Company Number: 2136404

WSP GROUP LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

WSP GROUP LIMITED

CONTENTS

WSP GROUP LIMITED

OFFICERS AND ADVISERS

DIRECTORS:	P Dollin M Barnard
SECRETARY:	K Sewell
INDEPENDENT AUDITORS:	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH
REGISTERED OFFICE:	WSP House 70 Chancery Lane London United Kingdom WC2A 1AF
BANKERS:	HSBC Bank plc City of London Branch 60 Queen Victoria Street London EC4N 4TR

WSP GROUP LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their Strategic Report on WSP Group Limited (the "Company") for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an intermediate holding company within an international group of companies, supplying specialist management and integrated services to transform the built environment and restore the natural environment. This group is headed by WSP Global Inc., which with its subsidiaries, including the Company, is hereinafter collectively referred to as the "Group". The Company previously charged other Group companies for services that it provided, but ceased to do so during the year due to a reorganisation of the Group management. No major changes in the activity of the Company are envisaged in the future.

The operating profit for the financial year was £8,122k (2015: loss £1,390k). The main reason was due to a significant increase in foreign exchange gain on loans denominated in foreign currencies.

During the financial year, as part of a group reorganization, the Company increased its investment in WSP Group Holdings Limited by £57,690k.

Further discussion of the Group's principal activities together with a business review of the Group, which includes the Company, is included in the section entitled "Management's Discussion and Analysis" of the WSP Global Inc. 2016 Annual Report, which does not form part of this report. The consolidated financial statements of WSP Global Inc. are available to the public and may be obtained from the website, www.wsp.com.

KEY PERFORMANCE INDICATORS

The directors consider that revenue, gross profit and cash flows from operating activities assist in providing an understanding of the development and performance or position of the Company's business and believe that an analysis using other KPIs for the Company is not necessary or appropriate.

The development, performance and position of the Group, which includes the Company, is discussed in the section entitled "Management's Discussion and Analysis" of the WSP Global Inc. 2016 Annual Report, which does not form part of this report.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors of WSP Global Inc. manage the Group's principal risks (including financial risks) and uncertainties at Group level, rather than on an individual company basis. The Group's performance is impacted by the general economic climate in the UK. The risk is managed by ensuring that the Group operates across a range of industry sectors with a broad client base. The Company's directors consider that a discussion of the Group's risk would not be appropriate for an understanding of the performance of the Company's business. The principal risks and uncertainties of WSP Global Inc., which include those of the Company, are included in the section entitled "Management's Discussion and Analysis" of the WSP Global Inc. 2016 Annual Report, which does not form part of this report.

This Strategic Report was approved by the Board of Directors and signed on its behalf by:

M Barnard
Director

26 September 2017

WSP GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report on the Company with the audited financial statements for the year ended 31 December 2016.

RESULTS AND DIVIDENDS

The profit for the financial year amounted to £9,613k (2015: £1,668k).

Dividends paid during the last two years were declared in Sterling:

Date paid	Amount per share	Total dividend £'000
22 July 2015	0.04318GBP	2,800
Total for 2015		2,800
28 June 2016	0.05552GBP	3,600
Total for 2016	-	**3,600**

FUTURE DEVELOPMENTS

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

DIRECTORS

The directors of the Company who served during the year up to the date of signing the financial statements were:

P Dollin
M Barnard (appointed 1 March 2017)
A Noble (resigned 2 March 2017)

As permitted by the Companies Act 2006, the Group has arranged qualifying third party insurance cover in respect of the Company's directors' and officers' liability, which was in force during the financial year and also at the date of approval of the financial statements.

FINANCIAL INSTRUMENTS

The Company's operations expose it to small levels of financial risk that include the effects of price, credit, liquidity and interest rate risk. The Company is reliant on the Group to manage a number of the key financial risks that may affect the performance of the Company. The risks are reviewed and monitored by the directors throughout the year, using established policies and procedures that have been determined in line with the guidelines issued by the parent company. The Company had no currency swaps, derivatives or designated hedging instruments as at 31 December 2016 and 31 December 2015. Further information is included on page 18 in Note 20.

