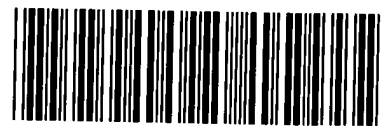

Registered number 3033290

TSP Projects Limited
Annual Report & Financial Statements
For the 16 Month Period Ended 31st December 2020

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Contents

	Page(s)
A. Directors and advisors	2
B. Strategic report	
B1. Principal activities	3
B2. Going concern	3
B3. Business review	3
B4. Principal risks and uncertainties	3
B5. Employees	3 - 4
B6. Employee Engagement	4
B7. Environment	4
C. Directors' report	5
D. Statement of directors' responsibilities	6
E. Independent auditor's report	7 - 9
F. Financial statements	
F1. Income statement	10
F2. Statement of other comprehensive income	11
F3. Balance sheet	12
F4. Statement of changes in equity	13
F5. Cash flow statement	14
F6. Notes to the financial statements	15 - 36

A. Directors and advisors

Directors

B C Scott
N McCreanor (Resigned: 28 Nov 2019)
S R Andrews
S Dupont
R Demblon (Resigned: 31 Mar 2020)

Secretary and registered office

S R Andrews (Resigned: 20 Sep 2019)
Meridian House
The Crescent
York
North Yorkshire
YO24 1AW

Paul Morgan (Appointed: 20 Sep 2019)
Meridian House
The Crescent
York
North Yorkshire
YO24 1AW

Company number

3033290

Independent Auditor

PricewaterhouseCoopers LLP
1 Hardman Square
Spinningfields
Manchester
United Kingdom
M3 3EB

B. Strategic Report

Introduction

The Directors of TSP Projects Limited (the "Company") present their strategic report and audited financial statements for the 16 month period ended 31 December 2020.

Following the acquisition of the Company by SYSTRA Limited on 29 August 2019, the accounting reference date was aligned to the SYSTRA Limited year end of 31 December 2020. The financial information presented in the two periods (2020: 16 months; 2019: 17 months) is not directly comparable.

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ("IFRS"). The Company elected under the Companies Act 2006, Section 405 not to consolidate the financial statements in their preparation; whereby a subsidiary undertaking may be excluded from consolidation if its inclusion is immaterial for the purpose of giving a true and fair view.

Principal activities

The principal activity is the consultancy, design and installation of infrastructure projects, predominantly in the rail, construction and industrial, energy and power sectors. On 27 March 2020 the trade of TSP Projects Limited was migrated to SYSTRA Limited, and the balance sheet of TSP Projects Limited was "hived up" to SYSTRA Limited as at that date. As a result, TSP Projects Limited ceased all trading activities, whilst the former 'TSP' trading operations continued within SYSTRA Limited. As the balance sheet of TSP Projects Limited was "hived up" to SYSTRA Limited, these financial statements contain a nil balance sheet at the reporting date.

Going concern

SYSTRA Limited acquired 100% of the company on 29 August 2019. During the period ended 27 March 2020, the TSP Projects Limited accounting policies were aligned with the SYSTRA Limited policies. Further details can be found in the 'Presentation of Accounts and Accounting Policies' section within the financial statements.

The Directors have reviewed trading and cash flow forecasts as part of their going concern assessment, taking into account uncertainties in the current operating environment.

On 27 March 2020 the trade and employees of TSP Projects Limited was migrated to SYSTRA Limited, and the balance sheet of TSP Projects Limited was "hived up" to SYSTRA Limited as at that date.

The historical business of TSP Projects Limited is now carried out by SYSTRA Limited and TSP Projects Limited has ceased to trade. As a result, TSP Projects Limited has a nil balance sheet as at the reporting date, and there are no forecasted cash inflows nor outflows. In recognition of this, the financial statements have been prepared on a basis other than going concern. Further details of which can be found in the

'Presentation of Accounts and Accounting Policies' section within the financial statements.

Business review

Whilst trading, the Directors regarded revenue, operating profit and utilisation as key performance indicators. These are monitored by management on a monthly basis.

Turnover for the 16 month period was £19.0m (17 months ended 31 August 2019 £42.7m). Operating profit for the same period was £1m (17 months ended 31 August 2019: £40.3m loss). The profit before taxation was £0.7m for the period (2019 : £40.9m loss).

Utilisation is a measure of efficiency on employees engaging their resources to income generating activities. Average utilisation for the 16 month period ended 31 December 2020 was 70.9% (2019: 70.2%).

As disclosed in Note 13, the pension scheme on an IAS 19 (revised in 2011) basis at 27 March 2020 was a deficit of £15.6m (2019: deficit of £21.7m). The Company was committed to reduce the deficit and in the period to 27 March 2020, £0.5m of pension deficit recovery payments were paid by the company, in line with the recovery plan agreed with the Trustee. On 27 March 2020 the pension scheme transferred to SYSTRA Limited as part of the balance sheet hive up.

Total net assets at 31 December 2020 were £Nil (2019: net liability of £22.6m) after "hive up" to SYSTRA Limited on 27 March 2020.

Principal risks and uncertainties

In the period to 27th March 2020, the principal risks and uncertainties affecting the Company included financial risks, in particular credit risk. The Company has a risk management program which seeks to mitigate the potential adverse effects of these risks on the Company's financial performance whilst not unduly constraining the Company's operations, or the exploitation of profitable opportunities. In addition, credit risk is partially mitigated by credit insurance. See Note 15 for further details. Post 27 March 2020 the risk transferred to SYSTRA Limited and is managed under its policies.

Employees

In the period to 27th March 2020, the Company placed considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. Details of the number of employees and related costs can be found in Note 3 to the financial statements.

The Company's policy is to give full and fair consideration to applications for employment made by disabled persons, having regard to their aptitudes and abilities, and employs them where suitable work can be found. The requirements of job applicants and existing members of staff who have a

B. Strategic Report

disability are reviewed to ensure that reasonable adjustments are made to enable them to perform as well as possible during the recruitment process and while employed.

All reasonable measures are taken to ensure that disabled employees are given the opportunity and facilities to participate fully in the workplace, in training and in career development and promotion opportunities. In addition, every effort is made to find appropriate alternative jobs for those who become disabled while working for the Company.

Post 27 March 2020 the employees transferred to SYSTRA Limited and are managed under similar policies.

Employee Engagement

In the period to 27 March 2020, the Company was committed to involving all employees in the performance and development of the business. Monthly briefings by Team Leaders are conducted to inform all employees of the Company's latest performance and development. Important Information is also communicated through the Company's email and SharePoint.

Employees performance are monitored and reviewed by their Line Managers and the Project Manager whom they are assigned to, on a regular basis. Young and new members of staff are coached, and mentorship is provided. Workplace arrangements are made available for employees to attain the necessary qualifications and skills through internship and professional studies sponsorships. Employees are encouraged to use continuous improvement techniques acquired to challenge things that they feel could be done differently.

Apart from workplace pension scheme and companywide bonus performance scheme, the Company has put in place a range of social and mental wellbeing events, and community and public services. It encourages employee ownership and participation in the business's development.

Post 27 March 2020 the employees transferred to SYSTRA Limited and are managed under similar policies.

Environment

The Company's sites operate under the control of an Environmental Management System certified to ISO14001. Annual audit with RISQS is also conducted to ensure compliance.

An Environmental Policy is in place and briefed to all employees. Annual utility usages are measured and monitored. Lunchtime talks and events are organized to increase awareness of the importance to reduce carbon footprint. Where paper and office waste materials are not reusable, they are actively recycled.

