

Company registration number 06638751 (England and Wales)

**WSP GLAMORGAN CONSULTANCY LIMITED
(FORMERLY CAPITA GLAMORGAN
CONSULTANCY LIMITED)**

**DIRECTORS' REPORT AND FINANCIAL
STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2022**



WSP GLAMORGAN CONSULTANCY LIMITED (FORMERLY CAPITA GLAMORGAN CONSULTANCY LIMITED)

COMPANY INFORMATION

Directors	O Wildgoose J Jones S Davies J Davies S Creedon R Bruten C Bell
Secretary	K Sewell
Company number	06638751
Registered office	WSP House 70 Chancery Lane London WC2A 1AF
Auditor	RSM UK Audit LLP Chartered Accountants 25 Farringdon Street London EC4A 4AB
Bankers	Barclays Bank Plc 1 Churchill Place London E14 5HP

WSP GLAMORGAN CONSULTANCY LIMITED (FORMERLY CAPITA GLAMORGAN CONSULTANCY LIMITED)

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and financial statements for the year ended 31 December 2022.

Principal activities

The principal activity of WSP Glamorgan Consultancy Limited ("the Company") is the provision of engineering, design and consultancy services, primarily in the fields of highways and transportation engineering, project management and construction management. The Service Agreement, which the company fulfills on behalf of the three local authority shareholders is expected to end during Q4 2024. As the local authority shareholders are the same authorities responsible for any new service agreement it is considered likely that the Company will be conflicted in bidding. It is expected that the Company will cease trading at the point when the Service Agreement ends.

Results and dividends

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

The Company paid dividends of £634,701 (2021 - £672,427) during the year. 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 Rees-Williams	(Resigned 30 March 2023)
C Morris	(Resigned 30 March 2023)
P McDermott	(Resigned 30 March 2023)
O Wildgoose	
J Jones	(Appointed 30 March 2023)
S Davies	(Appointed 24 April 2023)
J Davies	
S Creedon	
R Bruten	(Appointed 30 March 2023)
C Bell	(Appointed 30 March 2023)
M Crumbe	(Resigned 24 April 2023)

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the reporting date.

Auditor

RSM UK Audit LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of disclosure to auditor

Each director in office at the date of approval of this annual report confirms that:

- 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 he / she ought to have taken as a director in order to make himself / herself 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 section 418 of the Companies Act 2006.

WSP GLAMORGAN CONSULTANCY LIMITED (FORMERLY CAPITA GLAMORGAN CONSULTANCY LIMITED)

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Small companies exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

Oliver Wildgoose

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O Wildgoose

Director

Date: 17/11/23
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WSP GLAMORGAN CONSULTANCY LIMITED (FORMERLY CAPITA GLAMORGAN CONSULTANCY LIMITED)

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors are responsible for preparing the Directors' 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. The directors have elected under company law to prepare the financial statements in accordance with UK-adopted International Accounting Standards. The financial statements are required by law and UK-adopted International Accounting Standards to present fairly the financial position and performance of the company. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK-adopted International Accounting Standards;
- 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WSP GLAMORGAN CONSULTANCY LIMITED (FORMERLY CAPITA GLAMORGAN CONSULTANCY LIMITED)

Opinion

We have audited the financial statements of WSP Glamorgan Consultancy Limited (formerly Capita Glamorgan Consultancy Limited) (the 'company') for the year ended 31 December 2022 which comprise the income statement, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted International Accounting Standards.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK-adopted International Accounting Standards;
- 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.

Emphasis of matter – Non-going concern basis of accounting

We draw attention to note 1 of the financial statements which describes the preparation of the financial statements on a non-going concern basis. As described in note 1, the company is expecting to cease trading in the final quarter of 2024 and the directors have concluded that it is no longer appropriate to prepare the financial statements on a going concern basis. There have been no adjustments made to the financial statements as a result of the application of the non-going concern basis of accounting. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WSP GLAMORGAN CONSULTANCY LIMITED (FORMERLY CAPITA GLAMORGAN CONSULTANCY LIMITED) (CONTINUED)

Matters on which we are required to report by exception

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 directors' report.