SHARE CAPITAL

The Company issued one share to its immediate parent undertaking on 31 October 2014 for £14,059k.

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

INDEPENDENT AUDITORS AND DISCLOSURE OF INFORMATION TO AUDITORS

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

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

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

This Directors' Report was approved by the Board of Directors on 28 September 2017 and signed on its behalf by:

M Barnard
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WSP GROUP LIMITED

Report on the financial statements

Our opinion

In our opinion, WSP Group Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the Balance Sheet as at 31 December 2016;
- the Statement of Comprehensive Income for the year then ended;
- the Cash Flow Statement for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matters prescribed by the Companies Act 2006

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

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

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WSP GROUP LIMITED (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- *the overall presentation of the financial statements.*

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

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

29 September 2017

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £'000	2015 £'000
Other income	2	**4,657**	2,992
Employee benefit costs	3	**-**	-
Administration expenses		**3,465**	(3,487)
Impairment of investments	9	**-**	(895)
OPERATING PROFIT / (LOSS)	4	**8,122**	(1,390)
Finance income	5	**2,965**	3,355
Finance costs	5	**(298)**	(149)
PROFIT BEFORE TAX		**10,789**	1,816
Tax expense	6	**(1,176)**	(148)
PROFIT FOR THE FINANCIAL YEAR		**9,613**	1,668

The above results all relate to continuing activities.

There was no other comprehensive income for the financial years stated above.

There is no difference between the profit before tax and profit for the financial years stated above and their historical cost equivalent.

The notes on pages 11 to 18 form an integral part of these financial statements.

WSP GROUP LIMITED

Company Number: 2136404

BALANCE SHEET
AS AT 31 DECEMBER 2015

	Note	2016 £'000	2016 £'000	2015 £'000	2015 £'000
ASSETS					
NON-CURRENT ASSETS					
Intangible assets	7		-		9
Property, plant and equipment	8		-		-
Investment in subsidiary undertakings	9		262,941		205,251
Deferred tax asset	10		1,071		2,236
			264,012		207,496
CURRENT ASSETS					
Loans and other receivables	11	68,434		62,798	
Cash and cash equivalents	12	-		-	
		68,434		62,798	
LIABILITIES					
CURRENT LIABILITIES					
Loans and other payables	13	(8,741)		(9,372)	
Financial liabilities	12	(32,452)		(31,268)	
Current tax		-		(2,717)	
		(41,193)		(43,357)	
NET CURRENT ASSETS			27,241		19,441
Provisions			(1,196)		-
NET ASSETS			290,057		226,937
EQUITY ATTRIBUTABLE TO THE OWNERS					
Called up share capital	14		3,242		3,242
Share premium account	14		217,803		160,696
Other reserves			8,211		8,211
Retained earnings			60,801		54,788
TOTAL EQUITY			290,057		226,937

The notes on pages 11 to 18 form an integral part of these financial statements.

The financial statements set out on pages 7 to 18 were approved by the Board of Directors on 26 September 2017 and were signed on its behalf by:

M Barnard
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Called up share capital £'000	Share premium account £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
AT 1 JANUARY 2015		3,242	160,696	8,211	55,920	228,069
COMPREHENSIVE INCOME:						
Profit for the year		-	-	-	1,668	1,668
Total comprehensive income		-	-	-	1,668	1,668
TRANSACTIONS WITH OWNER:						
Dividends paid	15	-	-	-	(2,800)	(2,800)
Total transactions with owner		-	-	-	(2,800)	(2,800)
AT 31 DECEMBER 2015		3,242	160,696	8,211	54,788	226,937
COMPREHENSIVE INCOME:						
Profit for the year		-	-	-	**9,613**	**9,613**
Total comprehensive income		-	-	-	**9,613**	**9,613**
TRANSACTIONS WITH OWNER:						
Shares issued	14	-	**57,107**	-	-	**57,107**
Dividends paid	15	-	-	-	**(3,600)**	**(3,600)**
Total transactions with owner		-	**57,107**	-	**(3,600)**	**53,507**
AT 31 DECEMBER 2016		**3,242**	**217,803**	**8,211**	**60,801**	**290,057**

The notes on pages 11 to 18 form an integral part of these financial statements.

