Company Registration No. 03877626 (England and Wales)

WSP CEL LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

WSP CEL LIMITED

COMPANY INFORMATION

Directors	M Barnard M Naysmith
Secretary	K Sewell
Company number	03877626
Registered office	WSP House 70 Chancery Lane London WC2A 1AF
Independent auditor	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

WSP CEL LIMITED

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WSP CEL LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their Strategic Report on WSP CEL Limited (the "Company") for the year ended 31 December 2018.

Principal activities and business review

The principal activity of the Company is as 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 a subsidiary of WSP Global Inc., which heads an international group of companies. WSP Global Inc. and its subsidiaries are hereinafter collectively referred to as the "Group". Further discussion of the Group's principal activities together with a business review of the Group, which includes the Company, is included in the section entitled "Management's Discussion and Analysis" of the WSP Global Inc. 2018 Annual Report, which does not form part of this report. The consolidated financial statements of WSP Global Inc. are available to the public and may be obtained from the website, www.wsp.com.

The profit after tax for the financial year was £422,000 (2017: loss of £650,000).

Principal risks and uncertainties

The Company is financed by variable rate loans from other WSP Global Inc. group companies. The company is exposed to a number of financial market risks including credit risk, liquidity risk, fluctuations in foreign exchange rates and interest rates. Although the Company takes steps to manage its own financial risks, the directors of WSP Global Inc. manage the Group's principal risks (including financial risks) and uncertainties at a Group level, rather than on an individual company basis. For this reason, the Company's directors consider that a discussion of the Group's risks would not be necessary 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. 2018 Annual Report, which does not form part of this report.

Key performance indicators

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 key performance indicators 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. 2018 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
14 August 2019

The directors present their report and audited financial statements for the year ended 31 December 2018.

Results and dividends
The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £3,000,000 (2017: £nil). The directors do not recommend payment of a final dividend.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

M Barnard
M Naysmith

Directors' 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.

Financial instruments
The Company's operations expose it to small levels of financial risk that include the effects of currency, price, credit, liquidity and interest rate 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 guidelines issued by Group. The Company had no currency swaps, derivatives or designated hedging instruments as at 31 December 2018 and 31 December 2017.

Liquidity risk
The Company's debt is financed by the Group, which ensures that the Company has sufficient operating funds. Exposure to floating interest rates is monitored and controlled at a Group level.

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.

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.

Research and development
To deliver innovative solutions and develop its market position, the Group maintains research links in many areas that make it possible to apply some of the latest technical solutions to the benefit of its clients. The sharing of knowledge and innovations is encouraged through the use of the Group's common databases, intranets and other staff communications.

Employee involvement
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 employ disabled persons and to provide training, career development and promotion opportunities within standard terms of employment. It is 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.

Post reporting date events
There were no post balance sheet date events.

Future developments
No major changes in the activity of the Company are envisaged in the future.

Environment
Sustainability is a WSP core value, and we are committed to integrating sustainability into all our activities. In this way we ensure that we implement our clients' projects in a sustainable manner.

WSP's services to protect the environment include remediating contaminated land, reducing our dependence on fossil fuels and increasing social sustainability. We have developed a number of tools to measure and analyse the environmental impact of our clients' activities. We work for clients in both the public and private sectors, including large and small companies, municipalities and government agencies.

Independent auditor
Pursuant to Section 485 of the Companies Act 2006, the auditor will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

Statement of disclosure to auditor
In the case of each director in office at the date this Directors' Report is approved, and in accordance with Section 418 of the Companies Act 2006:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

On behalf of the board

M Barnard
Director
14 August 2019

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

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

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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting 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 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 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.

Independent auditors' report to the members of WSP CEL Limited

Report on the audit of the financial statements

Opinion

In our opinion, WSP CEL Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit 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.

We have audited the financial statements, included within the Annual Report, which comprise: the statement of financial position as at 31 December 2018; the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the 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 the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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 in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 auditors' report.

