Company Registration No. 03877626 (England and Wales)

WSP CEL LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

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

CONTENTS

WSP CEL LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their Strategic Report on WSP CEL Limited (the "Company") for the year ended 31 December 2019.

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. 2019 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 £830,000 (2018: £422,000).

Future developments
On 1 April 2020, the Company sold its trade and assets to WSP UK Limited, a fellow group entity. After this transaction, the Company ceased trading.

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. 2019 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. 2019 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
15 October 2020

The directors present their report and audited financial statements for the year ended 31 December 2019.

Results and dividends
The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £nil (2018: £3,000,000). 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 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.

Supplier payment policy
The company's current policy concerning the payment of trade creditors is to:

- agree the terms of payment with suppliers when finalising the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

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 2019 and 31 December 2018.

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 a risk of cost over-runs as a result of fluctuations in prices. 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
On 1 April 2020, the Company sold its trade and assets to WSP UK Limited, a fellow group entity.

After this transaction, the Company ceased trading.

Subsequent to the year end, the Covid-19 pandemic has significantly affected the United Kingdom. Business disruption, up to 1 April 2020 when the Company sold its trade and assets to a fellow group entity, was reasonably modest and there were no significant supply chain disruptions. As the Company ceased to trade on 1 April 2020, the Covid-19 pandemic is not expected to have a significant impact in the future.

Future developments
On 1 April 2020, the Company ceased trading.

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 the Company's activities. We work for clients in both the public and private sectors, including large and small companies, municipalities and government agencies.

Disclosure requirements
In accordance with the Companies Act 2006 section 414C(11), the Company's Strategic Report contains certain disclosures required in the Directors' Report. The requirements are included within the Principal activities and business review, Future developments, Principal risks and uncertainties and Key performance indicators sections of the Strategic Report.

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
15 October 2020

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

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 2019 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 2019; 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

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- 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.

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.

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.

Independent auditors' report to the members of WSP CEL Limited (continued)

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 2019 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, 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
16 October 2020

WSP CEL LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £'000	2018 £'000
Revenue	4	7,581	9,855
Subcontractor costs		(1,389)	(2,775)
Employee benefit costs		(3,940)	(4,072)
Contract and agency staff costs		(284)	(867)
Cost of sales		(5,613)	(7,714)
Gross profit		1,968	2,141
Other operating income		53	18
Administrative expenses	5	(1,021)	(1,643)
Operating profit	6	1,000	516
Income tax expense	9	(170)	(94)
Profit for the year		830	422
Other comprehensive income		-	-
Profit and total comprehensive income for the year		830	422

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 2019

	Notes	2019 £'000	2018 £'000
Non-current assets			
Property, plant and equipment	11	3	4
Investments	12	73	73
Deferred tax asset	18	54	58
		130	135
Current assets			
Trade and other receivables	15	2,006	3,624
Cash and cash equivalents		2,667	1,802
		4,673	5,426
Total assets		4,803	5,561
Current liabilities			
Trade and other payables	17	3,182	4,622
Current tax liabilities		177	80
		3,359	4,702
Net current assets		1,314	724
Non-current liabilities			
Long term provisions	19	64	309
Total liabilities		3,423	5,011
Net assets		1,380	550
Called up share capital	21	111	111
Share premium account		289	289
Other reserves		39	39
Retained earnings		941	111
Total equity		1,380	550

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 15 October 2020 and are signed on its behalf by:

M Barnard
Director

Company Registration No. 03877626

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Share capital £'000	Share premium account £'000	Other reserves £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2018		111	289	39	2,689	3,128
Year ended 31 December 2018:						
Profit and total comprehensive income for the year		-	-	-	422	422
Dividends	10	-	-	-	(3,000)	(3,000)
Balance at 31 December 2018		111	289	39	111	550
Year ended 31 December 2019:						
Profit and total comprehensive income for the year		-	-	-	830	830
Balance at 31 December 2019		111	289	39	941	1,380