WSP GROUP LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £'000	2015 £'000
CASH FLOWS (USED IN) / GENERATED FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	18	**(251)**	26,455
Finance income received / (costs paid)		**2,667**	(5)
Tax paid		**-**	(22)
Net cash generated from operating activities		**2,416**	26,428
CASH USED IN INVESTING ACTIVITIES			
Acquisition of subsidiary		**-**	(42,884)
Net cash used in investing activities		**-**	(42,884)
CASH FLOWS USED IN FINANCING ACTIVITIES			
Dividends paid	15	**(3,600)**	(2,800)
Net cash used in financing activities		**(3,600)**	(2,800)
Net decrease in cash and cash equivalents	12	**(1,184)**	(19,256)
Cash and cash equivalents at 1 January		**(31,268)**	(12,012)
Cash and cash equivalents at 31 December	12	**(32,452)**	(31,268)

The notes on pages 11 to 18 form an integral part of these financial statements.

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) General information

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS. The Company is a limited company and is domiciled and incorporated in the United Kingdom.

The principal accounting policies adopted in the presentation of these financial statements, which have been consistently applied, are set out as follows:

Basis of preparation

The financial statements have been prepared on the historic cost convention basis and on the going concern basis.

The Company has taken advantage of Section 401 of the Companies Act 2006 in not preparing consolidated financial statements for the current year. The consolidated financial statements of WSP Global Inc. are available to the public and may be obtained from the WSP website, www.wsp.com.

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

(b) Adoption of new and revised International Financial Reporting Standards

Certain new standards, amendments to new standards and interpretations have been published that are mandatory to the Company's future accounting periods but have not been adopted early in these financial statements. These are set out below:

IFRS 15, 'Revenue from Contracts with Customers' (effective on or after 1 January 2018). This standard establishes a single comprehensive framework for revenue recognition to determine when to recognise revenue and how much revenue to recognise. This standard replaces the previous revenue standards IAS 18 'Revenue' and IAS 11 'Construction Contracts'. The Company will apply IFRS 15 from 1 January 2018.

IFRS 9, 'Financial Instruments' (effective on or after 1 January 2018). This standard addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In July 2015, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard. The Company will apply IFRS 9 from 1 January 2018.

IFRS 16, 'Leases' (effective on or after 1 January 2019). This standard replaces IAS 17 'Leases' and sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. IFRS 16 eliminates the two lease classifications that IAS 17 has (operating and finance leases) for the lessee, and instead all leases will have the same classification. The Company will apply IFRS 16 from 1 January 2019.

The Directors do not expect that the adoption of the Standards and amendments listed above will have a material impact on the financial statements of the Company in future periods, although the detailed impact is still being assessed.

(c) Revenue

Revenue and other income is derived from providing management, financing and other administrative services to fellow members of the Group and is stated net of sales tax.

(d) Pension Schemes

The Company maintains a defined contribution scheme and contributions are charged to the Income Statement in the year in which they are due. Further details are disclosed in Note 16.

(e) Foreign currency translation

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the Balance Sheet date and any exchange differences are taken to the Income Statement.

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

(f) Taxation
The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised directly in equity, where the tax is also recognised directly in equity. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the Balance Sheet date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities

Full provision has been made for deferred tax balances on all temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the Balance Sheet date using the full liability method.