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the company operates in and how the company is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WSP GLAMORGAN CONSULTANCY LIMITED (FORMERLY CAPITA GLAMORGAN CONSULTANCY LIMITED) (CONTINUED)

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and inspecting any correspondence with local tax authorities.

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates applied in relation to the deemed points of project completion and revenue recognised.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.

Christopher Tate

Christopher Tate (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB
United Kingdom

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17/11/23

WSP GLAMORGAN CONSULTANCY LIMITED (FORMERLY CAPITA GLAMORGAN CONSULTANCY LIMITED)

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Revenue	4	7,797,752	8,429,522
Cost of sales		(6,346,060)	(6,815,352)
Gross profit		1,451,692	1,614,170
Administrative expenses		(688,410)	(787,835)
Operating profit	7	763,282	826,335
Investment revenues	8	21,523	478
Finance costs	9	(634,701)	(672,427)
Profit before taxation		150,104	154,386
Income tax expense	10	(150,104)	(154,386)
Profit and total comprehensive income for the year		-	-

The income statement has been prepared on the basis that all operations are continuing operations.

There was no recognised income or expenditure other than profit for the year. Accordingly, no statement of comprehensive income has been prepared.

**WSP GLAMORGAN CONSULTANCY LIMITED (FORMERLY CAPITA
GLAMORGAN CONSULTANCY LIMITED)**
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Notes	2022 £	2021 £
Non-current assets			
Deferred tax asset	16	-	12,324
Current assets			
Contract assets	11	829,191	612,436
Trade and other receivables	12	1,280,127	564,349
Deferred tax asset	16	9,990	-
Cash and cash equivalents		1,958,685	2,392,197
		4,077,993	3,568,982
Total assets		4,077,993	3,581,306
Current liabilities			
Trade and other payables	15	1,200,526	441,486
Financial liabilities	14	2,324,375	2,362,102
Contract liabilities	11	550,545	453,597
Current tax liabilities		2,447	324,021
		4,077,893	3,581,206
Net current assets/(liabilities)		100	(12,224)
Non-current liabilities			
Financial liabilities	14	100	100
Total liabilities		4,077,993	3,581,306
Net assets		-	-
Equity		-	-

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 16/11/23 and are signed on its behalf by:

Oliver Wildgoose

O Wildgoose
Director

**WSP GLAMORGAN CONSULTANCY LIMITED (FORMERLY CAPITA
GLAMORGAN CONSULTANCY LIMITED)**

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Share capital £	Retained earnings £	Total £
Balance at 1 January 2021	-	-	-
Year ended 31 December 2021:			
Profit and total comprehensive income for the year	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 31 December 2021	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Year ended 31 December 2022:			
Profit and total comprehensive income for the year	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 31 December 2022	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>

WSP GLAMORGAN CONSULTANCY LIMITED (FORMERLY CAPITA GLAMORGAN CONSULTANCY LIMITED)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from operations	21		686,736		1,124,281
Income taxes paid			(469,344)		(84,308)
Net cash inflow from operating activities			217,392		1,039,973
Investing activities					
Interest received		21,523		478	
Net cash generated from investing activities			21,523		478
Financing activities					
Finance costs paid		(672,427)		(67,884)	
Net cash used in financing activities			(672,427)		(67,884)
Net (decrease)/increase in cash and cash equivalents			(433,512)		972,567
Cash and cash equivalents at beginning of year			2,392,197		1,419,630
Cash and cash equivalents at end of year			1,958,685		2,392,197

WSP GLAMORGAN CONSULTANCY LIMITED (FORMERLY CAPITA GLAMORGAN CONSULTANCY LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

WSP Glamorgan Consultancy Limited (formerly Capita Glamorgan Consultancy Limited) is a private company limited by shares incorporated in England and Wales. The registered office is WSP House, 70 Chancery Lane, London, United Kingdom, WC2A 1AF. The company's principal activities and nature of its operations are disclosed in the directors' report.

Accounting convention

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Going concern

The Service Agreement, which the company fulfills on behalf of the three local authority shareholders is expected to end during Q4 2024. As the local authority shareholders are the same authorities responsible for any new service agreement it is considered very likely that the Company will be conflicted in bidding. It is expected that the Company will cease trading at the point when the Service Agreement ends.

