Company Registered Number 04807864

WYG Management Services Limited

Annual Report and Audited Financial Statements

For the year ended 31 March 2019

WYG Management Services Limited

Annual report and audited financial statements for the year ended 31 March 2019

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Officers and professional advisers

Directors

A Gillespie
B Whitworth (appointed 12 July 2019; resigned 31 October 2019)
C Anderson (resigned 8 July 2019)

Company secretary
G Arber

B Whitworth (resigned 31 October 2019)

Independent auditor

Grant Thornton UK LLP
Statutory Auditor
No 1 Whitehall Riverside
Leeds
LS1 4BN
United Kingdom

Solicitors

DLA Piper UK LLP
160 Aldersgate Street
London
EC1A 4HT

Registered office

3 Sovereign Square
Sovereign Street
Leeds
LS1 4ER
United Kingdom

Company registered number

04807864

WYG Management Services Limited

Strategic report for the year ended 31 March 2019

The directors present their strategic report for the year ended 31 March 2019.

Business review and principal activities

WYG Management Services Limited ("the Company") is incorporated and domiciled in England and operates as programme, project and cost managers, surveyors and undertakes a full range of property related works. The Company's turnover derives from activities in both the United Kingdom and overseas.

On 9 July 2019, Tetra Tech Inc. acquired WYG Plc of which WYG Management Services Limited is a subsidiary. Headquartered in California, Tetra Tech is a consulting and engineering services firm which provides consulting, engineering, program management, and construction management services in the areas of water, environment, infrastructure, resource management, energy, and international development.

To align with Tetra Tech, WYG Management Services Limited has moved its reporting date to 30 September. The next annual report and financial statements will be as at 30 September 2020.

The results for the Company show an operating and pre-tax profit of £3,425,000 (2018: £1,820,000 loss) for the year and revenue of £27,241,000 (2018: £27,128,000). The increase in revenue is due to improved market conditions; the prior year pre-tax loss was after a charge of £5,719,000 related to the impairment of the investment in and related intercompany balance with North Associates following the closure of this subsidiary. Operating profit before other items is £4,320,000 (2018: £3,900,000). The directors do not recommend the payment of a dividend (2018: £nil).

The Directors are satisfied with the position of net assets of £18,202,000 (2018:£14,898,000) reported in the Balance Sheet.

Future outlook

On 9th July 2019 the WYG Group was acquired by Tetra Tech UK Holdings Limited, and the 100% ultimate parent company became Tetra Tech Inc, a company incorporated in the USA and quoted on Nasdaq. This strengthens the ability of the Company to pursue its business and provides a wide pool of additional talent to call upon in future projects.

Company revenue and profitability since the year-end has been in line with expectations against the backdrop of an increasingly challenging trading environment.

Principal risks and uncertainties

During the year the company was a member of the WYG Limited (formerly WYG Plc) Group of companies (the 'Group').

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Company are considered to relate to competition and employee retention. Further discussion of these risks and uncertainties and how they are mitigated, in the context of the Group as a whole, is provided in the Group's annual report which does not form part of this report. The financial risk management objectives and policies of the Company are detailed in note 13 of the financial statements.

Key performance indicators

The directors of WYG Limited manage the Group's operations on a divisional rather than statutory basis. For this reason, the Company's directors believe that analysis using key performance indicators ("KPIs") for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company.

At the Group level the main focus for analysis is on the KPIs and performance measures the board has set for financial performance, operations and growth. In addition, there are established KPIs for technical excellence, employee satisfaction and leadership. The primary metrics used by the board are revenue and operating profit (before separately disclosed items).

Donations

No charitable donations were made in the year (2018: £nil). No political donations were made in either year.

On behalf of the Board

A Gillespie
Director

20 December 2019

WYG Management Services Limited

Directors' report for the year ended 31 March 2019

The directors present the annual report and the audited financial statements for the year ended 31 March 2019.

Employee information

Our policy is to ensure there is adequate provision for the health, safety and welfare of our employees and of other people who may be affected by our activities. In addition to our robust duty of care and health and safety procedures we are also committed to our employees' wellbeing. We support flexible working and provide a Health and Wellbeing Handbook which includes the provision of free fruit, holistic health therapies, wellness checks, discounted gym membership, nutritional advice and a health cash plan. We also provide an employee assistance programme, free of charge, to all employees that offers impartial advice and support on issues such as personal finances, relationship issues or stress management.

Disabled employees and applicants are treated equally with others having regard to their ability, experience and the requirements of the job. We commit to making reasonable adjustments to be able to offer employment or continued employment within the Company.

Future developments

Details of future developments can be found in the Strategic Report on page 2 and form part of this report by cross-reference.

Results and dividends

No dividends (2018: £nil) were paid during the year. The profit for the year was £3,304,000 (2018: Loss £1,819,000)

Directors

The directors who served during the year and up to the date of signing the financial statements are disclosed on page 1.

Going concern

As set out in note 1, the directors are of the opinion that despite the operating loss in the year the Company has adequate resources to continue in operational existence for the foreseeable future. The financial statements have, therefore, been prepared on the going concern basis.

Cautionary statement

Certain statements contained in this report, including those under the "Future outlook" heading constitute forward-looking statements. Such forward-looking statements involve risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such statements.

WYG Management Services Limited

Financial risk management

The company, as a member of the WYG Limited Group of companies is exposed to a number of different market risks in the normal course of business including cash flow and credit risks and interest rate risks.