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available to offset against the asset. Deferred tax assets are reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to utilise the asset.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the Balance Sheet date. Income tax relating to items recognised directly in equity is recognised in equity and not in the Income Statement

(g) Dividends
Dividends receivable are recorded as other income when the Company's right to receive payment is established. Dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the year in which the dividends are approved by the Company's shareholder.

(h) Intangible assets
The intangible assets in the Company relate to software, the carrying amount of which is its cost less any accumulated amortisation and any accumulated impairment losses. Software is amortised on a straight-line basis over the expected useful life which ranges from three to six years.

(i) Property, plant and equipment
Property, plant and equipment is carried at cost less accumulated depreciation and impairment. Cost comprises purchase price after discounts and rebates plus all directly attributable costs of bringing the asset to working condition for its intended use.

Depreciation is provided at rates calculated to write off the cost of property, plant and equipment by equal annual instalments over their expected useful lives, having regard to their residual values.
The annual depreciation rates applicable are as follows:

Plant and equipment	20 - 33%

Depreciation is not charged on assets held for sale. Depreciation is not charged on capital work in progress until the assets are brought into operational use in the business.

The residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each Balance Sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable value.

There are currently no interests in joint arrangements that are classified as joint ventures, which would be accounted for using the equity method.

(j) Investments
Investments in Group undertakings are stated at cost less any provision for impairment. Income from investments is recorded when the right to receive dividends is established.

(k) Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and those deposits held with banks having a maturity date of less than 3 months from the date the deposit was made and being available on demand within one working day without significant penalty. They are carried in the Balance Sheet at cost.
For the purposes of the Cash Flow Statement, cash and cash equivalents are net of bank overdrafts.

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

(l) Impairment of assets

At each Balance Sheet date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes an estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is written down to its recoverable amount. Recoverable amount is the higher of fair value less costs to sell and value in use and is determined for an individual asset. If the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, the recoverable amount of the cash generating unit to which the asset belongs is determined. Discount rates reflecting the asset specific risks and the time value of money are used for the value in use calculation.

(m) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(n) Capital management

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

(o) Sources of estimation uncertainty and significant judgements

The preparation of the financial statements requires the Company to make estimates, judgements and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. The directors base their estimates on historical experience and various other assumptions that they believe are reasonable under the circumstances, the results of which form the basis for making judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Th directors consider the carrying value of investments and intangibles to be key estimates.

2. OTHER INCOME

Other income of £4,657k (2015: £2,992k) consists of dividends from subsidiaries.

3. EMPLOYEE BENEFIT COSTS

Staff costs, including directors, were as follows:	**2016 £'000**	2015 £'000
Wages and salaries	-	-
Social security costs	-	-
Other pension costs – defined contributions (Note 16)	-	-
Total staff costs	-	-

All employees had transferred from WSP Group Limited to WSP Management Services Limited, a fellow group company, by April 2015.

The monthly average number of employees (including directors), contract and agency staff during the year, analysed by category, was as follows:

	2016 No.	2015 No.
Administration	-	-
Total employees	-	-

The directors did not receive their remuneration from the Company for the current year and prior year, but were remunerated by other Group companies. Because the Group does not think it appropriate to apportion these costs to the individual companies, no recharges were made to the Company.

4. OPERATING (LOSS) / PROFIT

	2016 £'000	2015 £'000
Operating profit is stated after charging / (crediting):		
Depreciation	-	-
Amortisation of intangibles	9	49
Credit relating to prior year management charge disclosed as revenue	-	(357)
Foreign exchange movements	(3,479)	3,118

The audit fee of the Company was £5k (2015: £5k) and was borne by another Group company. Other than the statutory audit, no other services were provided to the Company by PricewaterhouseCoopers LLP.