The other reserves consist of a capital redemption reserve of £34,000 (2018: £34,000) and a merger reserve of £5,000 (2018: £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 2019

	Notes	2019 £'000	2018 £'000
Cash flows from operating activities			
Cash generated from operations	**26**	934	3,988
Tax (paid)/refunded		(69)	174
Net cash inflow from operating activities		**865**	4,162
Net cash used in investing activities		-	-
Financing activities			
Dividends paid		-	(3,000)
Net cash used in financing activities		-	(3,000)
Net increase in cash and cash equivalents		**865**	1,162
Cash and cash equivalents at beginning of year		1,802	640
Cash and cash equivalents at end of year		**2,667**	1,802

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 and domiciled in England and Wales. The registered office is WSP House, 70 Chancery Lane, London, WC2A 1AF. The company's principal activities and nature of its operations are disclosed in the directors' report.

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 in the presentation of these financial statements, which have been consistently applied, are set out below.

1.2 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.

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.

1 Accounting policies

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.

1.3 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.

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 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.

1.6 Financial instruments

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

1 Accounting policies

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

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. The financial assets and financial liabilities are financial instruments whose fair values approximate their carrying values due to their short-term maturity or variable interest rates.

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

Impairment of financial assets

The Company uses a single expected credit loss impairment model, which is based on changes in credit quality since initial recognition. The Company applies 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.

1 Accounting policies

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.

1.7 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

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 Accounting policies

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.

1.10 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 in the period are included in profit or loss.

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

The Company applied IFRS 16 Leases for the first time from 1 January 2019. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Adoption of IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases - Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Company has lease contracts for property, all of which are via intercompany arrangements and are on an informal basis. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as an operating lease.

In respect of the intercompany lease arrangements, the Company has determined that there is no "identified asset" as defined by IFRS 16 Leases and therefore the leases are not required to be accounted for under this standard. The Company instead incurs a rental expense for intercompany leases, which is recognised in the Income Statement.

The adoption of IFRS 16 has not had an impact on the Company.

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:

IAS 1	Presentation of Financial Statements
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendment to the definition of material is not expected to have a significant impact on the Company's financial statements.

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.

Estimates and assumptions

Revenue recognition

The Company values its costs and anticipated profits in excess of billings based on the time and materials charged into each project and anticipated future costs and revenues. The determination of revenues and contract assets involves estimates of the volume of work required to complete the project. On a monthly basis, Management reviews the actual volume of work and the estimated anticipated volume of work for each project to determine whether the amount recognised as contract assets is a true reflection of the amount that will be earned on the projects. Where the review determines that the value of costs and anticipated profits in excess of billings exceed the amount that can be earned, adjustments are made to the contract asset. Changes in the estimate of work required to complete the projects could lead to reversals of revenues.

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

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. The Company earns revenue in the United Kingdom only.

	2019 £'000	2018 £'000
Revenue analysed by class of business		
Principal activity and represents services provided in the UK	7,581	9,855

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

4 Revenue (continued)

	2019 £'000	2018 £'000
Timing of revenue recognition		
At a point in time	-	-
Over time	7,581	9,855
	7,581	9,855

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 2019. 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 2019 unfulfilled performance obligations is:

£'000	Next 12 months	More than 12 months	Total
Unfulfilled performance obligations	1,309	112	**1,421**

5 Administrative expenses

Administrative expenses comprise:

	2019 £'000	2018 £'000
Intercompany management charges	1,237	1,233
Legal and professional costs	(601)	-
Equipment and communication costs	327	329
Other costs	58	81
	1,021	1,643

6 Operating profit

	2019 £'000	2018 £'000
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	13	(2)
Auditor remuneration	12	12
Depreciation of property, plant and equipment	1	1
Amortisation of intangible assets	-	1
Release of surplus accrual	(601)	-

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

7 Employees

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

	2019 Number	*2018* Number
Technical and management	51	63
Contract and agency staff	124	13
	175	76

Their aggregate remuneration comprised:

	2019 £'000	2018 £'000
Wages and salaries	3,403	3,551
Social security costs	377	376
Other pension costs	160	145
Contract and agency staff	284	867
	4,224	4,939

8 Directors' remuneration

The emoluments of the 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 (2018: £nil) and no emoluments are disclosed in respect of these directors (2018: £nil).