Given this status, the directors have concluded that the financial statements should be prepared on a basis other than going concern. There have been no accounting adjustments as a result of the entity ceasing to apply the going concern basis. All assets and liabilities were measured at their realisable value, which approximated their carrying amounts. There are no non-current assets or non-current liabilities, with the exception of share capital (note 10), as at 31 December 2022.

Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

The revenue shown in the income statement represents the value of fees and services rendered, exclusive of value added tax. Revenue from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Revenue is recognised over time rather than a point in time. The main revenue policies of fixed price contracts and time and material contracts are set out below.

The company recognises revenue from the following major sources:

- Fixed price contracts
- Time and materials price contracts
- Principal and agent considerations

WSP GLAMORGAN CONSULTANCY LIMITED (FORMERLY CAPITA GLAMORGAN CONSULTANCY LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

The nature, timing of satisfaction of performance obligations and significant payment terms of the company's major sources of revenue are as follows:

Fixed price contracts

The Company recognises revenue on fixed price contracts using the percentage of completion method. Revenue is earned in proportion to total cost incurred, divided by total cost expected to be incurred. Recognition of revenue and profit under this method is dependent upon several factors, including accuracy of estimates, mainly labour and third-party cost. Accrued income represents the contract revenue recognised not yet billed pursuant to contract terms or accounts billed after the period end. Billings in excess of cost on uncompleted contracts represents the billings to date, as allowed under the terms of a contract, but not yet recognised as contract revenue using the percentage of completion accounting method and is shown as deferred income.

Time and materials price contracts

Under time and materials contracts, the Company negotiates hourly or daily billing rates and charges its clients based on the actual time that it expends on a project. In addition, the client reimburses the Company for its actual out-of-pocket costs of materials and other direct incidental expenditures that it incurs in connection with its performance under the contract.

If time and materials contracts are subject to maximum contract values, these contracts are recognised as if they were a fixed price contract.

Principal and agent considerations

Management have considered whether the Company acts as principal or agent for those contracts which involve another subcontracting party in the provision of goods or services to the customer.

An entity is a principal if it controls the specified good or service before that good or service is transferred to a customer. An entity that is a principal may satisfy its performance obligation to provide the specified good or service itself or it may engage another party (for example, a subcontractor) to satisfy some or all of the performance obligation on its behalf.

WSP (Real Estate & Infrastructure) Limited has autonomy to select and appoint the subcontractors who perform the construction and civil work. WSP (Real Estate & Infrastructure) Limited apply a margin to the subcontracted costs, and are responsible for supervising, managing and acting as site foreman on the schemes. Materially therefore WSP (Real Estate & Infrastructure) Limited are in control of the transaction with the subcontractor and would be considered a principal for the contract. The Company therefore recognises revenue in the gross amount of consideration to which it expects to be entitled in exchange for the specified good or service transferred.

Customer acquisition costs

Customer acquisition costs are capitalised as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortised on a straight-line basis over the term of the contract.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

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.

WSP GLAMORGAN CONSULTANCY LIMITED (FORMERLY CAPITA GLAMORGAN CONSULTANCY LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

Financial assets

Financial assets including trade receivables, amounts owed by related parties and contract assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

The Company assesses on a forward-looking basis the expected credit losses associated with its receivables carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach permitted by IFRS 9, resulting in trade receivables recognised and carried at original invoice amount less an allowance for any uncollectible amounts based on expected credit losses.

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, contract assets and amounts due from related parties (trading and funding).

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 reasonable 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.

WSP GLAMORGAN CONSULTANCY LIMITED (FORMERLY CAPITA GLAMORGAN CONSULTANCY LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

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 statement 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.

Derecognition of financial assets

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

Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments.

Financial liabilities, including ordinary shares classified as debt, trade and other payables, amounts owed to related parties, accruals and other payables, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

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

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.

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.

WSP GLAMORGAN CONSULTANCY LIMITED (FORMERLY CAPITA GLAMORGAN CONSULTANCY LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

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.

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.

Retirement benefits

Defined contribution scheme

Accounting policy prior to change in ownership of 51% from Capita plc to WSP Global Inc

Up until the sale of the 51% ownership of the Company to WSP Global Inc., the Company had current employees who were members of a defined contribution scheme operated by Capita plc – the Capita Pension & Life Assurance Scheme (the "Capita Pension Scheme"). The Company recognised a cost equal to its contribution payable for the period within its expenses.