The Company ensures that its design and engineering solutions always consider the impacts they may have on the environment and climate change. Where necessary, on site

assessments by our Environmental engineers form part of the project delivery process.

Approved by the Board of Directors and signed on behalf of the Board



S R Andrews
Director
Registered Office:
Meridian House
The Crescent
York
North Yorkshire
YO24 1AW

6th December 2021

C. Directors' Report

The Board

The directors of the Company during the period and up to the date of signing this report are listed on page 2.

Directors' indemnity

The Company's articles of association provide, subject to the provisions of UK legislation, that the Company may indemnify any director or former director of the Company in respect of any losses or liabilities he or she may incur in connection with any proven or alleged negligence, default, breach of duty or breach of trust in relation to the Company (including by funding any expenditure incurred or to be incurred by him or her). In addition, directors and officers of the Company and its subsidiary are covered by Directors' & Officers liability insurance.

Dividends

No dividend was paid during the current period or prior period and the Directors do not recommend the payment of a final dividend (2019: £Nil).

Financial risk management objectives and policies

Prior to the 27 March 2020 hive up, the Company's activities exposed it to a number of financial risks including credit risk, cash flow / liquidity risk and capital risk. Following 27 March 2020 hive up the financial risks transferred to SYSTRA Limited.

Credit risk: It is primarily attributable to the Company's cash balances and trade and other receivables. The company manages these risks in accordance with its risk management policies, including credit insurance. The company does not use derivative financial instruments.

Cash flow/liquidity risk: The company maintains sufficient cash balances and the availability of funding through an active planning tool. A system of weekly, monthly and annual cash forecasting is in place, which is monitored daily.

Capital risk: Cash and cash equivalents are managed as capital. The company's objectives when managing capital are to safeguard the company's ability to provide returns and benefits for shareholders. The company aims to continue its capital risk management with no requirement for external capital injection.

Post Balance Sheet Event

No significant events have occurred after the statement of financial position date which require mention in this report.

Statement as to disclosure of information to the Company's auditor

Each director in office at the date of this Directors' report confirms that:

- a) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- b) the director has taken all the relevant steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are 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.

Information disclosed in the strategic report

The following information has been disclosed in the strategic report:

- A review of the business for the year (see page 3);
- Policies on employment of disabled persons, recruitment, training, employee involvement, communication and consultation (see pages 3 and 4);
- Information regarding going concern (see page 3)

Approved by the Board of Directors and signed on behalf of the Board.



S R Andrews
Director
Registered Office:
Meridian House
The Crescent
York
North Yorkshire
YO24 1AW

6th December 2021

D. Statement of directors' responsibilities

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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 also 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.

Approved by the Board of Directors and signed on behalf of the board



S R Andrews

Director

6th December 2021



Independent auditors' report to the members of TSP Projects Limited

Report on the audit of the financial statements

Opinion

In our opinion, TSP Projects Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit and cash flows for the 16 month period then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report & Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2020; the income statement, the statement of other comprehensive income, the statement of changes in equity and the cash flow statement for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Emphasis of matter - financial statements prepared on a basis other than going concern

In forming our opinion on the financial statements, which is not modified, we draw attention to note 1 to the financial statements which describes the directors' reasons why the financial statements have been prepared on a basis other than going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion on, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

E. Independent auditors report

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the period ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the potential for journal entries being recorded in order to manipulate financial performance. Audit procedures performed by the engagement team included:

E. Independent auditors report

- enquiring about and discussing known and suspected litigation and claims with the appropriate level of management and, where appropriate, those charged with governance, including obtaining an understanding of their responses;
- reviewing legal expense listings to identify indications of potential non-compliance with laws and regulations;
- incorporating unpredictability into the nature, timing and/or extent of our testing; and
- Identifying and testing what we considered to be higher risk journal entries

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Andrew Russell (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
6 December 2021

F1. Income Statement

For the 16 month financial period ended 31 December 2020 / 17 month financial period ended 31 August 2019:

	Note	2020 £'000	2019 £'000
Revenue	1	18,982	42,700
Operating costs (non exceptional)	2	(18,032)	(44,539)
Operating costs (exceptional)	19	-	(38,462)
Operating Profit/(loss)		950	(40,301)
Interest payable and similar charges	13	(233)	(567)
Profit/(loss) before taxation		717	(40,868)
Taxation	4	-	(1,030)
Profit/(loss) after taxation		717	(41,898)

All revenues and operating profits/losses are derived from discontinued operations as the trade transferred to SYSTRA Limited effective from 27 March 2020.

All references to 2020 in the financial statements, the presentation of financial statements, the accounting policies and the related Notes 1 to 20 refer to the 16 month financial period ended 31 December 2020 or at 31 December 2020 as appropriate (2019: the 17 month financial period ended 31 August 2019 or at 31 August 2019).

The notes on pages 15 to 36 form part of these financial statements.

F2. Statement of other comprehensive income

For the 16 month financial period ended 31 December 2020 / 17 month financial period ended 31 August 2019:

	Note	2020 £'000	2019 £'000
Profit/(loss) after taxation		717	(41,898)
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain/(loss) on defined benefit pension plan	13	6,100	(5,300)
Deferred tax assets written off to reserves	11	-	(1,836)
Total comprehensive Income/(expense) for the period		6,817	(49,034)

The notes on pages 15 to 36 form part of these financial statements.

F3. Balance Sheet

At 31 December 2020 / 31 August 2019

	Note	2020 31 Dec £'000	2019 31 Aug £'000
Non-current Assets			
Property, plant and equipment	7	-	673
TOTAL NON-CURRENT ASSETS		-	673
Current Assets			
Cash		-	1,268
Trade and other receivables	8	-	7,055
TOTAL CURRENT ASSETS		-	8,323
TOTAL ASSETS		-	8,996
Current Liabilities			
Trade and other payables	10	-	(9,941)
TOTAL CURRENT LIABILITIES		-	(9,941)
Non-current Liabilities			
Retirement benefit obligations	13	-	(21,700)
TOTAL NON-CURRENT LIABILITIES		-	(21,700)
TOTAL LIABILITIES		-	(31,641)
NET ASSETS/(LIABILITIES)		-	(22,645)
Equity			
Called up share capital	15	-	-
Share premium account	16	-	30,000
Accumulated deficit		-	(52,645)
TOTAL EQUITY		-	(22,645)

The financial statements on pages 10 to 36 were approved by the board of directors and authorised for issue on 6th December 2021. They were signed on its behalf by:



S R Andrews
6th December 2021
Director
TSP Projects Limited
Registered No: 3033290

F4. Statement of changes in equity

At 31 December 2020 / 31 August 2019

	Called up Share capital £'000	Share premium Account £'000	Accumulated Deficit £'000	Total Equity £'000
Balance at 1 April 2018	-	30,000	(3,611)	26,389
(Loss) for the period	-	-	(41,898)	(41,898)
Deferred Tax asset write down to reserves	-	-	(1,836)	(1,836)
Other comprehensive expense for the year	-	-	(5,300)	(5,300)
Total comprehensive expense for the year	-	-	(49,034)	(49,034)
Balance at 31 August 2019	-	30,000	(52,645)	(22,645)
Profit for the period	-	-	717	717
Other comprehensive income for the year	-	-	6,100	6,100
Total comprehensive income for the year	-	-	6,817	6,817
Hived up to SYSTRA Limited	-	(30,000)	45,828	15,828
Balance at 31 December 2020	-	-	-	-

The notes on pages 15 to 36 form part of these financial statements

F5. Cash flow statement

For the 16 month financial period ended 31 December 2020 / 17 month financial period ended 31 August 2019

	Note	2020 £'000	2019 £'000
Cash flow generated from operating activities			
Cash flow used in operating activities	20	(789)	(2,377)
Net cash generated from/ (used in) operating activities		(789)	(2,377)
Cash flows from investing activities			
Purchase of plant, property and equipment		(69)	(362)
Purchases of intangible fixed assets		(6)	(747)
Net cash used in investing activities		(75)	(1,109)
Net decrease in cash and cash equivalents		(864)	(3,486)
Cash and cash equivalents at the beginning of the period		1,268	4,754
Transferred to SYSTRA Limited on Hive-Up		(404)	-
Cash and cash equivalents at the end of the period		-	1,268

The notes on pages 15 to 36 form part of these financial statements

F6. Notes to the financial statements

I Basis of preparation

TSP Projects Limited (TSP) is a private limited company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is shown on page 2.

