Company number 03877626

WSP CEL Limited

Annual Report

for the year ended 31 December 2016

Financial Statements
for the year ended 31 December 2016

Contents

WSP CEL LIMITED

Directors and advisers

Directors

M Naysmith
M Barnard

Company Secretary
K Sewell

Registered office

WSP House
70 Chancery Lane
London
WC2A 1AF

Bankers

HSBC Bank plc
PO Box 68
130 New Street
Birmingham
West Midlands
B2 4JU

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

WSP CEL LIMITED
Strategic Report
for the year ended 31 December 2016

Principal activities and business review

The company is a process engineering services provider offering the capability to develop a process concept into a fully functional production plant on behalf of its customers. Its services, which include project management, engineering and design, procurement, construction management and validation, are focused on the pharmaceutical, biotechnology, chemicals, fibres, food, drink and consumer goods sectors. The company's geographic market focus is principally UK clients but given the global nature of our clients we provide support to our clients globally as required. The company is domiciled in the United Kingdom.

The full integration of the company into the UK business saw an improved result in 2016 following a steep increase in workload which was poorly managed and ultimately resulted in performance issues throughout 2015.
Difficult legacy projects are now practically complete but will require significant support from the wider business to resolve commercially. The performance of projects is however steadily improving which will put the business in a much better position for 2017.

Results and dividends

The Statement of Comprehensive Income is set out on page 7 and shows the loss for the financial year. The directors do not recommend a dividend payment in respect of the year ended 31 December 2016 (2015 £nil).

Future outlook

The consistent performance of projects is critical to the success of the business. Repeat business with existing clients is by far the easiest way to secure new opportunities and will also restore our reputation within the marketplace. The business has witnessed investment across a much wider range of sectors during 2016 which is a positive sign. This also reduces the risk to the business if one sector collapses as recently experienced in the oil and gas sector.

We can capitalise on our ability to work internationally to counter any restrictions on future investment in the UK which would limit growth. The business can also embrace the advantages of being fully integrated into the wider group and grow through access to a broader client base.

Key performance indicators ("KPI's")

The directors consider that revenue, gross profit and cash flows from operating activities assist in providing an understanding of the development and performance or position of the Company's business and believe that an analysis using other KPI's for the Company is not necessary or appropriate.

The development, performance and position of the Group, which includes the Company, is discussed in the section entitled "Management's Discussion and Analysis" of the WSP Global Inc. 2016 Annual Report, which does not form part of this report.

Principal risks and uncertainties

The directors of WSP Global Inc. manage the Group's principal risks (including financial risks) and uncertainties at Group level, rather than on an individual company basis. The Group's performance is impacted by the general economic climate in the UK. The risk is managed by ensuring that the Group operates across a range of industry sectors with a broad client base. The Company's directors consider that a discussion of the Group's risk would not be appropriate for an understanding of the performance of the Company's business. The principal risks and uncertainties of WSP Global Inc., which include those of the Company, are included in the section entitled "Management's Discussion and Analysis" of the WSP Global Inc. 2016 Annual Report, which does not form part of this report.

This Strategic Report was approved by the Board of Directors and signed on its behalf by:

M Barnard

Director

26 September 2017

Directors' report
for the year ended 31 December 2016

The directors present their audited financial statements for the year ended 31 December 2016.

Future developments

Future developments have been disclosed in the Strategic report on page 2.

Financial risk management

The company's operations expose it to small levels of financial risk that include the effects of price and credit risk. The company is reliant on its parent company to manage a number of the key financial risks that may affect the performance of the company. The risks are reviewed and monitored by the directors throughout the year, using established policies and procedures that have been determined in line with the guidelines issued by the parent company. The company had no currency swaps, derivatives or designated hedging instruments as at 31 December 2016 and 31 December 2015.

Price risk

The company's contracts include a number of long term contracts in which there may be risk of cost over-runs as a result of inflationary pressures. The company seeks to price contracts at levels that take account of increasing prices and where appropriate establish contract terms that enable contract revenues to be flexed in response to increasing price levels.