Accounting policy subsequent to change in ownership of 51% from Capita plc to WSP Global Inc

Upon the sale of the 51% ownership of the Company to WSP Global Inc., all relevant employees transferred from the Capita Pension Scheme to defined contribution pension schemes operated by the WSP Global Inc. group.

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

Defined benefit scheme

In addition, the Company participates in a defined benefit pension scheme which requires contributions to be made to separate trustee-administered funds.

Where the Company participates in public sector defined benefit pension schemes, this is for a finite period and there are some contractual protections in place to limit the financial risks to the Company of the membership of these schemes by its employees and as such the pension costs are reported on a defined contribution basis recognising a cost equal to its contribution payable during the period. (See note 13.)

WSP GLAMORGAN CONSULTANCY LIMITED (FORMERLY CAPITA GLAMORGAN CONSULTANCY LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

Share capital

In accordance with the terms and conditions of the joint venture agreement read with the principles specified in IAS 32, the Company has a contractual obligation to pay the profits to the shareholders. Such an obligation meets the definition of a financial liability. Therefore, the 'issued share capital' has been classified as a financial liability and the dividend on such shares are to be recognised as finance cost in the income statement.

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

The Company has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2022:

- Annual Improvements to IFRS Standards 2018-2020 (effective 1 January 2022); and
- Narrow scope amendments to IFRS 3, IAS 16 and IAS 37 (effective 1 January 2022).

The above amendments did not have a material impact on the Company's financial statements.

Standards which are in issue but not yet effective

The following standards and interpretations have been published but are not mandatory for the 31 December 2022 reporting periods and have not been early adopted by the Company. The impact of these standards and amendments is currently being assessed by management.

- Narrow scope amendments to IAS 1, IAS 8 and IFRS Practice statement 2 (effective 1 January 2023);
- Narrow scope amendments to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction (effective 1 January 2023);
- IFRS 17 Insurance Contracts (effective 1 January 2023);
- Narrow scope amendments to IAS 1 – non-current liabilities with covenants (effective 1 January 2024); and
- Narrow scope amendments to IFRS 16 – lease liability in a sale and leaseback (effective 1 January 2024).

WSP GLAMORGAN CONSULTANCY LIMITED (FORMERLY CAPITA GLAMORGAN CONSULTANCY LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

3 Critical accounting estimates and judgements

In the application of the company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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.

Critical judgements

Retirement benefit obligations

The present value of the pension obligation is determined using an actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further information is provided in note 20.

Key sources of estimation uncertainty

Provision for expected credit loss of trade receivables

The Company uses a provision matrix to calculate expected credit loss ("ECL") for trade receivables and contract assets. The provision matrix is based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of default of invoice settlement, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future.

4 Revenue

	2022 £	2021 £
Revenue analysed by class of business		
Contracts for engineering and management services	7,797,752	8,429,522
	<u>7,797,752</u>	<u>8,429,522</u>
	2022 £	2021 £
Revenue analysed by sector		
Public sector	6,770,905	7,659,116
Private sector	1,026,847	770,406
	<u>7,797,752</u>	<u>8,429,522</u>

WSP GLAMORGAN CONSULTANCY LIMITED (FORMERLY CAPITA GLAMORGAN CONSULTANCY LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

4 Revenue (Continued)

The total turnover of the Company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

5 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	63,957	92,958
Company pension contributions to defined contribution schemes	-	11,306
	<u>63,957</u>	<u>104,264</u>

6 Employees

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

	2022 Number	2021 Number
Operations	75	68
Administration	-	2
Total	<u>75</u>	<u>70</u>

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	2,496,161	2,440,470
Social security costs	286,301	278,593
Pension costs	211,053	297,467
	<u>2,993,515</u>	<u>3,016,530</u>

7 Operating profit

	2022 £	2021 £
Operating profit for the year is stated after charging:		
Short term leases - Motor vehicles	12,085	11,996
Low value leases - Office equipment	80	2,235
	<u></u>	<u></u>