The financial statements have been prepared in accordance with International accounting standards in conformity with the requirements of the Companies Act 2006 ("IFRS"). The financial statements are presented in Sterling and are compliant to IFRS's requirements. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently in the current and prior financial years.

Going Concern

SYSTRA Limited acquired 100% of the company on 29 August 2019.

The Directors have reviewed trading and cash flow forecasts as part of their going concern assessment, taking into account uncertainties in the current operating environment.

As set out in the Strategic Report on page 3, on 27 March 2020 the trade and employees of TSP Projects Limited was migrated to SYSTRA Limited, and the balance sheet of TSP Projects Limited was "hived up" to SYSTRA Limited as at that date.

The historical business of TSP Projects Limited is now carried out by SYSTRA Limited and TSP Projects Limited has ceased to trade. As a result, TSP Projects Limited has a nil balance sheet as at the reporting date, and there are no forecasted cash inflows nor outflows. The directors of the Company do not intend to actively promote any further business within TSP Projects Limited in the foreseeable future. In recognition of this, the financial statements have been prepared on a basis other than going concern.

The Directors have considered whether adjustments are required to reduce assets to their realizable value, with no changes required except the adjustment relating to the revaluation of the pension scheme at 27 March 2020. Furthermore, there are no additional liabilities which have been identified as a result of the cessation.

The comparative information for the period ended 31 August 2019 was also prepared on a basis other than going concern.

Following the acquisition of the Company by SYSTRA Limited on 29 August 2019, the accounting reference date was aligned to the SYSTRA Limited year end of 31 December 2020. The financial information presented in the two periods (2020: 16 months; 2019: 17 months) is not directly comparable.

II New Standards and interpretations applied

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 September 2019:

- Amendments to IFRS 7, IFRS 9 and IAS 39 – Interest Rate Benchmark Reform
- Amendments to IAS 1 and IAS 8 – Definition of Material
- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IFRS 3 – Definition of a Business

The directors have assessed the impact of the new and amended standards and do not anticipate any of them having a material impact on the current financial position and performance of the Company.

III New Standards and interpretations not applied

At the date of reporting of these financial statements, the following Standards and Interpretations, which have not yet been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted):

- Amendments to IFRS 16 – Covid-19-Related Rent Concessions
- Amendments to IAS 16 – Plant & Equipment – Proceeds Before Intended Use
- Amendments to IAS 1 – Classification of Current and Non-Current Liabilities
- Amendments to IFRS 3 – References to the Conceptual Framework in IFRS Standards
- Amendments to IAS 37 – Onerous Contracts – Costs of Fulfilling
- Amendments to IAS 8 – Definition of Accounting Estimates
- Amendments to IAS 1 and 2 – Disclosure of Accounting Policies

F6. Notes to the financial statements

The directors have assessed the impact of these and do not anticipate any of them having a material impact on the current financial position and performance of the Company.

IV Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts 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.

Critical accounting judgements

There are no critical judgments, apart from those involving estimations (which are dealt with separately below), that the Directors have had to make in the process of applying the Company's accounting policies and that have had a significant effect on the amounts recognised in the Company accounts.

Key sources of estimation uncertainty

The key sources of estimation uncertainty relate to:

- determining the accounting assumptions required in relation to accounting for the defined benefit pension scheme;
- accounting for revenue and profit on contracts;
- estimating costs to complete on contracts.

These are explained in accounting policies (e), (h) and (i). Actual results may differ from these estimates. The impact to changes in the defined benefit pension scheme assumptions are shown in Note 13.

V Critical accounting policies

(a) Property, plant and equipment

Property, plant and equipment are measured initially at its costs to bring it to its present location and condition for its intended use.

Costs include the purchase price of the asset, any directly attributable costs such as professional fees, cost of site preparation, initial delivery and handling costs and installation and testing costs. Any gain or loss on disposal is recognised in the profit and loss account in the year of disposal. This being the difference between the sale proceeds and any carrying amount of the asset. These costs are subsequently depreciated on a systematic basis over its useful life and/or allocated against any recognised impairment loss.

Depreciation is carried out on a straight-line method over the asset's estimated useful life. Depreciation commences from the dates when the assets are available for their intended use, and not from the date of cost incurrence. The estimated useful life, and residual values are reviewed regularly and where necessary, revised. Accelerated depreciation is then provided when an asset is expected to be made redundant before the end of its estimated useful life; or if circumstances dictate that an impairment loss be recognised.

No further change is provided in respect of assets whose residual values are fully written down but still in use.

The estimated useful lives for the following assets are :

- | | |
|-------------------------|---------|
| - Office equipment | 5 years |
| - IT hardware & servers | 5 years |
| - Laptops and computers | 3 years |
| - Survey equipment | 5 years |

The normal expected useful economic lives and residual values of all property, plant and equipment are reviewed annually. The carrying value of property, plant and equipment is reviewed at least annually. Any resultant impairment losses are charged immediately to the income statement.

F6. Notes to the financial statements

(b) Intangible fixed assets

Professional and development costs (other than goodwill) directly attributable to the design and installation of identifiable and unique software product/process, are recognised as Intangible fixed assets, when the following criteria are met:

- it is technically feasible to complete the software product/process for use;
- management intends to complete and use the product/process;
- the costs attributable to the software product/process during its development can be reliably measured;
- the software product/process; and
- it brings future economic benefits to the business.

Costs, associated with the maintenance and running of computer software programs, and/or do not meet the criteria above, are recognised as an expense in the profit and loss account as incurred.

Recognised intangible assets are valued at costs, less amortization and impairment losses. Amortisation charge is carried out on a straight-line method over three years.

(c) Disposal

Asset disposal is the removal of a long-term asset from the company's accounting records. This may be a result of several events:

- (i) an asset is fully depreciated and must be disposed of;
- (ii) an asset is sold as a gain / loss because it withdrawn from use and no future economic benefits are expected from its disposal;
- (iii) an asset is disposed of due to unforeseen circumstances (eg theft).

The gain or loss on disposal is the difference between the proceeds and the carrying amount and is recognised in profit and loss account.

(d) Taxation

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

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. In contrast, deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Liabilities are not recognised for taxable temporary differences arising on investments in subsidiaries, joint ventures and associates where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Both current and deferred tax items are calculated using the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. This means using tax rates that have been enacted or substantially enacted by the end of the reporting period. 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.