5. FINANCE INCOME AND COSTS

	2016 £'000	2015 £'000
Interest on loans and other borrowings wholly repayable within five years:		
Intercompany finance income	2,965	3,355
Finance income	2,965	3,355
Intercompany finance costs	(17)	(16)
Bank	(281)	(133)
Finance costs	(298)	(149)

6. TAX EXPENSE

	2016 £'000	2015 £'000
(a) Analysis of the tax charge in the year		
Current tax:		
Group relief receivable	-	-
Overseas tax payable	-	-
Adjustments in respect of prior years	11	17
Total current tax charge	11	17
Deferred tax:		
Origination and reversal of temporary differences	1,165	80
Adjustments in respect of prior years	-	(68)
Change in tax rates	-	119
Total deferred tax charge / (credit)	1,165	131
Total tax expense	1,176	148

(b) Factors affecting the tax charge for the current year

The total tax charge for the year is lower (2015: lower) than the standard effective rate of corporation tax in the UK of 20.00% (2015: 20.25%). The differences are explained below:

	2016 £'000	2015 £'000
Profit before tax	10,789	1,816
Profit before tax multiplied by the standard effective rate of corporation tax in the UK of 20.00% (2015: 20.25%)	2,158	368
Effects of:		
Dividends received	(932)	(606)
Adjustments in respect of prior years – current tax	11	17
Adjustments in respect of prior years – deferred tax	-	(68)
Change in tax rates	(61)	117
Other permanently disallowance items	-	320
Total tax expense	1,176	148

(c) Factors which may affect the future tax charges

The standard rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly the company's profits for this accounting year are taxed at an effective rate of 20.00%.

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 on 26 October 2015 and Finance Bill 2016 on 7 September 2016. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

7. INTANGIBLE ASSETS

	Computer software £'000
COST	
At 1 January 2015, 31 December 2015, 1 January 2016 and 31 December 2016	**327**
ACCUMULATED AMORTISATION	
At 1 January 2015	269
Charge for the year	49
At 31 December 2015	318
Charge for the year	**9**
At 31 December 2016	**327**
NET BOOK VALUE	
At 31 December 2016	**-**
At 31 December 2015	9

Amortisation of Intangibles is disclosed within administrative expenses

8. PROPERTY, PLANT AND EQUIPMENT

	£'000
COST	
At 1 January 2015, 31 December 2015, 1 January 2016 and 31 December 2016	**2**
ACCUMULATED DEPRECIATION	
At 1 January 2015	2
Charge for the year	-
At 31 December 2015 and 31 December 2016	**2**
NET BOOK VALUE	
At 31 December 2016	**-**
At 31 December 2015	-

9. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	£'000
COST	
At 1 January 2015	182,730
Addition	42,884
At 31 December 2015	225,614
Additions	57,690
At 31 December 2016	**283,304**
ACCUMULATED IMPAIRMENT	
At 1 January 2015 and 31 December 2015	20,363
Investment impairment for financial year	-
At 31 December 2016	**20,363**
NET BOOK VALUE	
At 31 December 2016	**262,941**
At 1 January 2016	205,251

The additions in the year and the prior year were the purchase of additional shares in WSP Group Holdings Limited as part of a UK reorganisation. The addition in the prior year was paid in cash whereas the 2016 increase was by way of an issue of shares.

9. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS (continued)

The Company's subsidiary undertakings at 31 December 2016 are listed below:

Principal subsidiary undertaking	Country of incorporation	Principal activities	Proportion of ordinary shares held
WSP Group Holdings Limited	England and Wales	Intermediate holding company	100%
WSP Group Africa (Pty) Limited	South Africa	Multi-disciplined building design	100%
Financial Decisions Limited	England and Wales	Dormant	100%
AB Consulting Limited	England and Wales	Dormant	100%
Graham Consulting Group Limited	England and Wales	Intermediate holding company	100%

10. DEFERRED TAX ASSET

	Pension £'000	Losses £'000	ACAs £'000	Total £'000
Deferred tax asset at 1 January 2015	-	2,363	4	2,367
Charge to income	-	**(199)**	-	**(199)**
Prior year adjustments	-	**68**	-	**68**
Deferred tax asset at 31 December 2015	-	**2,232**	**4**	**2,236**
Charge to income	-	**(1,165)**	-	**(1,165)**
Prior year adjustments	-	-	-	-
Deferred tax asset at 31 December 2016	-	**1,067**	**4**	**1,071**

All deferred tax assets are recognised and considered recoverable due to forecast future profits.