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting

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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Timothy McAllister (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
14 August 2019

WSP CEL LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £'000	2017 £'000
Revenue	4	9,855	14,939
Subcontractor costs		(2,775)	(7,996)
Employee benefit costs		(4,939)	(5,035)
Cost of sales		(7,714)	(13,031)
Gross profit		2,141	1,908
Other operating income		18	13
Administrative expenses	5	(1,643)	(2,724)
Profit/(loss) before taxation	6	516	(803)
Income tax benefit	9	(94)	153
Profit/(loss) for the year		422	(650)
Other comprehensive income		-	-
Profit/(loss) and total comprehensive income for the year		422	(650)

All operations are continuing.

The accompanying notes form an integral part of these financial statements.

WSP CEL LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Notes	2018 £'000	2017 £'000
Non-current assets			
Property, plant and equipment	11	4	3
Investments	12	73	73
Deferred tax asset	18	58	76
		135	152
Current assets			
Trade and other receivables	15	3,624	6,010
Current tax recoverable		-	170
Cash and cash equivalents		1,802	640
		5,426	6,820
Total assets		5,561	6,972
Current liabilities			
Trade and other payables	17	4,622	3,535
Current tax liabilities		80	-
		4,702	3,535
Net current assets		724	3,285
Non-current liabilities			
Long term provisions		309	309
Total liabilities		5,011	3,844
Net assets		550	3,128
Equity			
Called up share capital	20	111	111
Share premium account		289	289
Other reserves		39	39
Retained earnings		111	2,689
Total equity		550	3,128

The accompanying notes form an integral part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 14 August 2019 and are signed on its behalf by:

M Barnard
Director

Company Registration No. 03877626

WSP CEL LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Share capital £'000	Share premium account £'000	Other reserves £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2017		111	289	39	3,339	3,778
Year ended 31 December 2017:						
Loss and total comprehensive expense for the year		-	-	-	(650)	(650)
Balance at 31 December 2017		111	289	39	2,689	3,128
Year ended 31 December 2018:						
Profit and total comprehensive income for the year		-	-	-	422	422
Dividends paid	**10**	-	-	-	(3,000)	(3,000)
Balance at 31 December 2018		111	289	39	111	550

The other reserves consist of a capital redemption reserve of £34,000 (2017: £34,000) and a merger reserve of £5,000 (2017: £5,000). There has been no movement in either of these reserves in either of the years.

The accompanying notes form an integral part of these financial statements.

WSP CEL LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £'000	2017 £'000
Cash flows from operating activities			
Cash generated from/(absorbed by) operations	26	3,988	(1,884)
Tax refunded		174	170
Net cash inflow/(outflow) from operating activities		**4,162**	(1,714)
Net cash used in investing activities		-	-
Financing activities			
Dividends paid		(3,000)	-
Net cash used in financing activities		(3,000)	-
Net increase/(decrease) in cash and cash equivalents		**1,162**	(1,714)
Cash and cash equivalents at beginning of year		640	2,354
Cash and cash equivalents at end of year		**1,802**	640

The accompanying notes form an integral part of these financial statements.

1 Accounting policies

Company information

WSP CEL Limited is a private company limited by shares incorporated in England and Wales. The registered office is WSP House, 70 Chancery Lane, London, WC2A 1AF.

1.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union, Interpretations issued by the IFRS Interpretations Committee and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS (except as otherwise stated).

The Company has taken advantage of the exemption under 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.

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

The financial statements have been prepared on the historical cost basis and on the going concern basis. The principal accounting policies adopted are set out below.