Credit risk

The company has no significant concentrations of credit risk and has implemented policies and procedures that require credit checks on potential customers before sales commence. Credit control procedures are designed to ensure that project revenue is collected according to agreed terms.

Directors

The directors of the company during the year and up to the date of signing the financial statements were:

S N Maguire (resigned 15 December 2016)
M Naysmith (appointed 25 May 2017)
M Barnard (appointed 1 March 2017)
N C H Barnes (resigned 29 February 2016)
R Maclean (appointed 15 December 2016, resigned 26 May 2017)
A Noble (resigned 2 March 2017)

Directors' liability insurance

As permitted by the Companies Act 2006, the Group has arranged qualifying third party insurance cover in respect of the Company's directors' and officers' liability, which was in force during the financial year and also at the date of approval of the financial statements.

Employees

The company's policy is to ensure the health, safety and welfare of everyone engaged in, or affected by, its activities. A Health and Safety manual is distributed to all employees and the company provides clearly defined training schedules. Within the limitations of its business, the company's policy is to engage disabled persons and to provide training, career development and promotion opportunities within standard terms of employment. It is also our policy to retain and re-train those employees who have become disabled.

The success of the business depends upon maintaining a highly qualified and well-motivated workforce and every effort is made to achieve a common awareness of the financial and economic factors affecting the performance of the company. Regular communication with all employees is essential and this is achieved through formal and informal meetings as well as the production and distribution of our internal magazine.

Dividends

The directors do not recommend a dividend payment in respect of the year ended 31 December 2016 (2015: £nil).

Statement of Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure of information to auditors

Having made enquiries of fellow directors, each of the directors who was a member of the Board at the time of approving the Directors' Report confirms that, so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware and that each director has taken all steps that they ought to have taken as a director to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

APPROVED BY THE BOARD AND SIGNED ON ITS BEHALF

M Barnard
Director

26 September 2017

Independent Auditors' Report to the members of WSP CEL Limited

Report on the financial statements

Our opinion

In our opinion, WSP CEL Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the balance sheet as at 31 December 2016;
- the statement of comprehensive income for the year then ended;
- the cash flow statement for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Timothy McAllister (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
29 September 2017

WSP CEL LIMITED
Statement of Comprehensive Income
for the year ended 31 December 2016

Continuing operations	Note	2016 £'000	2015 £'000
Gross Revenue		**30,038**	52,972
Reimbursable materials		**(20,679)**	(37,178)
Net Revenue	2	**9,359**	15,795
Cost of sales		**(7,331)**	(11,627)
Gross profit		**2,028**	4,168
Administrative expenses		**(4,057)**	(6,650)
Other income	3	**1,359**	88
Loss before tax	4	**(670)**	(2,394)
Tax income	7	**124**	481
Loss for the year		**(546)**	(1,913)

The above results all relate to continuing activities.

There was no other comprehensive income for the financial years stated above.

There is no difference between the profit before tax and profit for the financial years stated above and their historical cost equivalent.

The notes on pages 10 to 21 form an integral part of these financial statements.

WSP CEL LIMITED
Balance Sheet
as at 31 December 2016

	Note	2016 £'000	2015 £'000
Assets			
Non-current assets			
Property, plant and equipment	8	**4**	24
Intangible assets	9	**3**	8
Investments in subsidiaries	10	**73**	1,487
Deferred tax assets	11	**86**	113
		166	1,632
Current assets			
Trade and other receivables	12	**10,189**	13,253
Current tax receivable		**177**	94
Cash and cash equivalents		**2,354**	3,277
		12,720	16,624
Total assets		**12,886**	18,256
Equity and liabilities			
Capital and reserves attributable to equity holders of the company			
Ordinary shares	13	**111**	111
Share premium		**289**	289
Other reserves		**39**	39
Retained earnings		**3,339**	3,885
Total equity		**3,778**	4,324
Liabilities			
Current liabilities			
Trade and other payables	14	**8,799**	13,623
Current tax liability		**-**	-
Provisions	15	**309**	309
Total liabilities		**9,108**	13,932
Total equity and liabilities		**12,886**	18,256