11. LOANS AND OTHER RECEIVABLES

	2016 £'000	2015 £'000
Amounts owed by Group undertakings - trading	**6,646**	5,638
Amounts owed by Group undertakings - funding	**61,628**	57,144
Other receivables	**160**	16
Prepayments and accrued income	-	-
	68,434	62,798

Interest on funding balances between companies within the Group is charged at LIBOR+4% (2015: LIBOR+4%), but no interest is charged if one of the companies is non-trading. Interest is not charged on trading balances between companies within the Group. The balances are unsecured and are repayable on demand.

Trade and other receivables do not contain impaired assets and there is no material difference between the carrying value and fair value of financial assets and financial liabilities at the Balance Sheet date. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

12. CASH AND CASH EQUIVALENTS / FINANCIAL LIABILITIES

	2016 £'000	2015 £'000
At 1 January	**(31,268)**	(12,012)
Net cash flows	**(1,184)**	(19,256)
At 31 December	**(32,452)**	(31,268)

The Company's banking facilities are secured by a fixed and floating charge over its assets.

13. LOANS AND OTHER PAYABLES

	2016 £'000	2015 £'000
Amounts due to Group undertakings - trading	**261**	595
Amounts due to Group undertakings - funding	**8,471**	6,765
Other payables and accruals	**9**	2,012
	8,741	9,372

Interest on funding balances between companies within the Group is charged in line with the relevant inter-bank offer rates, but no interest is charged if one of the companies is dormant. Interest is not charged on trading balances between companies within the Group. The balances are unsecured and are repayable on demand.

14. CALLED UP SHARE CAPITAL AND SHARE PREMIUM

The share capital of the Company comprises of two classes of ordinary shares, the only difference being their nominal values:

	Issue price	Number	Nominal value per share	Allotted, called up and fully paid £'000	Share premium £'000
At 1 January 2015		64,840,195	£0.05	3,242	160,696
Issued during 2016		2	£0.05	-	57,107
At 1 January 2016 and 31 December 2016		**64,840,197**		**3,242**	**217,803**

The Company issued one share to its immediate parent undertaking on 17 November 2016 for £29,107k and one on 12 October 2016 for £28,000k.

15. DIVIDENDS PAID

Dividends paid during the last two years were declared in either Swedish Krona or Sterling:

Date paid	Amount per share	Total dividend SEK'000	Exchange rate	Total dividend £'000
22 July 2015	0.04318GBP	-	-	2,800
Total for 2015	-	-	-	2,800
28 June 2016	0.05552GBP	-	-	3,600
Total for 2016	**-**	**-**	**-**	**3,600**

16. RETIREMENT BENEFIT OBLIGATIONS

The Company used to operate a defined contribution scheme. Contributions were charged to the Income Statement as they are incurred. The total contribution for the year was £nil (2015: £nil).

17. RELATED PARTY TRANSACTIONS

Management fees received from the ultimate parent company were £nil (2015: £Nil) and from other Group companies were £nil (2015: £nil). During the year, the Company received interest on loans to other Group companies of £2,965k (2015: £3,355k) and paid interest on loans from other Group companies of £17k (2015: £16k).