1.2 Going concern

These financial statements are prepared on the going concern basis. The directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Revenue

The Company derives revenue from the delivery of engineering consulting services. If the Company has recognised revenue, but not issued an invoice, then the entitlement to consideration is recognised as a contract asset presented as "Costs and anticipated profits in excess of billings" on the Company's statement of financial position. The contract asset is transferred to trade receivables when the invoice is issued indicating that the entitlement to payment has become unconditional. If payments are received, or invoices are issued to a customer, prior to the rendering of services, the Company recognises a contract liability presented as "Billings in excess of costs and anticipated profits" on the Company's statement of financial position. The contract liability is transferred to revenue once related services have been deemed rendered.

Revenue is measured based on the consideration specified in a contract with a customer. The Company typically recognises revenue over time, using an input measure, as it fulfils its performance obligations in line with contracted terms.

A performance obligation is a promise in the contract to transfer a distinct good or service to the customer. A contract's transaction price is allocated to each distinct performance obligation and recognised as revenue when, or as, the performance obligation is satisfied. Most of the Company's contracts have a single performance obligation as the promise to transfer individual goods or services is not separately identifiable from other promises in the contracts and, therefore, not distinct. Any modifications or variations to contracts in progress are assessed to determine if they fall under the scope of the existing contract performance obligation or form part of a new performance obligation.

The Company's revenue is disaggregated by market sector and geography. The Company has one market sector, for the purposes of note disclosure required by the adoption of IFRS 15 Revenue from Contracts with Customers, which is process engineering services.

1 Accounting policies

Revenue (and profits) from cost-plus contracts with ceilings and from fixed-price contracts are recognised progressively based on a percentage-of-completion method, which is calculated on the ratio of contract costs incurred to total anticipated costs.

Revenue (and profits) from cost-plus contracts without stated ceilings are recognised when costs are incurred and are calculated based on billing rates for the services performed.

Certain costs incurred by the Company for subconsultants and other expenses that are recoverable directly from customers are billed to them and therefore included in revenue. The value of goods and services purchased by the Company when acting as a purchasing agent for a customer is not recorded as revenue.

The effect of revisions to estimated revenue and costs, including the impact from any modifications or variations to contracts in progress, are recorded when the amounts are known and can be reasonably estimated. These revisions can occur at any time and could be significant. Where total contract costs exceed total contract revenue, 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 results including, where appropriate, rights to additional income or compensation (e.g. award of incentive fees).

Revenue is shown net of VAT.

Revenue recognition - policy applicable prior to 1 January 2018
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.

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.

1 Accounting policies

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.

1.4 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:

Computers	3 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.5 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The resulting calculations under IFRS 13 affected the principles that the Company uses to assess the fair value, but the assessment of fair value under IFRS 13 has not materially changed the fair values recognised or disclosed. IFRS 13 mainly impacts the disclosures of the Company. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards.

1.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities. They are carried on the balance sheet at cost.

1.7 Financial instruments

The table below summarises the classification and measurement of the Company's financial instruments accounted for under IFRS 9:

Classification and measurement	**IFRS 9**
Assets	
Cash	Amortised cost
Trade receivables, other receivables, amounts due from associates and costs and anticipated profits in excess of billings	Amortised cost
Liabilities	
Accounts payable and accrued liabilities, excluding provisions	Amortised cost
Other financial liabilities (long and short-term)	Amortised cost

1 Accounting policies

IFRS 9 – Financial Instruments uses a single approach to determine whether a financial asset is classified and measured at amortised cost or fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial asset.

Financial liabilities (excluding derivatives) are derecognised when the obligation specified in the contract is discarded, cancelled or expired.

Impairment of financial assets
IFRS 9 also introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial recognition. The Company elected to apply the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets (costs and anticipated profits in excess of billings).

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics. The contract assets related to costs and anticipated profits in excess of billings have substantially all the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonably approximation of the loss rates for the contract assets.

In determining the loss allowance based on lifetime expected credit losses, the Company uses its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Forward-looking factors include credit ratings (where available), actual or expected significant adverse changes in business, financial or economic conditions and actual or expected significant changes in the operating results of the debtor.