9 Income tax

	2019 £'000	2018 £'000
Current tax		
Current tax on profit of the year	177	79
Adjustments in respect of prior periods	(11)	(3)
Total current tax	166	76
Deferred tax		
Origination and reversal of temporary differences	4	18
Total tax expense	170	94

The charge for the year can be reconciled to the profit per the income statement as follows:

	2019 £'000	2018 £'000
Profit before taxation	1,000	516
Expected tax charge based on a corporation tax rate of 19% (2018: 19%)	190	98
Effect of expenses not deductible in determining taxable profit	1	1
Adjustment in respect of prior years	(11)	(3)
Research and development tax credit	(10)	-
Change in tax rates	-	(2)
Taxation charge for the year	170	94

The Company's profits for this accounting year are taxed at a standard rate of 19% (2018: 19%).

10 Dividends

	2019 per share	2018 per share	2019 £'000	2018 £'000
Amounts recognised as distributions to equity holders:	-	26.95	-	3,000

11 Property, plant and equipment

	Computers £'000
Cost	
At 1 January 2019	1,682
Additions	-
Disposals	-
At 31 December 2019	1,682
Accumulated depreciation	
At 1 January 2019	1,678
Charge for the year	1
At 31 December 2019	1,679
Carrying amount	
At 31 December 2019	3
At 31 December 2018	4

12 Investments

	2019 £'000	2018 £'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 2019 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

	2019 £'000	2018 £'000
Contracts in progress at the reporting end date		
Amounts owed by contract customers included in trade and other receivables	459	-
Amounts owed to contract customers included in trade and other payables	-	(1,401)
	459	(1,401)

Amounts owed by contract customers included in trade and other receivables are contract assets relating to revenue earned from ongoing engineering consultancy service contracts. As such, the balances of this account vary and depend on the number of ongoing service contracts at the end of the year. In 2019, £nil (31 December 2018: £nil) was recognised as a provision for expected credit losses on contract assets.

Amounts owed to contract customers included in trade and other payables are contract liabilities relating to payments in advance received from customers or invoices issued to customers prior to the rendering of services. The outstanding balance of these accounts reduced in 2019 from 2018 as no projects had been invoiced in advance as at 31 December 2019.

	2019 £'000	2018 £'000
Contract revenues recognised		
Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period	1,401	830
Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods	-	-

15 Trade and other receivables

	2019 £'000	2018 £'000
Trade receivables	801	2,757
Provision for bad and doubtful debts	-	(114)
	801	2,643
Costs and anticipated profits in excess of billings	459	-
Other receivables	76	182
Amounts due from fellow group undertakings - trading	28	164
Amounts due from fellow group undertakings - funding	597	597
Prepayments	45	38
	2,006	3,624

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 (2018: 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

In applying the simplified approach to measuring expected credit losses, the Company does not track changes in credit risk and therefore does not assign credit risk rating grades to trade receivables. The Company does track the aging of gross trade receivables past due, which was as follows:

Ageing of past due but not impaired trade receivables	2019 £'000	2018 £'000
Current	710	871
Past due 0-30 days	70	1,151
Past due 31-60 days	-	18
Past due 61-90 days	-	366
Past due 90-180 days	-	98
Past due over 180 days	21	253
	801	2,757
Allowance for expected credit loss	-	(114)
	801	2,643

The Company is exposed to credit risk with respect to its trade receivables and maintains provisions for potential credit losses. Potential for such losses is mitigated because customer creditworthiness is evaluated before credit is extended and no single customer represents more than 10% of revenues.