(e) Retirement benefit costs

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

In the period to 27 March 2020, before the hive up of the trade and assets of TSP Projects Limited to SYSTRA Limited, The Company operated a defined benefit pension scheme for eligible employees of the TSP Projects Limited Shared Cost Section of the Railways Pension Scheme. At 31 March 2013 the Section was closed to further accrual for 'non protected' members, but is still active for a small group of 'protected' members. The assets of the Section are held in separate independent trustee administered funds. The cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at least triennially and updated at each reporting period end. The Company applies IAS 19 'Employee Benefits' (Revised in 2011) to recognise all actuarial gains and losses directly within retained earnings, presenting those arising in anyone reporting period as part of the relevant statement of comprehensive income. In applying IAS 19, in relation to retirement benefits costs, the current service cost and net interest cost have been treated as a net expense within employment costs.

F6. Notes to the financial statements

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit liability recognised in the balance sheet represents the fair value of scheme assets less the present value of the defined benefit obligation as adjusted for recognised past service cost. Any asset resulting from this calculation is limited to unrecognised past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

On 27 March 2020, the Section transferred to SYSTRA Limited and was renamed the SYSTRA Limited Shared Cost Section of the Railways Pension Scheme.

(f) Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are measured initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, trade debtors and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade debtors and contract assets.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

F6. Notes to the financial statements

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified at FVTPL when the financial liability is (i) held for trading or (ii) it is designated at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in profit or loss.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) held-for-trading, or (ii) designated at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

(g) Leases

IFRS16 – Accounting for leases came into effect during the period. However, as all leases were novated and hived up to SYSTRA Limited during the period, the company has taken advantage of the exemption available and not applied the new standard.

In the current period, therefore, were accounted under the old accounting standard IAS17, and lease payments were recognised as operating lease rental expense in the income statement.

(h) Revenue from Contract with Customers

IFRS 15 was introduced by the International Accounting Standards Board (IASB) providing guidelines on accounting for revenue from contracts with customers. It was adopted in May 2014 and became effective in January 2018. The standard specifies when revenue is recognised as well as requiring reporting entities to provide more information and relevant disclosures in the financial statements. The standard provides a single, principles based five-step model to be applied to all contracts with customers: -

(i) Identification of Contract

A contract with the customer may be in different forms (written, oral or implied by customary business practice), but must be enforceable, have commercial substance and be approved by the parties to the contract.

(ii) Performance Obligations

A promise in a contract with a customer to transfer to the customer either:

- a. a good or service (or a bundle of goods or services) that is distinct; or
- b. a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

IFRS 15 provides indicators rather than criteria to determine when a good or service is distinct within the context of the contract. This allows management to apply judgment to determine the separate performance obligations that best reflect the economic substance of a transaction.

(iii) Transaction Price

The amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

(iv) Allocation of Price to Performance Obligations

A promise in a contract with a customer to transfer to the customer either:

- a. a good or service (or a bundle of goods or services) that is distinct; or
- b. a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

(v) Revenue Recognition

Revenue is recognised as each performance obligation is satisfied by transferring control of a promised good or service to the customer, which could occur over time or at a point in time.

F6. Notes to the financial statements

A contract's transaction price is allocated to each performance obligation and recognized as revenue when or as the performance obligation is satisfied. Performance obligation is satisfied over time as work progresses or at a point in time when performance obligation is fulfilled and control transfers to the customer. Revenue is recognized based on extent of progress towards completion of the performance obligation. The extent of progress towards completion of the performance obligation is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Revenue is recorded proportionally as costs are incurred.

(i) Costs to Complete on Contracts

Costs to fulfil a contract are recognised as an asset under IFRS15 if they: -

- (i) Relate directly to a contract, or an anticipated contract that can be specifically identified;
- (ii) Generate or enhance resources to be used to satisfy performance obligations in future; and
- (iii) Are expected to be recovered.

Costs that relate directly to a contract could include direct labour, material costs, subcontractor costs and allocation of costs such as depreciation, insurance, explicitly chargeable to the customer under the contract.

Estimates and judgements are continually evaluated on contracts to establish the outcome of contracts reliably. Accordingly, based on the percentage of completion method of accounting and historical experience including expectations of future events that are believed to be reasonable under the circumstances for considerations, estimates are made on total contract revenue, the stage of completion and the costs to complete the contract.

Costs relating to satisfied or partially satisfied performance obligations (past performance) are expensed and matched by the equivalent recognition of its revenue. Where an expected loss becomes probable, this is recognised immediately through the estimated costs to complete the contract.

(j) Share Capital

The Company has one class of ordinary shares which carry no right to fixed income and is classed as equity.

(k) Hive Up

On 29 August 2019, SYSTRA Limited acquired 100% of the shares of TSP Projects Limited for total consideration of £1. At the acquisition date, the net asset value of TSP Projects Limited was negative due to the liability associated with the TSP Project Section of the Railways Pension Scheme. The consolidated statements of SYSTRA SA recognised £18.4m of intangible assets at acquisition, being the difference between the purchase price of £1 and the net asset deficit. These intangibles are a mixture of goodwill (£15.6m) and customer relationships (£2.9m).

On 27 March 2020, in order to consolidate activities and put the business on a solid footing for future projects, SYSTRA Limited and TSP Projects Limited signed an Asset Purchase Agreement transferring the trade and assets of TSP Projects Limited to SYSTRA Limited. The TSP Projects Section of the Railways Pension Scheme was included in the transaction and SYSTRA Limited became the designated employer. The transaction is hereafter referred to as hive-up. The value agreed between TSP Projects Limited and SYSTRA Limited for the trade and assets to be transferred at 27 March 2020 is £1, which was determined based on assessment at market value and is consistent with the value paid in the 29 August 2019 acquisition.

Under the predecessor accounting method used for the hive up, SYSTRA Limited has recorded the carrying values of the assets and liabilities from the consolidated financial statements of the highest entity that has common control for which consolidated financial statements are prepared. The aggregate carrying value include the goodwill and other intangible asset recorded at the consolidated level in respect of the acquisition of TSP Projects Limited. The difference between the consideration and aggregate carrying value has been identified in SYSTRA Limited equity as a separate capital contribution on acquisition.

F6. Notes to the financial statements

Balances transferred to SYSTRA Limited on hive up are as follows:

	2020
	£000
Assets	
Other intangibles	6
Office equipment, fixtures and fittings	337
Accumulated depreciation office equipment, fixtures and fittings	(111)
Computer equipment	858
Accumulated depreciation computer equipment	(434)
Trade and other receivables	9,371
Cash	404
Total Assets	10,431
Liabilities	£000
Share Premium	30,000
Accumulated Deficit	(45,828)
Net defined benefit pension scheme liability	15,600
Trade and other payables	10,659
Total Liabilities	10,431

F6. Notes to the financial statements

For the 16 month financial period ended 31 December 2020

1. Revenue

The Company's revenue and profit before taxation all arose from one class of business. All revenue arises from the rendering of services. There are no other sources of revenue. An analysis of revenue by destination is shown below:

	2020 £'000	2019 £'000
Revenue from contracts with customers – UK	18,982	42,700

2. Operating costs

	2020 £'000	2019 £'000
Costs by type:		
Employment costs (Note 3)	11,694	24,458
Other operating items (including rents, rates and general expenses)	6,338	20,081
Operating costs (non exceptional)	18,032	44,539
Exceptional costs (Note 19)	-	38,462
	18,032	83,001

	2020 £'000	2019 £'000
Other operating costs are stated after including:		
(A) Amortisation and depreciation		
Intangible fixed assets	-	153
Tangible fixed assets	88	323
	88	476
All Intangible assets are internally generated, associated with new systems implementation, whose amortisations are charged and included in Operating profit/(loss).		
(B) Operating lease rentals:		
Equipment	110	240
Leasehold property	718	1,368
	828	1,608
(C) Fees payable to the Company's auditor		
Audit fees	80	62
Tax advisory services	-	20
	80	82
(D) Other operating costs		
Tax advisory services	5	-
	5	-

3. Employees:

	2020 £'000	2019 £'000
The total employment costs of all employees (including directors) in the Company were:		
Wages and salaries	9,643	20,591
Social security costs	1,144	2,258
Other pension costs	907	1,609
	11,694	24,458

F6. Notes to the financial statements

3. Employees (continued)

(i) The monthly average number of employees during the period / year was as follows:

	2020 Number	2019 Number
By activity:		
Technical	184	296
Administration	28	56
	212	352

(ii) Directors' emoluments were as follows:

	2020 £'000	2019 £'000
Short term benefits, including salaries	274	1,263
Pensions contributions	21	52
Aggregate emoluments	295	1,315

Two directors (2019: seven), did not receive emoluments in respect of services as a director from the Company during the extended 16 month financial period. The directors are regarded as only the key management personnel of the company.