Risk management is carried out by Group Treasury under policies approved by the Board of directors. These principles are embedded in the Group Treasury and Cash Management Operating Guidelines and Procedures. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as currency exposure management, interest rate risk, working capital control and investment of excess liquidity. The company does not use derivative financial instruments for speculative purposes.

The key risk areas potentially impacting the Company are set out below.

Key: Risk has increased decreased remained the same since 2018

Risk	Potential Impact	Mitigation	Trend
Financial risk			
The Company is exposed to foreign currency risk on sales and purchases that are denominated in currencies other than sterling.	The level of these transactions is minimal.	The Company does not hedge everyday foreign currency transactions.	
Credit risk arises from deposits with banks and credit exposure to customers.	The maximum exposure is the carrying amount of each financial asset included on the balance sheet.	The Company has a customer credit policy in place and the exposure to credit risk is monitored on an ongoing basis.	
Liquidity risk	The Company will not be able to meet its operational and working capital requirements.	Cash flow forecasting is performed by the Company, along with regular review, monitoring and forecasting of working capital requirements.	
Cash flow and interest rate risk	The exposure is with the movement of LIBOR and amounts payable will vary according to the change in LIBOR rate.	The Company benefits from the Group's committed multi-currency revolving credit facility with HSBC. The flexible debt facility allows for amounts to be drawn for variable periods, allowing the Group to manage cash flows and interest costs.	

Financial risk management (continued)

Risk	Potential Impact	Mitigation	Trend
Market risk The Company's core markets continue to be susceptible to economic changes and market volatility.	A new, substantial downturn in one of our key markets, or in several markets at the same time, could have an adverse effect on the Company. Reductions in the number of opportunities, increases pricing pressures and reductions our operating margins.	We mitigate this risk by keeping our direct and indirect exposure to each of our markets under review, and by implementing strategic plans to ensure a balanced portfolio. The Company benefits from the spread in sector which provides some protection against market changes.	⇨
Government and EU spending Each of the Company's core market sectors is heavily influenced by variations in UK government spending programmes.	Significant new reductions in UK government affecting sectors on which the Company relies could have an adverse effect on the business.	Following the UK general elections in 2010 and 2015, major public spending cuts were introduced. The majority of those have now been implemented or announced and our business model adjusted accordingly.	⇨
Key Customers Certain of the Company's revenues are dependent on it being designated an 'approved supplier' by a number of customers.	There can be no guarantee that the Company will retain this status.	The Company seeks to mitigate such risks by ensuring that it has ongoing dialogue with these customers and by monitoring closely its business relationships with them.	⇨
Large, complex and potentially loss-making contracts The Company undertakes a number of large, complex projects, some with tight margins and others that are subject to factors outside our control.	Underperformance on a major contract or series of contracts, whether or not due to factors within WYG's control, could cause significant financial loss and/ or reputational damage to the Company.	CDOP, WYG's operating process, is a robust internal framework for decision making. It sets out detailed, mandatory project management principles, progress reviews and authority limits at each stage of a contract from bidding, through inception to completion and lessons learned. We also mitigate this risk by taking on a balanced portfolio of such projects to ensure that a significant loss on one is offset by being on target or outperforming on the others.	⇨

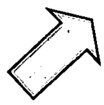
WYG Management Services Limited

Financial risk management (continued)

Risk	Potential Impact	Mitigation	Trend
Bribery and corruption risk The Company operates in certain markets where the inherent risk of bribery and corrupt practices may exist.	Exposure to such practices may lead to loss-making contracts, other financial losses and an adverse effect upon the Company's reputation elsewhere.	We have a clearly defined ethics and anti-bribery policy which is supported by training and internal checks.	
Litigation risk The Company may operate in markets in which there is an inherent risk of claims for alleged professional negligence.	In common with its competitors, WYG receives professional negligence or similar claims on an ongoing basis.	The Company is insured against the majority of professional negligence claims and seeks to mitigate the risks of such claims through its internal processes and controls.	
Key employees The Company's success depends, to a significant extent, on the continued services of its Directors and senior management team who have substantial experience in the industry and in their specific roles.	The loss of members of the senior management team and of other suitably qualified employees could be detrimental to the business.	We mitigate these risks through succession planning, our overall performance and reward programme and our share-based incentive scheme for senior management and setting appropriate notice periods and restrictive covenants – and we are prepared to act quickly if such a loss occurs.	
Resourcing In certain of our sectors, increasing market strength has impacted upon the employment environment resulting in increased competition for talented specialists and higher salary expectations.	Higher staff turnover rates and the loss of associated knowledge. Loss of associated clients. Failure to attract and retain high quality staff impacts the ability of the Company to win contracts and grow the business.	We use a range of staff recruitment and retention methods including social media, raising awareness of our employer brand, re-launching our employee referral programme and increasing the ratio of direct hires to agency hires. We conduct regular reviews of salary and benefits, benchmarking and realigning them as required to ensure that we continue to attract and retain high calibre individuals.	
Health and Safety Involvement in the construction industry (including, for example, working at height, underground, trackside, airside or close to heavy machinery) gives rise to health and safety risks for both our staff and third parties.	Risk to staff, clients and other contractors as well as the potential for reputational damage to the Company.	The Company aims continually to improve its health and safety performance and has well established accident reporting procedures and processes in place to mitigate such risks. These are overseen by the Group Security Committee.	