These financial statements on pages 7 to 21 were approved by the board on 26 September 2017 and signed on its behalf by:

M Barnard
Director

Registered number: 03877626

WSP CEL LIMITED
Statement of Changes in Equity
for the year ended 31 December 2016

	Ordinary shares £'000	Share premium £'000	Other Reserves £'000	Retained earnings £'000	Total Equity £'000
At 1 January 2015	111	289	39	5,798	6,237
Loss and total comprehensive expense for the year	-	-	-	(1,913)	(1,913)
At 31 December 2015	**111**	**289**	**39**	**3,885**	**4,324**
At 1 January 2016	111	289	39	3,885	4,324
Loss and total comprehensive expense for the year	-	-	-	(546)	(546)
At 31 December 2016	**111**	**289**	**39**	**3,339**	**3,778**

The other reserves consist of a capital redemption reserve of £34,000 (2015: £34,000) and a merger reserve of £5,000 (2015: £5,000). There has been no movement in either of these reserves in either of the years.

Cash Flow Statement
for the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Cash flows from operating activities			
Cash outflow from operations	16	**(2,276)**	(2,163)
Tax paid		-	-
Net cash used in operating activities		**(2,276)**	(2,163)
Cash flows from investing activities			
Loan repaid by/(granted to) parent		-	-
Purchase of intangible assets		-	(4)
Purchase of property, plant and equipment		-	(2)
Dividend received		**1,353**	-
Net cash generated from / (used in) investing activities		**1,353**	(6)
Net decrease in cash and cash equivalents		**(923)**	(2,169)
Cash and cash equivalents at 1 January		**3,277**	5,446
Cash and cash equivalents at 31 December		**2,354**	3,277

1 Accounting policies

The company is a limited company domiciled and incorporated in the United Kingdom. The address of its registered office is set out on page 1.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) endorsed by the European Union (EU) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with applicable accounting standards and in accordance with the Companies Act 2006. A summary of the more important accounting policies, which, unless otherwise stated, have been applied consistently with the prior year.

Basis of preparation

The Company has taken advantage of section 401 of the Companies Act 2006 in not preparing consolidated financial statements for the current year. The consolidated financial statements of WSP Global Inc. are available to the public and may be obtained from the WSP website, www.wsp.com.

Adoption of new and revised International Financial Reporting Standards

Certain new standards, amendments to new standards and interpretations have been published that are mandatory to the Company's future accounting periods but have not been adopted early in these financial statements. These are set out below:

IFRS 15, 'Revenue from Contracts with Customers' (effective on or after 1 January 2018). This standard establishes a single comprehensive framework for revenue recognition to determine when to recognise revenue and how much revenue to recognise. This standard replaces the previous revenue standards IAS 18 'Revenue' and IAS 11 'Construction Contracts'. The Company will apply IFRS 15 from 1 January 2018.

IFRS 9, 'Financial Instruments' (effective on or after 1 January 2018). This standard addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In July 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard. The Company will apply IFRS 9 from 1 January 2018.

IFRS 16, 'Leases' (effective on or after 1 January 2019). This standard replaces IAS 17 'Leases' and sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. IFRS 16 eliminates the two lease classifications that IAS 17 has (operating and finance leases) for the lessee, and instead all leases will have the same classification. The Company will apply IFRS 9 from 1 January 2019.

The Directors do not expect that the adoption of the Standards and amendments listed above will have a material impact on the financial statements of the Group in future periods, although the detailed impact is still being assessed.

1 Accounting policies (continued)

Revenue

Revenue is the fair value of the consideration received or receivable excluding sales tax and is recognised to the extent that it is probable that economic benefits will flow to the company and can be reliably measured. Net revenue excludes reimbursable materials on contracts that arise from suppliers' costs that are passed on and directly recoverable from the customer.