The company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the company may also consider a financial asset to be in default when internal or external information indicates that the company is unlikely to receive the outstanding contractual amounts in full.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows, such as where a debtor fails to engage in a repayment plan with the company. When financial assets are written off, the company continues to seek recovery of the debt. Where recovery is successful, this is recognised in profit or loss.

Determination of fair value
The fair value of a financial instrument is the amount of consideration that would be agreed to be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Subsequent to initial recognition, the fair values of financial instruments that are quoted in active markets are based on bid prices for financial assets held and offer prices for financial liabilities. When independent prices are not available, fair values are determined by using valuation techniques that refer to observable market inputs and minimising the use of unobservable inputs.

Offsetting financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

1 Accounting policies

Financial instruments - policy applicable prior to 1 January 2018

Financial assets
Financial assets are recognised in the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss ("FVTPL"), which are measured at fair value.

Loans and receivables
Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets
Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Financial liabilities
Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Other financial liabilities
Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

1 Accounting policies

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the Company's obligations are discharged, cancelled, or they expire.

1.8 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.9 Provisions

Provisions are recognised when the Company has a legal or constructive present obligation as a result of a past event and it is probable that the Company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1 Accounting policies

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.12 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

2 Adoption of new and revised standards and changes in accounting policies

In the current year, the following new and revised Standards and Interpretations have been adopted by the company and have an effect on the current period or a prior period or may have an effect on future periods:

IFRS 15	Revenue from Contracts with Customers
IFRS 9	Financial Instruments

Adoption of IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers specifies how and when to recognise revenues as well as requiring more informative and relevant disclosures. IFRS 15 superseded IAS 18 Revenue, IAS 11 Construction Contracts and other revenue recognition related interpretations.

The Company adopted IFRS 15 on 1 January 2018, using the retrospective method with cumulative effect to the opening retained earnings as permitted by IFRS 15. The adoption of this standard did not result in a change in revenue amount compared to prior periods and therefore had no impact on the opening retained earnings of the current period.

The Company updated and implemented revised procedures and controls to meet the requirements of IFRS 15. Additional disclosures required by the adoption of this new standard can be found in notes 4 and 13.

Adoption of IFRS 9 Financial Instruments

The Company has adopted all of the requirements of IFRS 9 Financial Instruments as at 1 January 2018, where relevant to the Company. The table below summarises the classification and measurement of the Company's financial instruments accounted for under IFRS 9 as compared to the Company's previous policy in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

Classification and measurement	**IAS 39 - 31 December 2017**	**IFRS 9 - 1 January 2018**
Assets		
Cash	Amortised cost	Amortised cost
Trade receivables, other receivables, amounts due from associates and costs and anticipated profits in excess of billings	Amortised cost	Amortised cost
Liabilities		
Accounts payable and accrued liabilities, excluding provisions	Amortised cost	Amortised cost
Other financial liabilities (long and short-term)	Amortised cost	Amortised cost

The implementation of IFRS 9 by the Company did not have an effect on opening equity balances at 1 January 2018.

2 Adoption of new and revised standards and changes in accounting policies

Standards which are in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not yet been applied in these financial statements, were in issue but not yet effective:

IFRS 16	Leases

IFRS 16 Leases was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change. The standard must be applied for financial years commencing on or after 1 January 2019. The Company is not a contracting party to any lease arrangements therefore this standard is not expected to have an effect on the financial results of the Company.

There are no other standards that are not yet effective that would be expected to have a material impact on the Company in the current or future reporting periods.

3 Critical accounting estimates and 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.

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.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Costs and anticipated profits in excess of billings

The Company values its costs and anticipated profits in excess of billings based on the time and materials charged into each project. Costs and anticipated profits in excess of billings for each project are reviewed on a monthly basis to determine whether the amount is a true reflection of the amount that will be invoiced on the project. Where the review determines that the value of costs and anticipated profits in excess of billings exceed the amount that can be invoiced, adjustments are made to the costs and anticipated profits in excess of billings. The valuation of costs and anticipated profits in excess of billing involves estimates of the volume of work required to complete the project. Changes in the estimation of work required to complete the projects could lead to the undervaluation or overvaluation of costs and anticipated profits in excess of billings.