**WSP GLAMORGAN CONSULTANCY LIMITED (FORMERLY CAPITA
GLAMORGAN CONSULTANCY LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

8	Investment income	2022	2021
		£	£
	Interest income		
	Bank deposits	21,523	478
		<u> </u>	<u> </u>
9	Finance costs	2022	2021
		£	£
	Dividends on redeemable preference shares not classified as equity	634,701	672,427
		<u> </u>	<u> </u>
10	Income tax expense	2022	2021
		£	£
	Current tax		
	UK corporation tax on profits for the current period	148,157	155,582
	Adjustments in respect of prior periods	(387)	562
	Total UK current tax	<u>147,770</u>	<u>156,144</u>
	Deferred tax		
	Origination and reversal of temporary differences	1,825	(1,432)
	Adjustment in respect of prior periods	509	(326)
		<u>2,334</u>	<u>(1,758)</u>
	Total tax charge	<u>150,104</u>	<u>154,386</u>

In the March 2021 Budget it was announced that the standard rate of corporation tax would remain at 19%, increasing to 25% from 1 April 2023.

WSP GLAMORGAN CONSULTANCY LIMITED (FORMERLY CAPITA GLAMORGAN CONSULTANCY LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

10 Income tax expense (Continued)

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2022 £	2021 £
Profit before taxation	150,104	154,386
Expected tax charge based on a corporation tax rate of 19.00% (2021: 19.00%)	28,520	29,333
Effect of expenses not deductible in determining taxable profit	121,024	127,775
Adjustment in respect of prior years	(387)	562
Effect of change in UK corporation tax rate	-	(2,958)
Deferred tax adjustments in respect of prior years	509	(326)
Remeasurement of deferred tax changes in tax rates	438	-
Taxation charge for the year	150,104	154,386

11 Contracts with customers

	2022 Period end £	2021 Period end £	2021 Period start £
Contracts in progress			
Contract assets	829,191	612,436	302,537
Contract liabilities	(550,545)	(453,597)	(653,219)
Analysis of contract assets		2022 £	2021 £
As at 1 January		612,436	302,537
Invoiced		(564,262)	(251,724)
Additions		781,017	561,623
		829,191	612,436
Analysis of contract liabilities		2022 £	2021 £
As at 31 January		(453,597)	(653,219)
Revenue recognised in the reporting year that was included in the contract liability balance at the beginning of the year		312,987	360,214
Additions		(409,935)	(160,592)
		(550,545)	(453,597)

WSP GLAMORGAN CONSULTANCY LIMITED (FORMERLY CAPITA GLAMORGAN CONSULTANCY LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

11 Contracts with customers (Continued)

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was £1,771,252 as at 31 December 2022 (£1,679,011 as at 31 December 2021) and is expected to be recognised within the next financial year.

12 Trade and other receivables

	2022 £	2021 £
Trade receivables	19,159	58,411
Amounts owed by related parties	1,243,607	472,647
Prepayments	17,361	33,291
	<u>1,280,127</u>	<u>564,349</u>

Amounts owed by related parties are non-interest bearing and are repayable on demand.

13 Trade receivables - credit risk

Fair value of trade receivables

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

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 ageing of gross trade receivables past due, which was as follows:

	2022 £	2021 £
Current	14,071	5,817
Past due 0 - 30 days	5,179	44,925
Past due 31 - 60 days	1,410	-
Past due 61 - 90 days	960	9,901
Past due 91 - 180 days	6,126	900
Past due 181 - 270 days	(151)	2,790
Past due over 270 days	(2,370)	(2,369)
	<u>25,225</u>	<u>61,964</u>
Allowance for expected credit loss	(6,066)	(3,553)
	<u>19,159</u>	<u>58,411</u>

WSP GLAMORGAN CONSULTANCY LIMITED (FORMERLY CAPITA GLAMORGAN CONSULTANCY LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

14 Financial liabilities

	2022 £	2021 £
Current		
Dividends payable	2,324,375	2,362,102
Non-current		
10,000 Ordinary shares (classified as liabilities) of 1p each	100	100

15 Trade and other payables

	2022 £	2021 £
Trade payables	40,074	21,817
Amounts owed to related parties	233,259	79,918
Accruals	244,152	26,319
Social security and other taxation	264,630	312,168
Other payables	418,411	1,264
	1,200,526	441,486

Amounts owed to related parties are non-interest bearing and are repayable on demand.