	2016 £'000	2015 £'000
The following amounts were due from fellow members of the Group:		
Subsidiaries	**-**	-
Other fellow members of the Group	**68,274**	62,782
	68,274	62,782
The following amounts were due to fellow members of the Group:		
Subsidiaries	**-**	-
Other fellow members of the Group	**(8,732)**	(7,360)
	(8,732)	(7,360)

18. CASH FLOWS FROM OPERATING ACTIVITIES

	2016 £'000	2015 £'000
Profit before tax	10,789	1,816
Amortisation of intangible assets	9	49
Depreciation	-	-
Impairment of investments	-	895
Movement in provisions	1,196	-
Finance income	(2,965)	(3,355)
Finance costs	298	149
(Increase) / decrease in trade and other receivables	(5,652)	30,186
Decrease in trade and other payables	(3,926)	(3,285)
Foreign exchange and non-cash movements	-	-
Cash (used in) / generated from operations	(251)	26,455

19. GUARANTEES AND CONTINGENT LIABILITIES

At 31 December 2016 and 31 December 2015 the Company guaranteed defined benefit pensions contributions payable by a subsidiary company.

In common with other professional firms, the Group maintains professional indemnity insurance against claims for professional negligence which in the ordinary course of business have been, or may in the future be, received. The directors assess each claim and make provision for legal and settlement costs where, on the basis of advice received, it is considered that a liability may exist. In respect of certain contracts, the Company has granted guarantees to clients in connection with the performance of its subsidiary undertakings.

20. FINANCIAL INSTRUMENTS

(a) Foreign currency risk
The Company is exposed to foreign exchange risk primarily with respect to the Australian Dollar and the South African Rand.

The Company has an overdraft facility of which £32,452k was used at the year-end (2015: £31,268k) which is immediately available for use.

The Company's interest bearing financial liabilities are charged at floating rates. There are no fixed rate or non-interest bearing liabilities (2015: £nil). The floating rate liabilities apply to short and medium-term bank overdrafts and loans with interest rates falling within the range 2.5% to 4% above the relevant country national bank base rates or inter-bank offer rate. The Company's banking facilities are secured by fixed and floating charges over a variety of the Company's assets.

(b) Derivative financial instruments and hedging activities
The Company continually reviews its exposure to interest rate risk and during 2010 fixed the interest on a proportion of the floating rate financial liabilities drawn on the Company's banking facility. This was effected via an interest rate swap where the Company agrees to exchange, at quarterly intervals, the difference between fixed and floating rate interest amounts calculated by reference to an agreed upon notional principal amount. As a result of the refinancing of the Company's banking facilities, the interest rate swaps are no longer highly effective and hedge accounting has been discontinued, resulting in changes in fair value being taken to the Income Statement The fair value of cash flow hedges are recognised in accordance with the provisions governing fair value hedge accounting; that is at amortised cost less the fair value of the hedged interest rate risk. The fair values are determined using valuation techniques which use data from observable markets, and assumptions are based on market conditions existing at each Balance Sheet date. Under IFRS7, these fall within the fair value hierarchy of level 2. The cash flows relating to the cash flow hedges commenced on 31 January 2010 and were fully written off at end of 2015.

21. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The Company's immediate parent undertaking is WSP Holding UK Limited, incorporated in England and Wales.

The ultimate parent undertaking and controlling party of the Company is WSP Global Inc., incorporated in Canada. WSP Global Inc. is the only group for which group financial statements including the Company are drawn up. The Company has taken advantage of Section 401 of the Companies Act 2006 in not preparing consolidated financial statements for the current year. The consolidated financial statements of WSP Global Inc. are available to the public and may be obtained from the WSP website, www.wsp.com.

22. SUBSEQUENT EVENTS

On 23 June 2016 the UK electorate voted to leave the European Union. This decision commences a process that is likely to take a minimum of two years to complete, and during this time the UK remains a member of the European Union. There will be a resulting period of uncertainty for the UK economy with increased volatility expected in financial markets. This does not impact the fair value of assets and liabilities reported at the balance sheet date of 31 December 2016.