16 Trade receivables - credit risk **(continued)**

The other classes within trade and other receivables do not contain impaired assets (2018: £nil).

Movement in the allowances for expected credit loss	**2019**	**2018**
	£'000	**£'000**
Balance at 1 January	114	-
Additional allowance recognised	-	114
Amounts written off as uncollectible	-	-
Amounts recovered in the year	(114)	-
Balance at 31 December 2019	-	114

17 Trade and other payables

	2019	**2018**
	£'000	**£'000**
Trade payables	352	262
Billings in excess of costs and anticipated profits	64	1,401
Amounts due to fellow group undertakings - trading	88	-
Amounts due to fellow group undertakings - funding	1,727	658
Accruals	529	1,699
Social security and other taxation	390	437
Other payables	32	165
	3,182	4,622

Interest on loan balances between companies within the Group is charged at the 1 January Bank of England base rate + LIBOR (2018: 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 2018	71	5	76
Deferred tax movements in prior year			
Movement in year	(13)	(5)	(18)
Deferred tax asset at 31 December 2018	58	-	58
Deferred tax movements in current year			
Movement in year	(10)	6	(4)
Deferred tax asset at 31 December 2019	48	6	54

As at 31 December 2019, deferred tax balances have been recognised using a corporation tax rate of 17% on the basis that a reduction in the tax rate was expected in April 2020. In March 2020, the UK Government cancelled this rate reduction which means that the UK corporation tax will remain at 19% for the foreseeable future. The impact of the tax rate remaining at 19% is to increase the deferred tax asset to £60,000.

19 Long term provisions

Movements on provisions:	Total £'000
At 1 January 2019	309
Utilisation of provision	(245)
At 31 December 2019	64

Provisions relate to expected dilapidations costs in respect of leasehold properties.

20 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 £160,000 (2018: £145,000).

At 31 December 2019, there was £nil outstanding contributions payable (2018: £nil).

21 Called up share capital

	2019 Number	2018 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

	2019 £'000	2018 £'000
Issued and fully paid		
81,334 (2018: 81,334) Ordinary shares of £1 each	81	81
30,000 (2018: 30,000) "A" ordinary shares of £1 each	30	30
	111	111

All shares rank pari passu in all respects.

22 Capital risk management

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

	2019 £'000	2018 £'000
Intercompany funding liabilities	1,727	658
Total equity	1,380	550
	3,107	1,208
Less cash	(2,667)	(1,802)
	440	(594)

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.

22 Capital risk management

As at 31 December 2019 and 31 December 2018 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 2019 (2018: 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

On 1 April 2020, the Company sold its trade and assets to WSP UK Limited, a fellow group entity.

After this transaction, the Company ceased trading.

Subsequent to the year end, the Covid-19 pandemic has significantly affected the United Kingdom. Business disruption, up to 1 April 2020 when the Company sold its trade and assets to a fellow group entity, was reasonably modest and there were no significant supply chain disruptions. As the Company ceased to trade on 1 April 2020, the Covid-19 pandemic is not expected to have a significant impact in the future.

24 Related party transactions

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

	Sale of goods		Purchase of goods	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Other related parties	458	1,188	2,411	2,466

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties	
	2019	2018
	£'000	£'000
Other related parties	1,815	658
	1,815	658

24 Related party transactions

The following amounts were outstanding at the reporting end date:

	Amounts owed by related parties	
	2019	2018
	£'000	£'000
Other related parties	625	761

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 generated from operations

	2019	2018
	£'000	£'000
Profit for the year after tax	830	422
Adjustments for:		
Taxation charged	170	94
Amortisation of intangible assets	-	1
Depreciation of property, plant and equipment	1	1
Decrease in provisions	(245)	-
Movements in working capital:		
Decrease in trade and other receivables	1,618	2,386
(Decrease)/increase in trade and other payables	(1,440)	1,084
Cash generated from operations	934	3,988