WYG Management Services Limited

Financial risk management (continued)

Risk	Potential Impact	Mitigation	Trend
IT Infrastructure, Cyber and Data Security The Company's daily operational activities are dependent on having a robust IT infrastructure.	Prolonged outage or corruption of the IT infrastructure could result in failure to deliver projects on time which in turn, could lead to loss of customers and future business opportunities, causing a decline in profitability, the potential for reputational damage to the Company and difficulties in producing timely and accurate information for internal and external reporting.	The Company aims to continuously improve its IT infrastructure which is in the process of being updated to ISO 27001 as part of the ongoing cyber security project. The Company undertakes regular back-ups and penetration testing. There is insurance cover in place to mitigate against business disruption.	
Risks associated with cyber security are constantly increasing. The Company recognises the increased threats facing companies from third-party attempts to exploit weaknesses in cyber security.	Inadequate security could cause significant business disruption and loss of sensitive data. This could result in financial loss and/or reputational damage to the Company.	The Company seeks to mitigate such risks by having access controls, firewalls and virus checkers and has been awarded the Cyber Essentials Security Certificate. Security awareness training is now being made available to all employees. The Company has created an Information Security Team to continue to monitor and improve the Company's IT security in light of continuing threats.	
The implementation of the General Data Protection Regulation and changes to the Privacy in Electronic Communications Regulation has led to heightened awareness across the EU of the rights of data subjects and the responsibilities of data controllers and processors.	A lack of suitable procedures or inadequate modification of existing business processes could lead the Company to fail to comply with the regulations leading to significantly increased fines and reputational damage.	The Company has performed risk assessments, sought external advice from specialists and introduced new policies and procedures. Training has already been provided to key teams within the business that require it and is being made more generally available to all employees.	

WYG Management Services Limited

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' indemnities

As permitted by the Articles of Association, certain of the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Statement on disclosure of information to the independent auditor

Each of the persons who is a Director at the date of the approval of this annual report confirms that there is no relevant audit information of which the Company's auditor is unaware.

Each Director has taken all reasonable steps to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act.

Independent auditor

Grant Thornton UK LLP were appointed as auditors in the year. Grant Thornton UK LLP has indicated its willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

On behalf of the Board

A Gillespie
Director

20 December 2019

WYG Management Services Limited

Independent auditor's report to the members of WYG Management Services Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of WYG Management Services Limited (the 'company') for the year ended 31 March 2019 which comprise the Income statement, the Balance sheet, the Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the 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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Independent auditor's report to the members of WYG Management Services Limited

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Auditor's 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 auditor's 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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

WYG Management Services Limited

Independent auditor's report to the members of WYG Management Services Limited

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP.

Andrew Wood
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds
20 December 2019

WYG Management Services Limited

Income Statement
For the year ended 31 March 2019

	Note	Before other items 2019 £'000	Other items 2019 £'000	**Statutory total 2019 £'000**	Before other items 2018 £'000	Other items 2018 £'000	**Statutory total 2018 £'000**
Revenue	2	27,241	-	**27,241**	27,128	-	**27,128**
Operating expenses	3,4	(22,921)	(895)	**(23,816)**	(23,229)	(5,719)	**(28,948)**
Operating profit/(loss)		4,320	(895)	**3,425**	3,899	(5,719)	**(1,820)**
Profit/(loss) before tax		4,320	(895)	**3,425**	3,899	(5,719)	**(1,820)**
Tax	6	(121)	-	**(121)**	1	-	**1**
Profit/(loss) attributable to the owner of the Company, being total comprehensive income/(expense)		4,199	(895)	**3,304**	3,900	(5,719)	**(1,819)**

Other items in the year relate to restructuring costs and in the prior year relate to the impairment of investment and related inter company balances with a subsidiary (see note 4).

All activities relate to continuing operations.

The accompanying notes to the financial statements are an integral part of the Income Statement.

There is no other comprehensive income for the financial year (2018: £nil). Accordingly, no statement of other comprehensive income is given.

WYG Management Services Limited

Balance Sheet
As at 31 March 2019

	Note	2019 £'000	2018 £'000
Fixed assets			
Investments	7	-	-
Current assets			
Work in progress	8	**2,079**	3,111
Trade and other receivables	9	**19,854**	17,600
Cash and cash equivalents		**1,493**	1,121
Deferred tax	10	**21**	17
Total current assets		**23,447**	21,849
Creditors – amounts due within one year			
Trade and other payables	11	**(2,955)**	(4,443)
Tax liability		**(46)**	-
Total current liabilities		**(3,001)**	(4,443)
Net current assets		**20,446**	17,406
Creditors – amounts due after one year			
Trade and other payables	11	**(2,231)**	(2,277)
Provisions, liabilities and other charges	12	**(13)**	(231)
		(2,244)	(2,508)
Net assets		**18,202**	14,898
Equity attributable to owners			
Called up share capital	14	**7,038**	7,038
Share premium account	14	**17**	17
Capital redemption reserve	14	**150**	150
Retained earnings	14	**10,997**	7,693
Total equity		**18,202**	14,898

The accompanying notes to the financial statements are an integral part of the Balance Sheet.