Compensations were made to three directors (2019: three) in the period. Total directors' emoluments were £295k (2019: £1,315k); of which short term benefits including salaries accounted for £274k (2019: £1,263k).

Retirement benefits are accrued under a defined contribution scheme. Pension contributions during the said period in respect of these directors were £21k (2019: £52k).

The highest paid director received short term benefits of £109k (2019: £481k) and pension of £9k (2019: £20k); totaling £118k (2019: £501k).

Two directors resigned during the current period. No compensation in respect of resignation had been made.

4. Taxation

The tax charge represents the sum of the current and deferred tax.

The current tax charge is based on taxable profit for the period. 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 ("temporary differences") and it further excludes items that are never taxable or deductible ("permanent differences").

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. In contrast, deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Both current and deferred tax items are calculated using the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised. This means using tax rates that have been enacted or substantially enacted by the end of the reporting period. Deferred tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, deferred tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise, deferred tax is recognised in the income statement.

	2020 £'000	2019 £'000
Current tax	-	-
Deferred tax:		
Origination and reversal of timing differences	-	-
Adjustment in respect of previous periods	-	1,030
Total tax charge/(credit)	-	1,030

F6. Notes to the financial statements

4. Taxation (continued)

The total income statement charge for the period/year is lower than (2019: higher than) the profits charged at the prevailing UK rate. The charge can be reconciled to the accounting profit/(loss) as follows:

	2020 £'000	2019 £'000
Profit/(Loss) before taxation	717	(40,316)
Profit/(Loss) multiplied by the standard corporation tax rate of 19% (2019: 19%)	136	(7,660)
Effects of:		
Expenses that are non-deductible for tax purposes	86	7,178
Transfer pricing adjustment	-	-
Impact of changes in tax rates	-	74
Adjustments in respect of prior periods	-	925
Losses used during the year	(178)	-
Capital allowances in excess of depreciation	(44)	-
Deferred tax not recognised – current year	-	513
Total tax charge for the year	-	1,030

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remain at 19%, as previously enacted in the Spring Budget 2020). As the proposal to increase the rate to 25% had not been substantively enacted at the statement of financial position date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the statement of financial position date, would be immaterial.

5. Investment in subsidiary

The company has the following investment in direct subsidiary as follows: -

Entity	Country of Incorporation	Date of Incorporation	% of Ordinary Shares Held	Holding	Natures of Business	Registered Office Address
TSP Projects Canada Inc.	Canada	18 Oct 2018	100	Direct	Engineering consultancy and design	c/o Farris Vaughan Wills & Murphy LLP 1800-1631, Dickson Avenue (Landmark 6), Kelowna BC V1Y 0B5 Canada

During prior period, TSP Projects Limited incorporated a subsidiary in Canada with share capital of CAN\$100.

	Shares in Subsidiary Undertakings £'000
Cost at 31 August 2019 and 31 March 2018	-
Additions	-
Cost at 31 December 2020	-

The entity is considered a subsidiary because all its shares are directly owned by the Company and it has significant control over the activities of the subsidiary. TSP Projects Canada Inc did not trade during the period ended 31 December 2020.

F6. Notes to the financial statements

6. Intangible assets

At 31 December 2020	Computer Software £'000
Cost at 1 September 2019	-
Additions in the period	-
Hived up to SYSTRA Limited	-
Cost at 31 December 2020	-
Amortisation at 1 September 2019	-
Amortisation at 31 December 2020	-
Net Book Value at 31 August 2019	-
Net Book Value at 31 December 2020	-

At 31 August 2019	Computer Software £'000
Cost at 1 April 2018	477
Additions	1,121
Disposals in the period	(1,598)
Cost at 31 August 2019	-
Amortisation at 1 April 2018	(199)
Amortisation charge for the year	(153)
Disposals in the period	352
Amortisation at 31 August 2019	-
Net Book Value at 31 March 2018	278
Net Book Value at 31 August 2019	-

7. Property, plant and equipment

At 31 December 2020	Office Equipment £'000	IT Hardware £'000	Computer Equipment £'000	Survey Equipment £'000	Total £'000
Cost at 1 September 2019	538	300	526	174	1,538
Additions in the period	2	-	46	21	69
Hived Up to SYSTRA Limited	(296)	(300)	(558)	(41)	(1,195)
Disposals in the period	(244)	-	(14)	(154)	(412)
Cost at 31 December 2020	-	-	-	-	-
Depreciation at 1 September 2019	(316)	(105)	(302)	(142)	(865)
Depreciation charge for the period	(15)	(15)	(46)	(12)	(88)
Hived Up to SYSTRA Limited	87	120	338	-	545
Disposals in the period	244	-	10	154	408
Depreciation at 31 December 2020	-	-	-	-	-
Net Book Value at 31 August 2019	222	195	224	32	673
Net Book Value at 31 December 2020	-	-	-	-	-

F6. Notes to the financial statements

7. Property, plant and equipment (continued)

At 31 August 2019	Office Equipment £'000	IT Hardware £'000	Computer Equipment £'000	Survey Equipment £'000	Total £'000
Cost at 1 April 2018	418	300	341	150	1,209
Additions	120	-	185	24	329
Cost at 31 August 2019	538	300	526	174	1,538
Depreciation at 1 April 2018	(263)	(20)	(125)	(134)	(542)
Depreciation charge for the year	(53)	(85)	(177)	(8)	(323)
Depreciation at 31 August 2019	(316)	(105)	(302)	(142)	(865)
Net Book Value at 31 March 2018	155	280	216	16	667
Net Book Value at 31 August 2019	222	195	224	32	673

8. Trade and other receivables

Amounts falling due within one year:

At 31 December 2020 / 31 August 2019	2020 31 Dec £'000	2019 31 Aug £'000
Trade receivables	-	2,607
Less: provision for impairment	-	(32)
Net trade receivables	-	2,575
Amounts recoverable on contracts (Note 9)	-	1,724
Amounts owed by group companies (Note 17)	-	380
Accrued Income	-	1,333
Prepayments	-	1,043
	-	7,055

The amounts owed from group undertakings relate to THJV, an unincorporated association between the Company and Halcrow (now CH2M Hill) Group Limited. Debt owed is unsecured and is payable when due or on demand. No interest is charged on the balance.

The company receives payments from customers based on a billing schedule, as established in the Company's contracts. The contract asset relates to the Company's conditional right to consideration for the Company's completed performance under the contract. Accounts receivable are recognised when the right to consideration becomes unconditional.

Payment terms on contracts are 30 days after client certification. From accumulated experience, the Company receives payments between 30 and 90 days.