The company has a number of fixed-price contracts that span more than one financial year. In calculating revenue, the percentage of completion method is used, based on the proportion of contract work completed in relation to the total anticipated costs. Profits are only recognised where they can be reliably measured. Where total contract costs exceed total contract revenues, the expected loss is recognised as an expense immediately via a provision for losses to completion, irrespective of the stage of completion and based on a best estimate of forecast costs. The effect of revisions to estimated revenues and costs is recorded when the amounts are known and can be reasonably estimated.

Revenues and profits from cost-plus contracts are recognised when costs are incurred and are calculated based on billing rates for the services performed.

Amounts due from customers are stated at the proportion of the anticipated net sales value earned to date less amounts billed on account. To the extent that fees paid on account exceed the value of work performed, they are included in trade and other payables.

Contract work in progress

Amounts recoverable on contracts, which are included in debtors, are stated at cost, plus attributable profit to the extent that this is reasonably certain after making provision for contingencies, less any losses incurred or foreseen losses in bringing contracts to completion and any amounts invoiced as progress payments. For contracts where amounts invoiced exceed the value of work done, the excess is included as payments on account.

Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and impairment. Cost comprises purchase price after discounts and rebates plus all directly attributable costs of bringing the asset to working condition for its intended use.

Depreciation is provided at rates calculated to write off the cost of property, plant and equipment by equal annual instalments over their expected useful lives, having regard to their residual values. The carrying amounts of property, plant and equipment are also subject to an impairment review at each balance sheet date. The annual depreciation rates applicable are as follows:

Plant and machinery	3 – 10 years

Intangible assets

Intangible assets acquired are capitalised at cost as at the date of acquisition. Following initial recognition, the carrying amount of an intangible asset is its cost less any accumulated amortisation and any accumulated impairment provisions. Useful lives of intangible assets are assessed on acquisition to be either indefinite or finite. Amortisation is charged as appropriate on those intangibles with finite lives, while those with indefinite lives are tested for impairment. Software is amortised on a straight line basis over the expected useful life which ranges from three to five years.

Notes to the Financial Statements
for the year ended 31 December 2016 (continued)

1. Accounting Policies (continued)

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the balance sheet date and any exchange differences are taken to the income statement.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and those deposits with banks having a maturity of less than three months from the date the deposit was made and being available on demand within one working day without significant penalty. They are carried in the balance sheet at cost. For the purposes of the cash flow statement cash and cash equivalents are net of bank overdrafts, which are also carried in the balance sheet at cost.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within administrative expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the income statement.

Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rentals paid under operating leases are charged to the income statement as incurred on a straight line basis over the lease term.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

Deferred taxation

Full provision has been made for deferred taxation balances on all temporary differences between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes at the balance sheet date using the full liability method. A deferred taxation asset is recognised only to the extent that it is probable that taxable profit will be available to offset against the asset. Deferred taxation assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to utilise the asset.

Deferred taxation assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Income Tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

1 Accounting policies (continued)

Sources of estimation uncertainty and significant judgements

The preparation of the financial statements requires the company to make estimates, judgements and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. The directors base their estimates on historical experience and various other assumptions that they believe are reasonable under the circumstances, the results of which form the basis for making judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Areas requiring critical judgement and estimation that may significantly impact on the company's earnings and financial position are considered to be as follows:

Revenue recognition: The company believes that the most significant critical judgement area in the application of its accounting policies is revenue recognition and the assessment of the percentage of completion achieved. The company assesses contract progress and determines the proportion of contract work completed at the balance sheet date in relation to the total contract works. Due to the volume and complexity of the company's many contracts in existence at any one time it is not practicable to quantify how changes to the assumptions used for each individual contract would affect the company's financial statements.

Impairment of investments: *The company assesses investments for impairment annually in accordance* with the accounting policy detailed above. The value in use calculations performed use estimates relating to future predicted cash flows expected from the underlying investments.