16 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	ACAs £	Other short term timing differences £	Total £
Balance at 1 January 2021	-	-	-
Deferred tax movements in prior year			
Charge/(credit) to profit or loss	11,815	509	12,324
Asset at 1 January 2022	11,815	509	12,324
Deferred tax movements in current year			
Charge/(credit) to profit or loss	(1,825)	(509)	(2,334)
Asset at 31 December 2022	9,990	-	9,990

Deferred tax assets and liabilities are offset in the financial statements only where the company has a legally enforceable right to do so.

WSP GLAMORGAN CONSULTANCY LIMITED (FORMERLY CAPITA GLAMORGAN CONSULTANCY LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

17 Financial instruments risk management policies and objectives

The Company's principal financial instrument is cash, the main purpose of which is for the Company's operations. The company has various other financial assets and liabilities, such as trade receivables and trade payables, which arise directly from its operations.

Risk management

The Company's financial instruments expose it to credit, interest rate and liquidity risk:

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

Financial instruments which potentially subject the Company to significant credit risk consist principally of cash and trade receivables. Contract assets are also evaluated for credit risk using the same model. The Company's maximum amount of credit risk exposure is limited to the carrying amount of these financial instruments which is £4,050,642 as at 31 December 2022 (31 December 2021: £3,535,691).

The Company's cash is held within investment-grade financial institutions. The Company therefore considers the associated risk to be minimal.

The Company's credit risk is principally attributable to its trade receivables and contract assets. Generally, the Company does not require collateral or other security from customers for trade accounts receivable; however, credit is only extended following an evaluation of credit worthiness. In addition, the Company performs ongoing credit reviews of all of its customers and establishes an allowance for expected credit losses when the likelihood of collecting the receivable has significantly diminished. The Company believes that the credit risk of trade receivables is limited.

Interest rate risk

The Company's exposure to the risk for changes in market interest rates is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting its obligations as they fall due.

The Company prepares regular cash flow forecasts to ensure that there are always necessary funds in place to enable financial liabilities to be met as they fall due.

Contractual maturity of financial liabilities:

	At 31 December 2022		
	Up to 1 year	Between 1 and 5 years	More than 5 years
Trade payables	40,074	-	-
Amounts owed to related parties	233,259	-	-
Accruals and other payables	662,563	-	-
Dividends payable	2,324,375	-	-
	<u>3,260,271</u>	<u>-</u>	<u>-</u>

WSP GLAMORGAN CONSULTANCY LIMITED (FORMERLY CAPITA GLAMORGAN CONSULTANCY LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

17 Financial instruments risk management policies and objectives (Continued)

	At 31 December 2021		
	Up to 1 year	Between 1 and 5 years	More than 5 years
Trade payables	21,817	-	-
Amounts owed to related parties	79,918	-	-
Accruals and other payables	27,583	-	-
Dividends payable	2,362,102	-	-
	<u>2,491,420</u>	<u>-</u>	<u>-</u>

18 Retirement benefit schemes

	2022	2021
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>211,053</u>	<u>297,467</u>

Prior to change in ownership of 51% from Capita plc to WSP Global Inc

The Capita Pension and Life Assurance Scheme

Up until the sale of the 51% ownership of the Company to WSP Global Inc., the Company had current and former employees who were members of the Capita Pension and Life Assurance Scheme (the "Capita Pension Scheme"), a defined contribution pension scheme. The assets of the scheme were held separately from those of the company in an independently administered fund.

Subsequent to change in ownership of 51% from Capita plc to WSP Global Inc

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 charge to profit or loss in respect of defined contribution schemes was £211,053 (2021 - £297,467).

Defined benefit scheme

The Rhondda Cynon Taf County Borough Council Pension Fund (the "Fund")

The Company has current and former employees who are members of this public sector defined benefit pension scheme, which is part of the national local Government Pension Scheme (LGPS). The Company has its own notional section in the Fund with no cross subsidies with any other company.