3 Critical accounting estimates and judgements

Impairment of investments

The Company assesses investments for impairment annually in accordance with the accounting policy detailed above. Where a risk of impairment is identified, the Company performs a value in use calculation which use estimates relating to future predicted cash flows expected from the underlying investments.

4 Revenue from contracts with customers

	2018 £'000	2017 £'000
Revenue analysed by class of business		
Principal activity and represents services provided in the UK	9,855	14,939

All revenue was earned in the process engineering services market sector.

	2018 £'000	2017 £'000
Timing of revenue recognition		
At a point in time	-	-
Over time	9,855	14,939
	9,855	14,939

Unfulfilled performance obligations represent the company's remaining contractual obligations related to cost-plus contracts with ceilings and fixed price contracts on which work has commenced as of 31 December 2018. Cost-plus contracts without stated ceilings have been excluded as the full amount of the contracted work cannot be definitely assessed.

Contract execution timing is subject to many factors outside of the company's control. Project scope changes, client-driven timelines and project financing are just a few examples of such factors. The company's best estimate with regards to the unwinding of its 31 December 2018 unfulfilled performance obligations is:

£'000	Next 12 months	More than 12 months	Total
Unfulfilled performance obligations	2,829	1,385	**4,214**

5 Administrative expenses

Administrative expenses comprise:

	2018 £'000	2017 £'000
Provision for irrecoverable amounts due on contracts	-	1,000
Intercompany management charges	1,233	1,100
Equipment and communication costs	329	418
Other costs	87	206
	1,649	2,724

6 Operating profit/(loss)

	2018 £'000	2017 £'000
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(2)	9
Auditor remuneration	12	13
Depreciation of property, plant and equipment	1	1
Provision for irrecoverable amounts due on contracts	-	1,000
Amortisation of intangible assets	1	3

Other than the statutory audit, no services were provided to the Company by PricewaterhouseCoopers LLP in the year and prior year.

7 Employees

The average monthly number of persons (including directors) employed by the Company during the year was:

	2018 Number	2017 Number
Technical and management	63	62
Contract and agency staff	13	9
	76	71

Their aggregate remuneration comprised:

	2018 £'000	2017 £'000
Wages and salaries	3,551	3,491
Social security costs	376	369
Other pension costs	145	154
Contract and agency staff	867	1,021
	4,939	5,035

8 Directors' remuneration

	2018 £'000	2017 £'000
Short-term employment benefits	-	143
Post-employment benefits - defined contribution schemes	-	10
Termination payments	-	13
	-	166

One director was remunerated by the Company until May 2017. The emoluments of other directors were borne by other WSP Group companies. These directors are directors of a number of fellow subsidiaries of the Company and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, no recharges are made to the Company for these directors (2017: £nil) and no emoluments are disclosed in respect of these directors (2017: £nil).

9 Income tax

	2018 £'000	2017 £'000
Current tax		
Current tax on profit/(loss) of the year	79	(170)
Adjustments in respect of prior periods	(3)	7
Total current tax	76	(163)
Deferred tax		
Origination and reversal of temporary differences	18	16
Adjustment in respect of prior periods	-	(6)
Total deferred tax	18	10
Total tax benefit	94	(153)

9 Income tax

The credit for the year can be reconciled to the loss per the income statement as follows:

	2018 £'000	2017 £'000
Profit/(loss) before taxation	516	(803)
Expected tax charge/(credit) based on a corporation tax rate of 19% (2017: 19.25%)	98	(155)
Effect of expenses not deductible in determining taxable profit	1	3
Adjustment in respect of prior years	(3)	1
Change in tax rates	(2)	(2)
Taxation charge/(credit) for the year	94	(153)

The Company's profits for this accounting year are taxed at a standard rate of 19%.