The financial statements on pages 12 to 34 were approved by the Board of Directors on 20/12/2019 and signed on its behalf by:

A Gillespie
Director

Company registration number 04807864

WYG Management Services Limited

Statement of Changes in Equity
For the year ended 31 March 2019

	Called up Share capital	Share Premium Account	Capital redemption reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2017	7,038	17	150	9,512	16,717
Total comprehensive loss for the year	-	-	-	(1,819)	(1,819)
Balance at 31 March 2018	7,038	17	150	7,693	14,898

	Called up Share capital	Share capital account	Capital redemption reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2018	7,038	17	150	7,693	14,898
Total comprehensive income for the year	-	-	-	3,304	3,304
Balance at 31 March 2019	**7,038**	**17**	**150**	**10,997**	**18,202**

WYG Management Services Limited

Cash Flow Statement
For the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
Net cash generated from operating activities	15	**372**	656
Net increase in cash and cash equivalents		**372**	656
Cash and cash equivalents at beginning of year		**1,121**	465
Cash and cash equivalents at end of year		**1,493**	1,121

The accompanying notes to the financial statements are an integral part of the Cash Flow Statement

WYG Management Services Limited

Notes to the Financial Statements
For the year ended 31 March 2019

1. Significant accounting policies

General Information

WYG Management Services Limited is a private company limited by shares and is incorporated in the United Kingdom and registered in England and Wales. The address of the registered office is 3 Sovereign Square, Sovereign Street, Leeds, LS1 4ER.

The results of the company and its subsidiary undertakings are included in the consolidated financial statements of WYG Ltd, and therefore the Company has taken the exemption provided by Section 400 of the Companies Act 2006 from preparing consolidated financial statements.

The financial statements are prepared under the historical cost convention and in accordance with applicable FRS 101 "Reduced Disclosure Framework".

Basis of accounting

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. The company has elected to prepare the financial statements in accordance with FRS 101 "Reduced Disclosure Framework" as issued by the Financial Reporting Council. This is the first year in which the financial statements have been prepared in accordance with FRS 101. The date of transition is 1 April 2017. The transition resulted in reduced disclosure but is not considered to have had a material effect on the profit for the year or equity.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

In these financial statements the Company has, with effect from 1 April 2018, adopted IFRS 9 and IFRS 15.

IFRS 9 "Financial Instruments" replaced IAS 39 "Financial Instruments: Recognition and Measurement". It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for the impairment of financial assets. When adopting IFRS 9, the Group has applied transitional relief and opted not to restate prior periods. No differences arose on the transition to IFRS 9.

IFRS 15 "Revenue from Contracts with Customers" and the related "Clarifications to IFRS 15 Revenue from Contracts with Customers" (hereinafter referred to "IFRS 15"), replace IAS 18 "Revenue", IAS 11 "Construction Contracts" and several revenue related interpretations. The new standard has been applied retrospectively without restatement, with the cumulative effect of initial application recognised as an adjustment to the opening balance of retained earnings at 1 April 2018. In accordance with the transition guidance, IFRS 15 has only been applied to contracts that are incomplete as at 1 April 2018. Therefore, the comparative information has not been restated and continues to be reported under IAS 18. Had the Company not applied IFRS15 in this financial period, there would have been no material difference to the reported results.

Otherwise there are no new standards that have become effective in the period that have had a material effect on the Company's financial statements.

1. Significant accounting policies (continued)

Summary of disclosure exemptions

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to:

- the requirements of IAS 24 related party disclosures to disclose related party transactions entered into or between two or more members of the group as they are wholly owned within the group.
- disclosure of key managememt personnel compensation.
- capital management disclosures.
- the effect of future accounting standards not adopted.
- Share based payment disclosures.
- disclosures in respect of financial instruments and fair value measurement.
- disclosure in relation to impairment of assets.

Other items

Items that are material and whose significance is sufficient to warrant separate disclosure and identification within the financial statements are included within 'other items' (see note 4).

Going concern

These financial statements have been prepared on the going concern basis which assumes that the Company will continue in operational existence for the foreseeable future. The Company is one of the obligors for the group banking facility and as such, the validity of this assumption depends on the liquidity of the Group. The directors have considered the Group's liquidity and have deemed it satisfactory. The Company is dependent on financial support being made available by its ultimate parent company, Tetra Tech Inc., to enable it to continue in operational existence and to meet its debts as they fall due. The directors confirm this support is in place and have assessed the ability of the parent company to provide this support. As a result, the directors consider it appropriate for the financial statements to be prepared on the going concern basis.

1. Significant accounting policies (continued)

Revenue recognition

Revenue represents the amounts receivable, excluding sales related taxes, for services supplied during the year to external customers shown net of VAT, returns, rebates and discounts. When assessing revenue recognition against IFRS15, the Company assess the contract against the five steps of IFRS15:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

This process includes the assessment of the performance obligations within the contract. The directors have concluded that the provision of services to customers is one performance obligation. Revenue is recognised when, or as, the Company satisfies performance obligations by transferring the promised services to its customers. Revenue represents the value of work earned during the year on contracts by reference to total contract value and stage of completion, including third party payments. Stage of completion is normally measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion.

Profit is recognised on a percentage completion basis when the outcome of a contract or project can be reasonably foreseen. Provision is made in full for estimated losses. Where the outcome of a contract cannot reasonably be foreseen, profit is taken on completion. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The Company employs the use of third party contractors on its projects but this is not considered a primary source of revenue. In accordance with IFRS15 these costs have been accounted as part of the cost of the projects. The Company has primary responsibility for the work carried out, including work done by subcontractors whose services would have no separate value without the existence of the project controlled by the Company. Since the Company is acting as principal it recognises revenue based on the gross amount received or receivable in respect of its performance under the sales contract with the end customer.