2 Net Revenue

The revenue, as defined in Note 1, is attributable to the principal activity of the company in the United Kingdom.

All revenue and net assets emanate from the United Kingdom.

3 Other income

	2016 **£'000**	2015 £'000
Dividends received	**1,353**	-
Management charges to subsidiary operations	**-**	88
R&D Tax credits	**6**	-
Other Income	**1,359**	88

4 Loss before tax

Loss before tax is stated after charging/(crediting):

	2016 £'000	2015 £'000
Amortisation of intangible fixed assets (note 9)	5	5
Depreciation of tangible fixed assets - owned assets (note 8)	20	36
Operating lease rentals		
- plant and machinery	-	36
- land and buildings	-	36
Foreign exchange gains	(4)	19
Auditors' remuneration:		
- statutory audit services (PricewaterhouseCoopers LLP)	18	18

For the year-ended 31 December 2016, auditors' remuneration was borne by the company's then ultimate parent company, WSP Group plc. Other than the statutory audit, no other services were provided by the auditors in either 2016 or 2015.

5 Employees

Staff costs (including directors) were as follows:

	2016 £'000	2015 £'000
Wages and salaries	4,117	5,000
Social security costs	389	445
Other pension costs (note 17)	168	189
Contract and agency staff	2,657	5,947
	7,331	11,581

The average monthly number of employees (including directors), contract and agency staff during the year, analysed by category, was as follows:

	2016 Number	2015 Number
Technical and management	75	94
Administration	1	2
Contract and agency staff	21	74
	97	170

The directors have identified no (2015: 6) key management personnel whose compensation was as follows:

	2016 £'000	2015 £'000
Short-term employment benefits	-	498
Post-employment benefits - contributions to money purchase pension schemes	-	15
	-	513

6 Directors' remuneration

	2016 £'000	2015 £'000
Short term employment benefits	**125**	321
Post-employment benefits - contributions to money purchase pension schemes	**6**	17
Termination payments	**50**	38
	181	376

Retirement benefits are accruing to One director under the company's defined contribution pension scheme during the year (2015: 4). The total amount payable to the highest paid director in respect of emoluments was £94K (2015: £143K). Company pension contributions of £4K (2015: £12K) were made to a money purchase scheme on his behalf. The emoluments of other directors were borne by other WSP Group companies, being the companies for which they perform substantially all their duties.

7 Tax income

	2016 £'000	2015 £'000
Current tax:		
Current tax on losses of the year	**(177)**	(455)
Adjustments in respect of prior periods	**26**	(2)
Total current tax	**(151)**	(457)
Deferred tax:		
Adjustments in respect of prior periods	**7**	(21)
Origination and reversal of timing differences	**14**	(6)
Change in rate - impact on deferred tax assets	**6**	3
Total deferred tax	**27**	(24)
Tax expense	**(124)**	(481)

(b) Factors affecting the tax charge for the current year

The total tax charge for the year is lower (2015: lower) than the standard effective rate of corporation tax in the UK of 20.00% (2015: 20.25%). The differences are explained below:

	2016 £'000	2015 £'000
Loss before tax	**(670)**	(2,394)
Loss before tax at the standard rate of corporation tax in the UK of 20.00% (2015: 20.25%)	**(134)**	(485)
Effects of:		
Non-taxable income	**(271)**	
Expenses not deductible for tax purposes	**245**	21
Adjustments in respect of prior periods	**26**	(23)
Change in tax rates	**10**	6
Tax income	**(124)**	(481)

c) Factors which may affect the future tax charges

The standard rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly the company's profits for this accounting year are taxed at an effective rate of 20%.

Further changes to the UK corporation tax rates were substantively enacted at 31 December 2016. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020.