Responsibility for the governance of the Fund lies with the Fund Board which operates under a framework of corporate governance and is responsible for following the relevant statutory regulations. The funding regime is set out in the Local Government Pension Scheme (Administration) Regulations 2008 (as amended).

The assets of the Fund are held in a separate fund (administered on behalf of the Fund Board) to meet long-term pension liabilities to beneficiaries. The Fund Board invests the assets in line with their Investment Strategy Statement. The Investment Strategy Statement has been established after taking into consideration the liabilities of the Fund and the investment risk that the Fund Board is willing to accept.

The Company participates in the Fund, via an admission agreement for a finite period and there are some contractual protections in place allowing actuarial and investment risk to be passed on to the client. The Company is responsible for actuarial and investment risk arising during the contract term in relation to benefits accrued during the contract (i.e. it excludes any actuarial and investment risk in relation to benefits accrued prior to the start of the contract).

WSP GLAMORGAN CONSULTANCY LIMITED (FORMERLY CAPITA GLAMORGAN CONSULTANCY LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

18 Retirement benefit schemes (Continued)

The Fund has not formally assessed the share of any actuarial and investment risk that the Company is responsible for. The Company therefore has insufficient information to accurately assess its share of the Fund; however, to provide context, the Company has estimated that, as at 31 March 2022 (the effective date of the last full actuarial valuation carried out for the Fund), under the terms of the admission agreement it would be responsible for around 24% of the Fund's liability. The estimate is based on information held by the Company and represents an average split of service before and after 2008 (the commencement of the contract with the client) on a salary-weighted basis. In addition, in the absence of any other information, it has been assumed that the Company's share of the assets is the same as the proportion of the liabilities (i.e. around 24%). It should be recognised that this is the Company's best estimate of the share of the actuarial and investment risks it is responsible for, but ultimately, they are not as accurate as calculations that would normally be carried out by the Fund at the contract cessation.

A full actuarial valuation of the Fund is carried out every three years by an independent actuary for the Board, with the last full valuation carried out at 31 March 2022. The 31 March 2022 valuation showed a funding surplus of £220.9m (this equates to a funding level of 105.1%) for the section as a whole. The Company's share of the funding surplus is therefore estimated to be £53.0m (i.e. 24% of the Fund's surplus). Due to the extent of the surplus, the Company was not required to pay any contributions to the Fund during 2022 and is not expecting to pay any contributions in 2023.

It is important to note that the LGPS regulations that allow a refund of surplus to employers were amended in March 2020 (and were retrospectively effective from 2018). Whilst the Company is taking on some of the actuarial and investment risk, and consequently why it is reasonable to assume that it may be eligible for a surplus repayment in the event a funding surplus exists at the end of the contract, it is recognised that such exit credits are no longer automatically paid to employers, and each LGPS fund now has the discretion to pay or withhold an exit credit to an employer and will determine any exit credit in relation to set criteria that is reviewed from time to time.

Judgement is required in determining the appropriate accounting treatment for the participation in this scheme, in particular as to whether actuarial and investment risk fall in substance on the Company. It is considered that the net risk of the Company from this defined benefit arrangement is not material because of the contractual protections in place and the Fund being in a net surplus position. Furthermore, recognising the multi-employer nature of the scheme and in the absence of sufficient information, the costs in relation to the scheme is reported on a defined contribution basis recognising a cost equal to its contribution payable during the period. No amounts are recognised on the Company's Balance Sheet.

The pension charge for this public sector defined benefit pension scheme is included in the above pension charge for the defined contribution pension schemes.

19 Reserves

Share premium

Consideration received for shares issued above their nominal value net of transaction costs.

Retained earnings

Cumulative profit and loss net of distributions to owners.

WSP GLAMORGAN CONSULTANCY LIMITED (FORMERLY CAPITA GLAMORGAN CONSULTANCY LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

20 Other leasing information

Lessee

Amounts recognised in profit or loss as an expense during the period in respect of lease arrangements are as follows:

	2022 £	2021 £
Expense relating to short-term leases	12,085	11,996
Expense relating to leases of low-value assets	80	2,235
	<u>12,165</u>	<u>14,231</u>

21 Cash generated from operations

	2022 £	2021 £
Profit for the year before income tax	150,104	154,386
Adjustments for:		
Finance costs	634,701	672,427
Investment income	(21,523)	(478)
Movements in working capital:		
Increase in contract assets	(216,755)	(309,899)
(Increase)/decrease in trade and other receivables	(715,779)	997,645
Increase/(decrease) in contract liabilities	96,948	(199,622)
Increase/(decrease) in trade and other payables	759,040	(190,178)
Cash generated from operations	<u>686,736</u>	<u>1,124,281</u>

22 Contingent liabilities

At 31 December 2022, indemnities provided through the normal course of its business, performance bonds and bank guarantees of £450,000 (2021: £251,000).

