007
	£	£
Expiring:		
Within one year	-	5,718
Between one and five years	<u>17,904</u>	<u>11,884</u>
	<u>17,904</u>	<u>17,602</u>

15. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Bank overdraft	10	-	10	-
Related party loan	<u>2,897,749</u>	<u>2,334,851</u>	<u>2,897,749</u>	<u>2,334,851</u>
	<u>2,897,759</u>	<u>2,334,851</u>	<u>2,897,759</u>	<u>2,334,851</u>

The bank loans and overdrafts are secured by a fixed and floating charge over all current and future assets of the company.

The related party loan from Handel-en Exploitiatiemaatschappij A.F. Troost BV. is secured by a charge over the freehold property, Ronald House, Fenton Way, Chatteris, Cambridgeshire.

16. PROVISIONS FOR LIABILITIES

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Deferred tax	<u>25,613</u>	<u>26,503</u>	<u>1,095</u>	<u>1,333</u>

ERMS UK (HOLDINGS) LIMITED
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2008**
16. PROVISIONS FOR LIABILITIES - continued
Group

	Deferred tax £
Balance at 1st January 2008	26,503
Reversal of excess taxation allowances over depreciation Capital allowances in advance of depreciation	<u>(890)</u>
Balance at 31st December 2008	<u>25,613</u>

Company

	Deferred tax £
Balance at 1st January 2008	1,333
Reversal of excess taxation allowances over depreciation	<u>(238)</u>
Balance at 31st December 2008	<u>1,095</u>

17. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	2008 £	2007 £
25,000	Ordinary	£1	<u>25,000</u>	<u>25,000</u>

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2008 £	2007 £
16,324	Ordinary	£1	<u>16,324</u>	<u>16,324</u>

18. RESERVES
Group

	Profit and loss account £	Share premium £	Revaluation reserve £	Totals £
At 1st January 2008	4,166,444	51,636	717,533	4,935,613
Profit for the year	<u>12,120</u>			<u>12,120</u>
At 31st December 2008	<u>4,178,564</u>	<u>51,636</u>	<u>717,533</u>	<u>4,947,733</u>

ERMS UK (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31ST DECEMBER 2008

18. RESERVES - continued

Company

	Profit and loss account £	Share premium £	Revaluation reserve £	Totals £
At 1st January 2008	3,428,410	51,636	717,533	4,197,579
Deficit for the year	(413,915)			(413,915)
At 31st December 2008	<u>3,014,495</u>	<u>51,636</u>	<u>717,533</u>	<u>3,783,664</u>

19. ULTIMATE PARENT COMPANY

The ultimate parent undertaking is Holding Familie Troost BV, a company incorporated in the Netherlands.

20. RELATED PARTY DISCLOSURES

The company owns all the issued share capital of Erms (UK) Limited, a company incorporated in England. During the year, the company paid a management charge of £40,000 (2007 - £40,000) to Erms (UK) Limited in respect of management time and resources spent on dealing with its affairs. In addition, the company rents office and warehouse space to Erms (UK) Limited for which it received £504,000 in the current year (2007 - £330,300). At the year end the company owed Erms (UK) Limited £38,591 (2007 - £(185,695)).

The company also borrowed 3,183,901.46 euros from Handel-en Exploitiemaatschappij A.F. Troost bv. in the year to 31st December 2007 which is the personal pension fund of Mr A F Troost, a director of the company. Interest is currently payable at 5.75% per annum on this loan, which is due for repayment over a 15 year period. At the year end the company owed Handel-en Exploitiemaatschappij A.F. Troost BV. £2,897,749 (2007 - £2,334,851).

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	2008 £	2007 £
Profit for the financial year	12,120	760,106
Other recognised gains and losses relating to the year (net)	-	717,533
Net addition to shareholders' funds	12,120	1,477,639
Opening shareholders' funds	<u>4,951,937</u>	<u>3,474,298</u>
Closing shareholders' funds	<u>4,964,057</u>	<u>4,951,937</u>



ERMS UK (HOLDINGS) LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2008**

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS - continued

Company

	2008	2007
	£	£
(Loss)/Profit for the financial year	(413,915)	22,072
Other recognised gains and losses relating to the year (net)	<u>-</u>	<u>717,533</u>
Net (reduction)/addition to shareholders' funds	(413,915)	739,605
Opening shareholders' funds	<u>4,213,903</u>	<u>3,474,298</u>
Closing shareholders' funds	<u>3,799,988</u>	<u>4,213,903</u>