Third party payments represent costs incurred by the Company on behalf of clients which are invoiced at no margin. Progress payments receivable in excess of the value of work executed on individual contracts are included in trade and other payables.

In comparative periods, revenue is recognised at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of business and is shown net of Value Added Tax. In the current year, the Company has applied IFRS 15 - Revenue from Contracts with Customers which was *mandatorily effective for accounting periods beginning on or after 1st January 2018.* The adoption of IFRS 15 has not had any material impact on the disclosures or amounts reported in these financial statements.

Research and Development Expenditure Credits

Research and Development Expenditure credits have only been recognised where management believe that a claim will be recoverable based on the success of similar historical claims. Such credits are recognised as a credit to operating expenses in order to reflect the substance of these credits to the Group and cash flows are presented within operating activities.

1. Significant accounting policies (continued)

Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Company at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease.

The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

Work in progress

Work in progress is stated at cost plus attributable profits less foreseeable losses and progress payments received and receivable. Cost comprises direct staff costs and attributable overheads. Attributable profit is that proportion of the total profit currently estimated to arise over the duration of a contract, as earned at the balance sheet date. Work-in-progress is recognised when projects are assessed for contract progress and the proportion of contract work completed at the balance sheet date is determined in relation to the total contract works. Appropriate provisions are made for slow moving and irrecoverable work-in-progress.

Cash & cash equivalents

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.

Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency') which is Sterling, which is the same as the presentational currency of these financial statements.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on retranslation are included in the income statement for the year, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.

Tax

The tax expense represents the sum of the tax currently payable and deferred tax along with any adjustments to prior year estimates.

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 balance sheet date.

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 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 (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

1. Significant accounting policies (continued)

The carrying amount of deferred tax assets is reviewed at each balance sheet 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.

Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated in the Company's balance sheet at cost less any provision for impairment in value.

Investments are tested for impairment at least annually by reference to the relevant cash-generating unit (CGU) and carried at cost less accumulated impairment losses. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

Employee benefits

Retirement benefit costs

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

Short term compensated absences

A liability for short-term compensated absences, such as holiday, is recognised in trade and other payables for the amount the Company may be required to pay as a result of the unused entitlement that has accumulated at the balance sheet date.

Provisions

Provisions are made for current and estimated obligations in respect of claims made by contractors and the general public relating to accident or other insurable risks as a result of the business activities of the Company.

Financial instruments

Financial assets are de-recognised when the contractual rights to the cash flows from the financial assets expire or when the contractual rights to those assets are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired.
Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI)

In the periods presented the Company does not have any financial assets categorised as FVTPL or FVOCI.

After initial recognition, these are measured at amortised cost using the effective interest rate method. Discounting is omitted where the effect if immaterial. All of the Company's financial assets fall into this category.

Trade receivables

The Company accounts for impairment of financial assets using the expected credit loss ("ECL") model as required by IFRS 9. The Company considers a broad range of information when assessing credit risk and measuring expected losses, including past events, current conditions, reasonable and supportable forecasts that effect the expected collectability of the future cash flows of the instrument.

Trade payables

Trade payables are not interest-bearing and are stated at amortised cost.

1. Significant accounting policies (continued)

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Significant judgements and key sources of estimation uncertainty

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 the assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Areas of judgement that have a critical effect on the amounts recognised in the accounts are:

Key judgements:

- Revenue recognition and the assessment of the percentage of contract completion achieved. The Company assesses contract progress and determines the proportion of contract work completed at the balance sheet date in relation to the total contract works.
- Review of asset carrying values and impairment charges. The Company performs impairment testing in accordance with the accounting policy described within the significant accounting policies in the notes to the accounts. The calculation of recoverable amounts requires the use of estimates and assumptions consistent with the most recent budgets and plans that have been formally approved by management.
- Professional indemnity claims. Provision is made on an assessment of claims and necessarily includes estimates as to the likely costs. All active claims are reviewed regularly. To the extent that actual claims and settlements differ from those projected, the provisions could vary significantly (see note 12).
- Work in progress and receivables valuation. The Company assesses work in progress and trade receivables for exposure to losses. Provision is made in full for estimated losses (see notes 8 and 9).

In addition, there are other areas of estimated uncertainty in the accounts in relation to key sources of estimation and uncertainty:

- Deferred tax balances. Uncertainty arise due to the assumptions of future tax rates and the future performance of the Company. Further details on deferred tax can be found in note 10.

New standards adopted as at 1 April 2018

IFRS15 – Revenue from contracts with customers

IFRS15 'Revenue from contracts with customers' and the related 'Clarifications to IFRS15 Revenue from contracts with customers' (herein referred to as 'IFRS15') replaced IAS18 – Revenue, IAS11 – Construction Contracts and several revenue-related interpretations. There were no differences in adopting IFRS15 so no measurement, classification or impairment has been recognised in retained earnings.

IFRS9 – Financial instruments

IFRS9 replaces IAS39 – Financial instruments: recognition and measurement. There were no differences in adopting IFRS9 so no measurement, classification or impairment has been recognised in retained earnings.

Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been early adopted by the Company

1. Significant accounting policies (continued)

At the date of authorisation of these financial statements, several new but not yet effective Standards, amendments to existing standards and Interpretations have been published by the IASB. None of these Standards, amendments or Interpretations have been early adopted by the Company.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations neither adopted nor listed below have not been disclosed as they are not expected to have a material impact on the Company's financial statements.