The impact of the rate reduction on the deferred tax balance as at 31 December 2016 has been included in the above figures. The rate change will reduce the company's future current tax charge

8 Property, plant and equipment

	Plant and Machinery
	£'000
Cost	
At 1 January 2016	1,773
Additions	
At 31 December 2016	**1,773**
Accumulated Depreciation	
At 1 January 2016	1,749
Charge for the year	20
At 31 December 2016	**1,769**
Net book value	
At 31 December 2016	**4**
At 31 December 2015	24

9 Intangible assets

	Computer software
	£'000
Cost	
At 1 January 2016	479
Additions	
At 31 December 2016	**479**
Accumulated Amortisation	
At 1 January 2016	(471)
Charge for the year	(5)
At 31 December 2016	**(476)**
Net book value	
At 31 December 2016	**3**
At 31 December 2015	8

10 Investments in subsidiaries

Value of shares in group undertakings	**2016**	2015
Shares in group undertakings	**£'000**	£'000
As at 1 January	**1,487**	1,487
Impaired / dissolved during the year	**(1,414)**	-
As at 31 December	**73**	1,487

At year-end the directors considered the carrying value of all investments and no impairment provisions were required.

Subsidiary undertakings

During the year, the decision was taken to dissolve Ideas Project Engineering Limited and Environmental and Remediation Services Limited. The remaining principal undertakings in which the company's interest at the year-end is 20% or more are as follows:

	Country of incorporation or registration	**Proportion of voting rights and ordinary share capital held**	**Nature of business**
WSP CEL (Shanghai) Limited	China	100%	Consulting service on construction projects
Integrated Process Design Consultants Limited	Ireland	100%	Dormant

11 Deferred tax assets

	2016	2015
	£'000	£'000
Deferred tax assets:		
- Deferred tax asset to be recovered after more than 12 months	**-**	-
- Deferred tax asset to be recovered within 12 months	**86**	113
	86	113

The deferred income tax asset is analysed below:

	Accelerated tax depreciation	Total
	£'000	£'000
Deferred tax asset at 1 January 2016	**113**	113
Movement in the year	**(27)**	(27)
Deferred tax asset at 31 December 2016	**86**	86

It is in the opinion of the Directors that the company will have sufficient future taxable profits to utilise the asset in full and therefore the deferred tax asset has been recognised.

12 Trade and other receivables

	2016 £'000	2015 £'000
Trade receivables	**499**	9,018
Amounts recoverable on contracts	**5,704**	2,284
Amounts owed by group undertakings	**173**	45
Prepayments and other receivables	**1,290**	129
Loan to group undertaking	**2,482**	1,777
	10,189	13,253

All amounts shown under debtors fall due for payment within one year. Amounts owed by group undertakings are not secured and are repayable on demand. Interest is not payable on intercompany loans and trade debtors.

In both years all of the company's trade and other receivables were denominated in sterling.

As at 31 December 2016 there is a provision of £nil for impairment of trade receivables (2015: £nil). As at 31 December 2016, trade receivables of £270K (2015: £501K) were past due but not impaired. These relate to a number of "blue chip" customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2016 £'000	2015 £'000
Up to 3 months	**270**	497
3 to 6 months	**-**	4
Greater than 6 months	**-**	-
	270	501

The other classes within trade and other receivables do not contain impaired assets (2015: nil). There is no material difference between the carrying value and the fair value of financial assets and financial liabilities as at the balance sheet date.

13 Ordinary shares

	2016 Number	2016 £'000	2015 Number	2015 £'000
Authorised				
Ordinary shares of £1 each	**115,000**	**115**	115,000	115
'A' ordinary shares of £1 each	**35,000**	**35**	35,000	35
	150,000	**150**	150,000	150
Allotted, called up and fully paid				
Ordinary shares of £1 each	**81,334**	**81**	81,334	81
'A' ordinary shares of £1 each	**30,000**	**30**	30,000	30
	111,334	**111**	111,334	111

All shares rank pari passu in all respects.