The Company measures the loss allowance of trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision of matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Company recognized an allowance of 100% against all receivables over 120 days past due because historical experience has indicated that these receivables are generally not recoverable. The Company's estimate of revenue may also be adjusted at the earlier of when the most likely amount of consideration to receive changes or when the consideration becomes certain. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

The following tables detail the risk profile of trade receivables based on the Company's provision matrix and the movement in lifetime ECL that has been recognised for trade receivables. Trade receivables from contracts with customers at 31 December 2020, net of loss allowance of £Nil (2019: £32k), were £Nil (2019: £2,575k).

F6. Notes to the financial statements

8. Trade and other receivables (continued)

(i) Trade receivables are further analysed as follows:

At 31 December 2020	Gross credit risk amount £'000	Credit Insurance £'000	Impairment Provision £'000	Total £'000
Amounts not yet due	-	-	-	-
One month overdue	-	-	-	-
Two months overdue	-	-	-	-
Three months overdue	-	-	-	-
Greater than three months overdue	-	-	-	-
Balance at 31 December 2020	-	-	-	-

At 31 August 2019	Gross credit risk amount £'000	Credit Insurance £'000	Impairment Provision £'000	Total £'000
Amounts not yet due	1,888	-	-	1,888
One month overdue	491	-	-	491
Two months overdue	221	-	(25)	196
Three months overdue	-	-	-	-
Greater than three months overdue	7	-	(7)	-
Balance at 31 August 2019	2,607	-	(32)	2,575

(ii) Movements in the provision for impairment of receivables are as follows:

At 31 December 2020 / 31 August 2019	2020 31 Dec £'000	2019 31 Aug £'000
Balance at 1 September 2019 / 1 April 2018	32	666
Impairments in the period	-	131
Amounts utilised	-	(765)
Amounts hived up to SYSTRA Limited'	(32)	-
Balance at 31 December 2020 / 31 August 2019	-	32

9. Construction contracts

At 31 December 2020 / 31 August 2019	2020 31 Dec £'000	2019 31 Aug £'000
Contracts in progress at the balance sheet date:		
Amounts due from contract customers included in trade and other receivables	-	1,724
Amounts due to contract customers included in trade and other payables	-	(2,255)
Balance at 31 December 2020 / 31 August 2019	-	(531)
Contract costs incurred plus recognised profits less recognised losses to date	-	61,576
Less: Progress billings	-	(62,107)
	-	(531)

Changes in contract assets and liabilities

The timing of revenue recognition, billings and cash collections results in billed accounts receivable, unbilled receivable (contract assets) and customer advances (contract liabilities) on the Balance Sheet.

Amounts relating to contract assets are balances due from customers under construction contracts that arise when the Company receives payments from customers in line with a series of performance related milestones. The Company will previously have recognised a contract asset for any work performed. At the point when the amounts are billed, this contract asset is reclassified to trade receivable.

F6. Notes to the financial statements

9. Construction contracts (continued)

Where payments on accounts are made, these are shown as contract liabilities. Payments on account are only recognised as revenue when that part of the contract is performed.

Contract assets and liabilities have decreased as the trade and assets of TSP Projects Limited hived up to SYSTRA Limited on 27 March 2020.

10. Trade and other payables

	2020 31 Dec £'000	2019 31 Aug £'000
At 31 December 2020 / 31 August 2019		
Trade payables	-	3,829
Other taxation and social security	-	1,325
Other creditors	-	2,532
Payments on account (Note 10)	-	2,255
	-	9,941

11. Deferred tax assets

(i) Recognised through income statement or other comprehensive income

Given the sale of TSP Projects Limited to SYSTRA Limited, there is uncertainty as to the future utilization of any remaining deferred tax assets in relations to the TSP Projects Limited's Shared Costs Pension Section of the Railway Pension Scheme. The Directors took the decision to write down the balance in the accounts during the period ended 31 August 2019.

As at 31 December 2020	Other Short-Term Temporary Difference £'000	Pension £'000	Fixed Assets £'000	Total £'000
Balance at 1 September 2019	-	-	-	-
Recognised through income statement	-	-	-	-
Recognised in other comprehensive income	-	-	-	-
Balance at 31 December 2020	-	-	-	-

As at 31 August 2019	Other Short-Term Temporary Difference £'000	Pension £'000	Fixed Assets £'000	Total £'000
Balance at 1 April 2018	15	2,788	63	2,866
Recognised through income statement	(15)	(952)	(63)	(1,030)
Recognised in other comprehensive income	-	(1,836)	-	(1,836)
Balance at 31 August 2019	-	-	-	-

(ii) Not recognised through income statement or other comprehensive income

Deferred tax of £Nil (2019: £4,432k) has not been recognised due to uncertainty as to when the future profits will be created to absorb it.

	Losses & Other Deductions £'000	Other Short-Term Temporary Difference £'000	Pension £'000	Fixed Assets £'000	Total £'000
Gross amount at 31 August 2019	-	-	-	-	-
Net amount not recognised in the year at 19%	-	-	-	-	-
Gross amount at 31 December 2020	-	-	-	-	-
Net amount not recognised in the year at 19%	-	-	-	-	-

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remain at 19%, as previously enacted in the Spring Budget 2020). As the proposal to increase the rate to 25% had not been substantively enacted at the statement of financial position date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the statement of financial position date, would be immaterial.

F6. Notes to the financial statements

12. Operating leases

Total future minimum lease payments for the Company at the end of the financial period are:

	2020 31 Dec		2019 31 Aug	
	Land and Buildings £'000	Equipment £'000	Land and Buildings £'000	Equipment £'000
Not later than one year	-	-	983	84
Later than one year and not later than five	-	-	2,529	138
More than five years	-	-	176	-
	-	-	3,688	222

The Company leases premises under various non-cancellable lease agreements which terminate between 2021 and 2031. The leases have various terms and renewal rights. These leases were novated to SYSTRA Limited on 27 March 2020 with the hive up of the trade and assets of TSP Projects Limited.

13. Retirement benefit obligations

The Company operated a final salary defined benefit pension scheme for eligible employees up to 27 March 2020. The assets of this scheme were held in a separately administered fund under the Railways Pension Scheme, as the TSP Projects Limited Shared Cost Section ('The Scheme'). Non protected members ceased accruing benefits at 31 December 2013 and the remaining active members are subject to a revised pensionable pay definition.

The scheme is a shared cost arrangement where generally 60% of the cost of the scheme is met by the company and 40% by the active employee members of the section, however given the reduced number of active members in the Section (13, at 27 March 2020), the Company have assumed within the pension calculations that it will finance the entire deficit, hence now treating the Section as a balance of cost scheme rather than a shared cost scheme.

The defined benefit pension scheme employed the services of a qualified, independent consulting actuary, who carries out triennial actuarial valuations of the scheme. Prior to the 27 March 2020, the most recent published actuarial valuation was carried out at 31 December 2016, using the projected unit method, and formed the basis on which the current recovery plan was put in place. The 31 December 2013 and 31 December 2016 actuarial valuations in respect of the TSP Projects Limited Shared Cost Section of the Railways Pension Scheme and the subsequent Recovery Plan were agreed with the Trustee on 12 September 2019.

As required by IAS 19 (2011), the Projected Unit Credit Method is used to determine the present value of the Defined Benefit Obligation (DBO) and the related service cost. Under this method, a "projected accrued benefit" is calculated based upon service as of the date of valuation and current pensionable salary levels (given the contracted agreements in place for the active members). Although active members have a CPI underpin in respect of historic service, on the assumption that they are going to be in active service for a period in the future (which is the case on the withdrawal from service assumption underlying the calculations), allowance for this underpin is not made. If this withdrawal assumption is not borne out of practice, any impact of the underpin will emerge as an experience strain.