IFRS16 – Leases

IFRS16 will replace IAS17 – Leases and three related Interpretations. IFRS16 is effective from periods beginning on or after 1 January 2019. The Company has decided not to early adopt.

Management is in the process of assessing the full impact of the standard. So far the Company believes that the impact will not be material.

2. Revenue

	2019	2018
	£'000	£'000
Continuing operations		
Rendering of services	27,241	27,128
	27,241	27,128

All revenue is generated in the UK

Assets and liabilities relating to contracts with customers

The Company has recognised the following assets and liabilities relating to contracts with customers:

	2019	2018
	£'000	£'000
Contract assets – work in progress (note 8)	**2,079**	3,111
Contract liabilities – payments received on account (note 11)	**109**	135

Contract assets – work in progress represents contracts whereby the services rendered by the Company at the reporting date exceed the customer payments. There is no variable consideration included. There are no provisions for credit losses in respect of contract assets at either year end.

In cases where the payments exceed the services rendered as at the balance sheet date, a contract liability is recognised. Contract liabilities represent customer payments received in advance of performance obligations that are expected to be recognised as revenue in 2019. These amounts recognised will generally be utilised within the next reporting period.

Performance Obligations

The Company derives revenue from the transfer of services over time. Revenues represent the value of work earned during the year by reference to total contract value and stage of completion. The aggregated amounts of transaction prices relate to performance obligations from existing contracts that are unsatisfied or partially unsatisfied at 31 March 2019 were £27.0m (2018: £29.4m). The Group will recognise this revenue as the contracts are completed, which is expected to occur over the next 12 months.

Revenue of £0.1m, (2018: £0.6m) has been recognised and was included in contract liabilities at the start of the financial year. Revenue of £ nil (2018 : £nil) relates to performance obligations satisfied in previous periods.

There were no contracts in either period that had a significant financing element or a material element of variable consideration.

3. Operating Expenses

	2019	2018
	£'000	£'000
Staff costs (note 5)	13,383	10,456
Other external and operating charges	10,433	18,492
	23,816	28,948

Operating profit has been at arrived after charging / (crediting):

	2019	2018
	£'000	£'000
R&D tax credit	(644)	-
Utilisation of trade receivables provision	54	-
Increase in trade receivables provision	-	152

During the year, the fees for services from the Company's auditor were borne by WYG Group Limited. No non-audit services were provided.

4. Separately disclosed items

The Company has incurred a number of material items in the year, whose significance is sufficient to warrant separate disclosure. Included within operating loss are the following items:

	2019 £'000	2018 £'000
Impairment of investments following the closure of North Associates (Cumbria) Limited	-	4,563
Impairment of intercompany receivable following the closure of North Associates (Cumbria) Limited	-	1,156
Other costs	895	-
	895	5,719

Other costs relate to restructuring costs incurred in the year.

The Directors believe that the operating profit before separately disclosed items gives a better view of underlying trading for the Company and enables the user of the accounts to more accurately understand the Company's performance. Although the share option costs and amortisation of intangible assets are charges which occur annually, the Directors excluded those charges from operating profit before separately disclosed items because their value is significant and they are not related to the underlying performance of the business. The other charges in the year are expected to be one off in nature. Consequently, the Directors believe it is appropriate to exclude them from operating profit before separately disclosed items.

5. Employees and directors

The average monthly number of employees (including directors) was:

	2019 Number	2018 Number
By activity		
Technical	214	161
Administrative	2	2
	216	163

	£'000	£'000
Their aggregate remuneration comprised:		
Wages and salaries	11,209	8,723
Social security costs	1,480	1,199
Other pension costs (see note 17)	694	534
	13,383	10,456

The directors who are also the key management personnel of the Company are employed by a fellow subsidiary of WYG Ltd to which they devote the substantial part of their time and accordingly receive no remuneration, fees or benefits from the Company.

In addition to the above permanent staff, the Company utilises the services of agency and temporary contract staff as circumstances require.

6. Tax

The tax charge for the current year is £122,000 (2018: £1,000 credit).

	2019	2018
	£'000	£'000
Corporation tax:		
Adjustments in respect of prior years	126	-
Deferred tax:		
Origination and reversal of temporary differences	(5)	(1)
Total tax charge/(credit)	121	(1)

Factors affecting the current tax charge for the year

The tax charge for the year is higher (2018: higher) than the standard rate of corporation tax in the UK when applied to reported profit. The differences are explained below:

	2019	2018
	£'000	£'000
Profit/(loss) before tax	3,425	(1,820)
Profit/(loss) before tax multiplied by the standard rate of UK corporation tax rate of 19% (2018: 19%)	651	(346)
Expenses not deductible for tax purposes	-	869
Adjustment in respect of prior years – RDEC	126	-
Adjustment in respect of prior years – other	(5)	(1)
Group relief not paid for	(651)	(523)
Total tax charge/(credit)	121	(1)

The standard rate of tax applied to reported profit on ordinary activities is 19% (2018: 19%). Finance Act 2016 contains provisions to further reduce the rate of corporation tax to 17% with effect form 1 April 2020. Accordingly, deferred tax assets and liabilities at 31 March 2018 and 31 March 2019 have been calculated at the rates expected to be in force when the timing differences were projected to reverse.

During the year beginning 1 April 2019 the net reversal of deferred tax assets and liabilities is not expected to have a material impact on the corporation tax charge.