Changes were announced to reduce the main rate of UK corporation tax to 17% with effect from 1 April 2020. The rate change will reduce the Company's future current tax charge accordingly.

10 Dividends

	2018 per share	2017 per share	2018 £'000	2017 £'000
Amounts recognised as distributions to equity holders:	26.95	-	3,000	-

11 Property, plant and equipment

	Computers £'000
Cost	
At 1 January 2018	1,773
Additions	2
Disposals	(93)
At 31 December 2018	1,682
Accumulated depreciation	
At 1 January 2018	1,770
Charge for the year	1
Eliminated on disposal	(93)
At 31 December 2018	1,678

11 Property, plant and equipment

	Computers £'000
Carrying amount	
At 31 December 2018	4
At 31 December 2017	3

12 Investments

	2018 £'000	2017 £'000
Investments in subsidiaries	73	73
	73	73

The directors believe that the carrying value of the investments is supported by their value in use.

13 Subsidiaries

Details of the Company's subsidiaries at 31 December 2018 are as follows:

Name of undertaking	Registered office and country of incorporation	Ownership interest (%)	Nature of business
WSP CEL (Shanghai) Limited	Unit 202, 3rd Building, Donghai Plaza, 1486 Nanjing Road West, Shanghai 200040, China	100	Consulting service on construction projects

14 Contracts with customers

	2018 £'000	2017 £'000
Contracts in progress at the reporting end date		
Amounts owed by contract customers included in trade and other receivables	-	1,880
Amounts owed to contract customers included in trade and other payables	(1,401)	(856)
	(1,401)	1,024

14 Contracts with customers

	2018 £'000	2017 £'000
Contract revenues recognised		
Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period	830	2,958
Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods	-	-

15 Trade and other receivables

	2018 £'000	2017 £'000
Trade receivables	2,757	1,444
Provision for bad and doubtful debts	(114)	-
	2,643	1,444
Costs and anticipated profits in excess of billings	-	1,880
Loss allowance on contracts	-	-
	-	1,880
Other receivables	182	41
Amounts due from fellow group undertakings - trading	164	-
Amounts due from fellow group undertakings - funding	597	2,621
Prepayments	38	24
	3,624	6,010

All amounts shown under trade and other receivables fall due for payment within one year.

Interest on funding balances between companies within the Group is charged at the 1 January Bank of England base rate + LIBOR (2017: 1 January Bank of England base rate + LIBOR) but no interest is charged if one of the companies is non-trading. Interest is not charged on trading balances between the companies within the Group. The balances are unsecured and repayable on demand.

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

16 Trade receivables - credit risk

Fair value of trade receivables

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

16 Trade receivables - credit risk

Ageing of past due but not impaired trade receivables	2018 £'000	2017 £'000
Less than 3 months	1,535	484
3-6 months	98	-
6-9 months	37	-
Greater than 9 months	216	-
	1,886	484

These past due but not impaired trade receivables of £1,886,000 (2017: £484,000) relate to a number of "blue chip" customers for which there is no recent history of default.

The other classes within trade and other receivables do not contain impaired assets (2017: £nil).

Movement in the allowances for doubtful debts	2018 £'000	2017 £'000
Balance at 1 January	-	-
Additional allowance recognised	114	-
Amounts written off as uncollectible	-	-
Balance at 31 December 2018	114	-

17 Trade and other payables

	2018 £'000	2017 £'000
Trade payables	262	205
Billings in excess of costs and anticipated profits	1,401	856
Amounts due to fellow group undertakings - trading	-	24
Amounts due to fellow group undertakings - funding	658	725
Accruals	1,699	1,166
Social security and other taxation	437	368
Other payables	165	191
	4,622	3,535

Interest on loan balances between companies within the Group is charged at the 1 January Bank of England base rate + LIBOR (2017: 1 January Bank of England base rate + LIBOR) but no interest is charged if one of the companies is non-trading. Interest is not charged on trading balances between companies within the Group. The balances are unsecured and are repayable on demand.