WSP GLAMORGAN CONSULTANCY LIMITED (FORMERLY CAPITA GLAMORGAN CONSULTANCY LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

23 Related party transactions

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

	Sale of goods		Purchase of goods	
	2022	2021	2022	2021
	£	£	£	£
Capita plc	-	-	98,650	89,038
Capita IT Services Limited	-	-	-	5,230
Capita Business Services Limited	-	-	34,052	42,355
Capita Property and Infrastructure Limited	169,025	622,851	727,879	3,605,997
Capita Resourcing Limited	-	-	404	1,855
Capita Travel and Events Limited	-	-	1,175	1,268
ComputerLand UK Limited	-	-	2,796	97
Fera Science Limited	-	-	-	2,973
G L Hearn Limited	-	-	125,842	111,145
TrustMarque Solutions Limited	-	-	81	2,513
WSP (Real Estate and Infrastructure) Limited	900,481	-	2,748,042	-
Rhondda Cynon Taf County Borough Council	4,341,496	5,659,605	-	-
Bridgend County Borough Council	1,138,491	925,602	-	-
Merthyr Tydfil County Borough Council	1,224,742	582,502	2,000	-
	<u>7,774,235</u>	<u>7,790,560</u>	<u>3,740,921</u>	<u>3,862,471</u>

	Finance costs	
	2022	2021
	£	£
Capita Property and Infrastructure Limited	-	652,723
WSP (Real Estate and Infrastructure) Limited	610,265	-
Rhondda Cynon Taf County Borough Council	13,928	11,231
Bridgend County Borough Council	7,331	5,911
Merthyr Tydfil County Borough Council	3,177	2,562
	<u>634,701</u>	<u>672,427</u>

All transactions with related parties are on an arm's length basis.

WSP GLAMORGAN CONSULTANCY LIMITED (FORMERLY CAPITA GLAMORGAN CONSULTANCY LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

23 Related party transactions (Continued)

The following amounts were outstanding at the reporting end date:

	2022 £	2021 £
Amounts due to related parties		
G L Hearn Limited	1,406	-
WSP (Real Estate and Infrastructure) Limited	231,853	-
Trustmarque Solutions Limited	-	628
Capita plc	-	3,220
Capita Business Services Limited	-	884
Capita Property and Infrastructure Limited	-	75,186
	<u>233,259</u>	<u>79,918</u>

The following amounts were outstanding at the reporting end date:

	2022 £	2021 £
Amounts due from related parties		
WSP (Real Estate and Infrastructure) Limited	17,482	-
Rhondda Cynon Taf County Borough Council	597,622	276,398
Bridgend County Borough Council	399,645	186,905
Merthyr Tydfil County Borough Council	228,858	9,344
	<u>1,243,607</u>	<u>472,647</u>

	2022 £	2021 £
Dividend payable		
Capita Property and Infrastructure Limited	-	2,342,398
WSP (Real Estate and Infrastructure) Limited	2,299,940	-
Rhondda Cynon Taf County Borough Council	13,928	11,231
Bridgen County Borough Council	7,331	5,911
Merthyr Tydfil County Borough Council	3,177	2,562
	<u>2,324,376</u>	<u>2,362,102</u>

Remuneration of key management personnel

The key management personnel are considered to be the directors whose remuneration is disclosed in note 5.

24 Controlling party

The Company is a joint venture which is 51% owned by WSP (Real Estate & Infrastructure) Limited, a company registered in England and Wales; 27.93% owned by Rhondda Cynon Taf County Borough Council; 14.7% owned by Bridgend County Borough Council and 6.37% owned by Merthyr Rydfil County Borough Council.