Notes to the Financial Statements
for the year ended 31 December 2016 (continued)

14 Trade and other payables

	2016	2015
	£'000	£'000
Trade payables	**1,552**	3,573
Payments received on account	**2,985**	7,201
Amounts owed to group undertakings	**1,943**	657
Social security and other taxes	**(810)**	340
Accrued expenses	**3,129**	1,852
	8,799	13,623

Amounts owed to group undertakings are not secured and are repayable on demand. Interest is not payable on intercompany trade creditors. At the year-end, no short term intercompany loans were outstanding.

15 Provisions

		Dilapidations
		£'000
As at 31 December 2015	**309**	309
Utilised during the year	**-**	-
As at 31 December 2016	**309**	309

During the year the company extended the operating lease for one of its buildings for another year, as a result of this the dilapidation provision has remained as a current liability.

16 Cash flows from operating activities

	2016	2015
	£'000	£'000
Loss before tax	**(2,023)**	(2,394)
Adjustments for:		
- Depreciation (per note 8)	**20**	36
- Amortisation of intangible assets (per note 9)	**5**	5
Changes in working capital		
- Trade and other receivables	**5,701**	1,018
- Trade and other payables	**(6,100)**	(828)
Cash used in operations	**(2,276)**	(2,163)

17 Pensions

The company has established a personal pension plan on behalf of its employees. The assets of the defined contribution scheme are held separately from those of the company in individual policies for the members.

The total pension charge for the defined contribution scheme for the year was £168K (2015: £189K). As at 31 December 2016 there were £nil outstanding contributions payable (2015: £nil).

Notes to the Financial Statements
for the year ended 31 December 2016 (continued)

18 Commitments under operating leases

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings 2016 £'000	Other 2016 £'000	Land and buildings 2015 £'000	Other 2015 £'000
Operating leases which expire:				
Within one year	-	68	158	66
In two to five years	-	36	-	52
After five years	-	-	-	11
	-	104	158	129

19 Related party transactions

The following transactions were carried out with related parties:

a) Sale and purchase of goods and services

	2016 £'000	2015 £'000
Sales of goods and services:		
- Other group companies	242	558
	242	558
Purchase of goods and services:		
- Parent company	180	166
- Other group companies	2,202	7,067
	2,382	7,233

During the year the company earned fees of £242K (2015: £471K) for normal project work from companies within the WSP Global Inc. Group and subsidiary operations. This was on an arm's length basis. In addition the company charged management fees of £Nil (2015: £87,500) to subsidiary operations.

During the year the company procured services from companies within the WSP Global Inc. Group and its subsidiary operations worth £2,202K (2015: £7,067K). All of these services were on an arm's length basis. The company was also charged a management fee of £158K (2015: £166K) by WSP Group.

In addition to the above sale and purchase of goods, the company received dividends of £1,353K (2015: £nil) from its subsidiary undertakings. Dividends of £nil (2015: £nil) were paid to the immediate parent company.

b) Year end balances arising from sales/purchases of goods and services

	2016 £'000	2015 £'000
Receivables from related parties:		
- Other related parties	173	45
	173	45
Payables to related parties:		
- Other related parties	1,943	458
	1,943	458

c) Loans to related parties:

	2016 £'000	2015 £'000
Loans to related parties:		
- the Parent	2,482	1,777

	2,482	1,777

Notes to the Financial Statements
for the year ended 31 December 2016 (continued)

20 Financial Instruments

At 31 December 2016 and 2015 the company was not exposed to any significant foreign currency risk.

21 Ultimate parent company and controlling party

The immediate parent undertaking of WSP CEL Limited is WSP European Holdings Limited, incorporated in Sweden. The ultimate parent undertaking and controlling party is WSP Global Inc., incorporated in Canada. WSP Global Inc. is the only group for which group financial statements including WSP CEL Limited are drawn up. The consolidated financial statements of WSP Global Inc. are available to the public and may be obtained from WSP Global Inc., 1600 René Lévesque Blvd. West, 16th floor, Montreal, Quebec, Canada H3H 1P9.