The funded status of the defined benefit pension scheme, adjusted for the effect of the asset ceiling, is required to be reported as an asset (for overfunded plans) or a liability (for underfunded plans). Gains and losses are required to be recognised immediately in Other Comprehensive Income (OCI) as "remeasurement effects", which may be accumulated in a separate equity account or transferred each period to retained earnings. The Company has elected to transfer remeasurement effects to retained earnings in each period.

The standards are silent on the approach for administration expenses. However, the accompanying Basis for Conclusion document states that "an entity should recognize administration costs when the administration services are provided". Therefore, there is no allowance for administration expenses within the DBO and Service Cost. Instead, administration expenses incurred over the period are shown as a separate line in the pension expense.

The standards are also silent on the treatment of benefits payable on death in service and incapacity. The approach adopted for The Scheme is to allocate the "past service" element of the liability for these benefits to the balance sheet, and the "future service" element to the Profit and Loss costs. In the context of the benefits provided by the Railway Pension Scheme, this is consistent with the IAS 19 disclosures prepared in previous years.

The Company review The Scheme regularly with its trustees, The Railway Pension Trustee Limited, to ensure the continuity and proper management of The Scheme.

F6. Notes to the financial statements

13. Retirement benefit obligations (continued)

The Company also participates in a defined contribution plan on behalf of relevant personnel. Any expense recognised in relation to the scheme represents the value of contributions payable during the year by the Company at rates specified by the rules. The cost of employer contribution under the defined contribution plan during the period ended 27 March 2020 was £452k (2019: £960k).

Actuarial assumptions

A range of assumptions must be used to determine the IAS 19 amounts and the values to be included in the balance sheet and income statement can vary significantly with only small changes in these assumptions.

The key assumptions applied at the end of the reporting period for the purposes of the actuarial valuations were as follows:

	2020 27 Mar %	2019 31 Aug %
Discount rate	2.18	1.85
Inflation (RPI measure)	2.45	2.95
Deferred pension increases	1.65	1.95
Pension increases	1.65	1.95
Salary increases	n/a	n/a

The discount rate is set with reference to the yields available at the accounting date on high quality corporate bonds with a term which matches that of the liabilities. It is used to calculate the Defined Benefit Obligation, or DBO. The DBO is the present value of the cash flows arising from the expected future payments required to settle the benefits resulting from employee service in the current and prior periods. IAS 19 does not define "high quality", though is generally taken to mean a security rating of AA.

Demographic assumptions are set having regard to the latest trends in life expectancy, plan experience and other relevant data, including externally published actuarial information. The assumptions are reviewed and updated as necessary as part of the periodic actuarial funding valuations of the scheme. As part of the 2016 formal valuation process, a detailed analysis of the experience of the membership over the five-year period to December 2015 was carried out and the demographic assumptions reviewed accordingly. Based on this analysis, the S32 "SAPS" standard mortality tables (as published by the actuarial profession based on mortality experience from self-administered pension schemes between 2004 and 2011) appropriate for amounts have been adopted for pensioners retiring in normal health. Different tables have been used for members above and below a certain level of earnings or pension, and the mortality rates from each table have been adjusted by varying degrees to match the experience of RPS members better.

Sensitivities

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, inflation, salary growth and mortality. The sensitivity analysis below has been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period:

Assumption	Change in assumption	Approximate change in DBO £m
Discount rate	- 0.25% p.a.	3.6
	+ 0.25% p.a.	(3.3)
Price inflation (CPI inflation)	- 0.25% p.a.	(3.2)
	+ 0.25% p.a.	3.4
Life expectancy	- 1 year	(2.8)
	+ 1 year	2.8

The above sensitivities may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit liability recognised in the balance sheet.

The market value of pension assets and liabilities is significantly greater than the net assets of the Company and, therefore, any change can have a material impact on the Company's financial statements as well as impacting the level of company pension contributions.

F6. Notes to the financial statements

13. Retirement benefit obligations (continued)

Income statement costs

Under IAS 19, costs in relation to pension and post-retirement plans mainly arise as follows:

- The current service cost is the actuarially determined present value of the pension benefits earned by employees in the current period. No charge or credit is reflected here for any surplus or deficit in the scheme and so the cost is unrelated to whether, or how, the scheme is funded.
- Net interest cost/(income) on the liability or asset recognised in the balance sheet.

These items are treated as a net operating cost in the income statement within employment costs.

Variations from expected costs, arising from the experience of the plans or changes in actuarial assumptions, are recognised immediately in the statement of comprehensive income. Examples of such variations are differences between the discount rate used for calculating return on scheme assets (credited to profit and loss) and the actual return, the re-measurement of scheme liabilities to reflect changes in discount rates, changes in demographic assumptions such as using updated mortality tables, or the effect of more employees leaving service than forecast.

Income statement pension costs arose as follows:

	2020 31 Dec £'000	2019 31 Aug £'000
Current service cost	100	212
Net interest cost	200	567
Administration cost	100	241
Employer's contribution	27	79
Defined benefit schemes	427	1,099
Defined contribution schemes	452	960
Defined contribution service cost	28	117
Total charge for the period/year	907	2,176

The Company transferred The Scheme to SYSTRA Limited as part of the hive up of the trade and assts to SYSTRA Limited. Expected future contributions are disclosed in the statutory accounts of SYSTRA Limited for the year ended 31 December 2020.

Plan Assets

The asset classes include national and international stocks, fixed income government and non-government securities and real estate. Most of the reported plan assets are located in the UK and EU. The pension funds invest in diversified asset classes to maximise returns while reducing volatility. The percentage of total plan assets for each category of investment was as follows:

	2020 31 Mar %	2019 31 Dec %
Quoted:		
Growth Assets	61.3%	63.8%
Bonds - Government	27.2%	28.3%
Bonds – Non Government	11.5%	7.3%
Unquoted:		
Other	0.0%	0.6%
	100%	100%

F6. Notes to the financial statements

13. Retirement benefit obligations (continued)

Balance sheet measurement

In determining the amounts to be recognised in the balance sheet the following approach has been adopted:

- Pension scheme assets are measured at fair value (for example for quoted securities this is the bid-market value on the relevant public exchange).
- Pension liabilities include future benefits that will be paid to pensioners and deferred pensioners, and accrued benefits which will be paid in the future for members in service taking into account projected earnings. As noted above, the pension liabilities are discounted with reference to the current rate of return on AA rated corporate bonds of equivalent currency and term to the pension liability.

Amounts recognised in the balance sheet arose as follows:

	2020 31 Dec £'000	2019 31 Aug £'000
Fair value of plan assets at end of period/year	-	56,100
Present value of obligation at end of period/year	-	(77,800)
Defined benefit liability at end of period/year	-	(21,700)
Arising from:		
Funded schemes	-	(21,700)

The movements in the present value of plan assets and defined benefit obligations in 2020 and 2019 were as follows:

	2020 31 Dec £'000	2019 31 Aug £'000
Plan assets:		
At 1 September 2019 / 1 April 2018	56,100	51,700
Movement of plan assets on hive up of TSP Projects	(53,000)	-
Interest on plan assets	600	1,900
Administrative expenses	(200)	(300)
Return on plan asset greater / (less) than discount rate	(2,600)	4,100
Contributions from the employer	500	1,200
Benefits paid	(1,400)	(2,500)
At 31 Dec 2020 / 31 Aug 2019	-	56,100
Defined benefit obligations:		
At 1 Sept 2019 / 1 April 2018	77,800	68,100
Movement of plan obligations on hive up of TSP Projects	(68,600)	-
Current service cost	-	300
Interest cost on the defined benefit obligation	800	2,500
Section amendment	-	100
Actuarial loss/(gain) - actuarial experience	-	1,000
Actuarial loss/(gain) - financial assumption changes	(8,600)	11,700
Actuarial (gain) - demographic assumption changes	-	(3,400)
Benefits paid	(1,400)	(2,500)
At 31 Dec 2020 / 31 Aug 2019	-	77,800

Actuarial gains/losses recorded in the statement of other comprehensive income for the financial period was a £6,100k gain (2019: £5,300k loss).