18 Deferred tax asset

The following are the deferred tax assets recognised by the Company and movements thereon during the current and prior reporting year.

	ACAs £'000	STDs £'000	Total £'000
Deferred tax asset at 1 January 2017	86	-	86
Deferred tax movements in prior year			
Movement in year	(15)	5	(10)
Deferred tax asset at 31 December 2017	71	5	76
Deferred tax movements in current year			
Movement in year	(13)	(5)	(18)
Deferred tax asset at 31 December 2018	58	-	58

It is 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.

19 Retirement benefit schemes

The Company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Company in an independently administered fund.

The total costs charged to income in respect of defined contribution plans are £145,000 (2017: £154,000).

At 31 December 2018, there was £nil outstanding contributions payable (2017: £nil).

20 Called up share capital

	2018 Number	2017 Number
Ordinary share capital		
Authorised		
Ordinary shares of £1 each	115,000	115,000
"A" ordinary shares of £1 each	35,000	35,000
	150,000	150,000

	2018 £'000	2017 £'000
Issued and fully paid		
81,334 (2017: 81,334) Ordinary shares of £1 each	81	81
30,000 (2017: 30,000) "A" ordinary shares of £1 each	30	30
	111	111

All shares rank pari passu in all respects.

21 Operating lease commitments

At the reporting end date the Company had no outstanding commitments for future minimum lease payments under non-cancellable operating leases (31 December 2017: £nil).

22 Capital risk management

For the purpose of capital management, capital includes intercompany funding liabilities and total equity, net of cash.

	2018 £'000	2017 £'000
Intercompany funding liabilities	664	725
Total equity	738	3,128
	1,402	3,853
Less cash	(1,802)	(640)
	(400)	3,213

The Company's objectives when managing capital are to maintain a flexible capital structure that optimises the cost and availability of capital at acceptable risk and to manage capital in a manner that considers the interests of equity and debt holders. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

As at 31 December 2018 and 31 December 2017 all financial liabilities were denominated in Sterling and were repayable on demand.

The Company has no significant concentrations of credit risk. The Company has implemented policies that require appropriate credit checks on potential customers before work commences.

There were no outstanding derivatives as at 31 December 2018 (2017: none) and no designated hedges. The Company has reviewed all contracts for embedded derivatives that are required to be separately accounted for if they do not meet certain requirements. No such arrangements have been identified.

The Company is not subject to any externally imposed capital requirements.

23 Events after the reporting date

There are no post balance sheet events.

24 Related party transactions

During the year the Company entered into the following transactions with related parties:

	Sale of goods		Purchase of goods	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Other related parties	1,188	230	2,466	1,662

24 Related party transactions

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties	
	2018	2017
	£'000	£'000
Other related parties	658	749
	658	749

The following amounts were outstanding at the reporting end date:

	Amounts owed by related parties	
	2018	2017
	£'000	£'000
Parent company	-	5
Other related parties	761	2,616
	761	2,621

25 Controlling party

The immediate parent undertaking of WSP CEL Limited is WSP European Holdings Limited, incorporated in England.

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 the Company are drawn up. 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.

26 Cash absorbed by operations

	2018 £'000	2017 £'000
Profit/(loss) for the year after tax	422	(650)
Adjustments for:		
Taxation charged/(credited)	94	(153)
Amortisation of intangible assets	1	3
Depreciation of property, plant and equipment	1	1
Movements in working capital:		
Decrease in trade and other receivables	2,386	4,180
Increase/(decrease) in trade and other payables	1,084	(5,265)
Cash generated from/(absorbed by) operations	3,988	(1,884)