7. Investments

	Shares in subsidiary undertakings
	£'000
Cost	
At 1 April 2017, 31 March 2018 and 31 March 2019	10,351
Provision	
At 1 April 2017	(5,788)
Impairment following the closure of North Associates Limited	(4,563)
At 31 March 2018 and 31 March 2019	(10,351)
Net book value	
At 31 March 2018, 31 March 2019	-
At 1 April 2017	4,563

Subsidiary companies held directly	Country of incorporation	Ordinary shares % held	Principal activity
Tweeds Project Services Limited	England and Wales	100	Non-trading
WYG Management Services (Northern Ireland) Limited	Northern Ireland	100	Multi-disciplinary consultants
North Associates (Cumbria) Limited	England and Wales	100	Non-trading
Taylor and Hardy Limited	England and Wales	100	Non-trading

8. Work-in-progress

	2019	2018
	£'000	£'000
Work-in-progress	2,303	3,460
Provision	(224)	(349)
Net work-in-progress	2,079	3,111

The value of work in progress comprises the costs incurred on a contract plus an appropriate proportion of overheads and attributable profit. Profit is recognised on a percentage completion basis when the outcome of a contract or project can be reasonably foreseen. Provision is made in full for estimated losses.

9. Trade and other receivables

	2019	2018
	£'000	£'000
Amounts falling due within one year		
Amounts receivable on contracts	3,075	2,590
Less: provision for impairment of trade receivables	(98)	(152)
Amounts receivable on contracts	2,977	2,438
Prepayments	69	80
Other receivables	238	5
Amounts owed by group undertakings	16,570	15,077
	19,854	17,600

The amounts owed by group undertakings are unsecured obligations. It is not proposed that any group undertaking will seek repayment of monies owed unless the Company recording the liability has the funds to enable it to do so.

All amounts shown are short-term. The net carrying value of trade receivables is considered a reasonable approximation of their fair value.

The current year has applied IFRS 9 using the expected loss model. The prior year comparative applied the IAS39 incurred loss model. All the Company's trade and other receivables in the comparative periods have been reviewed for indicators of impairment and the directors believe that no impairment is required.

The Company applies the IFRS9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they shared credit risk characteristics. They have been grouped based on the days past due and also according to the type of customer.

Trade receivables are written off when there is no reasonable expectation of recovery.

On the above basis the expected credit loss for trade receivables as at 31 March 2019 and 1 April 2018 was determined as follows:

As at 31 March 2019	Current	0-30 days	30-60 days	60-150 days	150 + days	Total
Expected credit loss	0%	0%	27%	100%	0%	3%
Gross carrying amount	2,563	369	78	77	(12)	3,075
Lifetime expected credit loss	-	-	21	77	-	98

As at 1 April 2018	Current	0-30 days	30-60 days	60-150 days	150 + days	Total
Expected credit loss	0%	0%	9%	100%	100%	6%
Gross carrying amount	1,789	457	210	55	79	2,590
Lifetime expected credit loss	-	-	18	55	79	152

9. *Trade and other receivables (continued)*

Movements on the Company's position for impairment of trade receivables are as follows:

	2019	2018
	£'000	£'000
At 1 April	152	-
Utilisation of provision	(54)	-
Increase in provision	-	152
At 31 March	98	152

The creation and release of provision for impaired receivables have been included in operating expenses in the income statement.

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

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Company does not hold any collateral as security.

10. Deferred Tax

	Accelerated tax depreciation £'000	**Other temporary differences £'000**	**Total £'000**
Deferred tax asset at 1 April 2017	9	7	16
Credit to profit and loss	-	1	1
Deferred tax asset at 31 March 2018	9	8	17
Credit to profit and loss	-	4	4
Deferred tax asset at 31 March 2019	9	12	21

Deferred tax assets in relation to losses have been recognised with regard to expected future taxable profits.

At the balance sheet date, the Company has no unused tax losses (2018: £nil) available for offset against future profits.

11. Trade and other payables

	2019	2018
Amounts falling due within one year	**£'000**	£'000
Trade payables	780	604
Payments received on account	109	135
Social security and other taxes	1,576	1,708
Other payables	259	250
Accruals	231	1,746
	2,955	4,443
Amounts falling due in more than one year		
Amounts due to group undertakings	2,231	2,277

The amounts due to group undertakings are unsecured obligations. It is not envisaged that any group undertaking will seek repayment of monies owed unless the company recording the liability has the funds to enable it to do so.

12. Provisions, liabilities and other charges

	Claims	**Vacant Leasehold**	**Total**
	£'000	**£'000**	**£'000**
At 1 April 2017	350	257	607
Additional provision	58	-	58
Utilised	(308)	(126)	(434)
At 31 March 2018	100	131	231
Additional provision	-	-	-
Utilised	(100)	(118)	(218)
At 31 March 2019	-	13	13

Claims

Provisions are made for current and estimated obligations in respect of claims made by contractors and the general public relating to accident and other insurable risks arising as a result of the business activities of the Group. Given the nature of these items, the expected timing of payments is uncertain.

Vacant properties

The Company has a number of vacant leasehold properties, the majority of which are held under head leases expiring within the next year. Provision has been made for the residual lease commitments together with other outgoings, after taking into account assumptions relating to later periods of sub-lease.

13. Financial instruments

The Company is exposed to several market risks in the normal course of business including foreign currency risks, credit risks and cash flow and interest rate risks.