F6. Notes to the financial statements

14. Financial Instruments

Prior to the hive up of the TSP Projects Limited trade and assets on 27 March 2020, The Company is exposed to the risks that arise from its use of financial instruments. This note describes the objectives, policies and processes of the Company for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements. Post 27 March 2020 the risks have transferred to SYSTRA Limited.

Capital risk management

The Company manages its capital to ensure that it will be able to maximise the return and benefits to stakeholders.

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

The nature of risk and the management of it has been consistent in 2019 and 2020.

Financial risk management objective

The SYSTRA SA Corporate Treasury function provided services to the business, co-ordinated access to domestic and international financial markets, monitored and managed the financial risks relating to the operations of the Company through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Company seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Company does not enter in or trade financial instruments, including derivative financial instruments, for speculative purposes.

The nature of risk and the management of it has been consistent in 2019 and 2020.

Principal financial instruments

The principal financial instruments used by the company, from which financial instrument risk arises are as follows:

- Trade and other receivables
- Trade and other payables
- Cash and cash equivalents

The carrying value of these financial instruments is considered to approximate their fair value.

Financial instruments by category

The following table details the Company's financial instruments. The carrying value of these financial instruments is considered to approximate their amortised costs:

F6. Notes to the financial statements

14. Financial Instruments (continued)

At 31 December 2020	Loans & Receivable £'000	Other Liabilities £'000	Total £'000
Financial assets measured at amortised cost			
Amounts owed by group companies (Note 9)	-	-	-
Cash and cash equivalents	-	-	-
Trade receivables (Note 8)	-	-	-
	-	-	-
Finance liabilities measured at amortised cost			
Trade payables (Note 10)	-	-	-
	-	-	-

The following table details the Company's financial instruments. The carrying value of these financial instruments is considered to approximate their fair value:

At 31 August 2019	Loans & Receivable £'000	Other Liabilities £'000	Total £'000
Financial assets measured at amortised cost			
Amounts owed by group companies (Note 9)	380	-	380
Cash and cash equivalents	1,268	-	1,268
Trade receivables (Note 8)	3,685	-	3,685
	5,333	-	5,333
Finance liabilities measured at amortised cost			
Trade payables (Note 10)	3,829	-	3,829
	3,829	-	3,829

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises principally from the Company's cash balances and trade and other receivables. The concentration of the Company's credit risk is considered by counterparty.

The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies where available and if not available the Company uses other publicly available financial information and its own trading records to rate its major customers.

The Company's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Group's risk management committee annually. Trade receivables consist of large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased. Regular reviews are undertaken of exposure to key customers and those where known risks have arisen. Any impairment to the recoverability of debtors is reflected in the income statement.

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties. The Company defines counterparties as having similar characteristics if they are related entities.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The maximum exposure to credit risk at the reporting date is the carrying value of the financial assets detailed in the financial instruments by category table above.

The nature of risk and the management of it has changed between 2019 and 2020 following the hive up to SYSTRA Limited, leaving the company with no trade and a nil balance sheet. Credit risk is therefore now minimal.

F6. Notes to the financial statements

14. Financial Instruments (continued)

Market risk

Market risk is limited to the risk that changes in interest rates could affect the Company's income or the value of its holdings of financial instruments.

The nature of risk and the management of it has changed between 2019 and 2020 following the hive up to SYSTRA Limited, leaving the company with no trade and a nil balance sheet. Market risk is therefore now minimal.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Ultimate responsibility for liquidity risk management rests with the board of directors. The Board manages liquidity risk by regularly reviewing the Company's cash requirements by reference to short term cash flow forecasts and medium-term working capital projections.

The nature of risk and the management of it has changed between 2019 and 2020 following the hive up to SYSTRA Limited, leaving the company with no trade and a nil balance sheet. Liquidity risk is therefore now minimal.

15. Called up share capital

The share capital of the Company is shown below :

Authorised	2020	2019
	31 Dec	31 Aug
	£	£
10,000 ordinary shares of £1 each	10,000	10,000

Allotted, called up and fully paid	2020	2019
	31 Dec	31 Aug
	£	£
2 ordinary shares of £1 each	2	2

The Company has one class of ordinary shares which carry no right to fixed income.

16. Share premium account

The share premium account of the Company represents the excess of subscription price over nominal value of shares previously issued and is shown below at 31 December 2020 / 31 August 2019

	2020	2019
	31 Dec	31 Aug
	£	£
Share premium	-	29,999,999

17. Related party transactions

During the period ended 31 December 2020, the Company provided labour and design services to the THJV to the value of £1,860,822 (2019: £1,949,235). The THJV is an unincorporated association between the Company and Halcrow (now CH2M Hill) Group Limited, to provide professional services to Network Rail under the PSSF (Professional Support Services Framework – Multi discipline design services). The charges were made on standard commercial terms, unsecured, interest free and payable when due or on demand.

At 31 December 2020 the THJV owed £Nil (31 August 2019: £380,501).

F6. Notes to the financial statements

18. Ultimate and immediate parent company

On 29 August 2019, the company's shares were acquired by SYSTRA Limited (SL), registered in England and Wales. From that date, SL is the Company's immediate parent company. The ultimate parent undertaking and controlling party is SYSTRA SA (SSA), a company incorporated in France.

From 29 August 2019, SSA is the parent undertaking of the largest and the smallest group of undertakings to consolidate financial statements. Copies of the Report and Accounts for SL may be obtained from the Secretary, 3rd Floor, 5 Old Bailey, London, England, EC4M 7BA. The consolidated financial statements of SSA may be obtained from 72 – 76 rue Henri Farman, 75015 Paris, France.

19. Operating costs (exceptional)

Following the compulsory liquidation of former immediate parent company, British Steel Limited on 22 May 2019 and subsequent acquisition by SYSTRA Limited on 29 August 2019, the following exceptional costs were incurred:

	2020 £'000	2019 £'000
Intangible fixed assets		
Development costs for IT management information system	-	1,246
	-	1,246
Charges relating to acquisition		
Inter-company long term debt written down	-	36,235
Staff restructure costs	-	428
Group relief	-	200
Legal and professional costs on acquisition	-	316
Consultant costs	-	37
	-	37,216
Total	-	38,462

20. Cash flow used in operating activities

Reconciliation of profit/(loss) to net cash flow from operations:

For the period ended 31 December / 31 August

	Note	2020 £'000	2019 £'000
Cash flow used in operating activities			
Profit/(Loss) before tax		717	(40,868)
Adjustments for: -			
Depreciation and amortisation	2,6,7	88	476
Interests payable	13	233	567
Pension deficit payment	13	(234)	(1,200)
Disposal of intangible fixed assets		-	1,246
Charges pertaining to acquisition		-	37,216
Operating cash flows before working capital		804	(2,563)
Changes in working capital:			
Decrease in trade and other receivables		6,503	753
Decrease in trade and other payables		(8,096)	(567)
Cash outflow from operating activities		(789)	(2,377)

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