Foreign currency risk

The Company is exposed to foreign currency risk on sales and purchases that are denominated in currencies other than sterling, however, the level of these transactions is minimal and as a result the Company does not hedge everyday foreign currency transactions.

Credit risk

Credit risk arises from deposits with banks and credit exposure to customers, including outstanding receivables and invoiced work performed for these parties.

The Company has a customer credit policy in place and the exposure to credit risk is monitored on an ongoing basis. At 31 March 2019 there were no significant concentrations of credit risk. The maximum exposure to credit risk is the carrying amount of each financial asset included on the balance sheet.

Fair values

The fair values of the financial assets and liabilities of the Company are considered to be materially equivalent to their book value. Fair values have been calculated by reference to cash flows discounted at prevailing interest rates.

Liquidity risk

Cash flow forecasting is performed by the Company and all of the operating entities in the Group. These are aggregated by Group finance. Established procedures are in place to ensure the operational and working capital requirements of the Company and Group can be met at all times. These include:

- Regular review, monitoring and forecasting of working capital requirements across Group companies
- Use of short term, local bank facilities

As at 31 March 2019 the Company's non-derivative financial liabilities had contractual maturities (including interest payments) as follows: Trade and other payables £2.9m (2018: £4.3m), due within 6 months

Cash Flow and Interest Rate Risk

At 31 March 2019 the Group had committed bonding and debt facilities of £40.0m (2018: £40.0m).

Following the acquisition by Tetra Tech Inc, revised facilities were agreed with HSBC for the WYG group of companies, of which WYG Management services Limited is an obligor company. The facility is now a £35m uncommitted bonding and debt facility, guaranteed by Tetra Tech.

At 31 March 2019 all financial liabilities are floating rate liabilities.

14. Equity

Share Capital

	2019	2018
	£	£
Issued and fully paid:		
7,400 ordinary shares of 50p each	3,700	3,700
4 "N" ordinary shares of 50p each	2	2
1 "R" ordinary shares of 50p each	1	1
3 "S" ordinary shares of 50p each	1	1
1 "T" ordinary shares of 50p each	1	1
600,000 5% redeemable £1 preference shares	600,000	600,000
	603,705	603,705
Ordinary shares issued to WYG Group Limited	6,434,000	6,434,000
	7,037,705	7,037,705

Ordinary shares
Ordinary shares have voting rights of one vote per share. In the event of a winding-up they rank second.

"N" "R" "S" and "T" shares
"N" "R" "S" and "T" shares carry no voting rights. In the event of a winding up they rank second.

Redeemable preference shares

Redeemable preference shares are non-voting and are redeemable in the event of a winding-up, asset sale, transfer of controlling interest or when the holder reaches retirement age. If redeemed at retirement age they are redeemable at 20% par at that date and 20% par for each of the next four annual anniversaries. The shares rank first in order in the event of a winding-up.

All classes of share have no right to fixed income.

Other components of equity

Retained earnings reflects the cumulative profits generated by the Company. The share premium account reflects the excess above the nominal value on issued shares. The capital redemption reserve reflects the value of shares redeemed by the Company.

15. Cash generated from operations

	2019	2018
	£'000	£'000
Profit/(loss) from operations	3,425	(1,820)
Adjustment for:		
Impairment of investment	-	4,563
Operating cash flows before movements on working capital	3,425	2,743
Increase/(decrease) in work in progress	1,032	(1,732)
Increase in receivables	(2,811)	(740)
(Increase)/decrease in payables	(1,274)	385
Cash generated from operating activities	372	656
Net cash generated from operating activities	372	656

16. Guarantees

The Company and its subsidiary undertakings guarantee, to the Group's principal bankers, the overdrafts and loans, if any, of each Group Company. At 31 March 2019 the Group's net indebtedness to its principal bankers amounted to £14,000,000 (2018: £11,000,000).

The Company (along with certain other WYG companies) is a member of a VAT group, and with the other members it is jointly and severally liable for any VAT due.

17. Retirement benefit schemes

The WYG group operates a defined contribution retirement benefit scheme for all UK qualifying employees with Aegon. The assets of the schemes are held separately from those of the group in funds under the control of trustees.

The Company's contributions to the scheme for the year ended 31 March 2019 were £694,000 (2018: £534,000). Amounts outstanding at the end of the year were £94,000 (2018: £71,000).

18. Related party transactions

During the year the Company both purchased services from, and provided services to, fellow subsidiary companies. Intercompany balances between the respective companies reflect these transactions.

19. Post balance sheet event

On 9 July 2019, Tetra Tech Inc. acquired WYG Plc of which WYG Management Services Limited was a subsidiary. Headquartered in California, Tetra Tech is a consulting and engineering services firm which provides consulting, engineering, program management, and construction management services in the areas of water, environment, infrastructure, resource management, energy, and international development.

To align with Tetra Tech, WYG Management Services Limited has moved its reporting date to 30 September. The next annual report and financial statements will be as at 30 September 2020.

20. Ultimate parent undertaking

At the year end, the ultimate parent undertaking and controlling party was WYG Limited (formerly WYG PLC), a company registered in England & Wales. WYG Limited is both the smallest and largest group into which the Company's financial statements are consolidated. Copies of the WYG Limited financial statements can be obtained from WYG Limited, 3 Sovereign Square, Sovereign Street, Leeds, LS1 4ER.

On 9 July 2019, following the acquisition of the Group by Tetra Tech Inc, the ultimate parent undertaking and controlling party is Tetra Tech Inc., a Company incorporated in the USA.