

WSP GROUP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

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WSP GROUP LIMITED

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WSP GROUP LIMITED

OFFICERS AND ADVISERS

DIRECTORS:

C Cole
P Dollin

INDEPENDENT AUDITORS:

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

REGISTERED OFFICE:

WSP House
70 Chancery Lane
London
WC2A 1AF

BANKERS:

HSBC Bank plc
City of London Branch
60 Queen Victoria Street
London
EC4N 4TR

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their Strategic Report on WSP Group Limited (the "Company") for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an intermediate holding company of WSP Global Inc., an international group of companies supplying specialist management and integrated services in the built and natural environment. WSP Global Inc. and its subsidiaries are hereinafter collectively referred to as the "Group".

The loss before interest and tax was £1,562k (2012: profit £9,982k).

Further discussion of the principal activities of the Group together with a business review of WSP Global Inc., which includes the Company, is included in the section entitled "Management's Discussion and Analysis" on pages 71 to 119 of the WSP Global Inc. 2013 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 WSP website, www.wspgroup.com.

RESULTS AND DIVIDENDS

The Company's profit after tax for the financial year amounted to £618k (2012: £9,921k).

There was no dividend charge (2012: £9,381k), included in the financial statements for the year ended 31 December 2013.

FUTURE DEVELOPMENTS

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

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.

The development, performance and position of the Group, which includes the Company, is discussed in the section entitled "Management's Discussion and Analysis" on pages 71 to 119 of the WSP Global Inc. 2013 Annual Report, which does not form part of this report.

The Company's directors believe that an analysis using other KPI's for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company.

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. For this reason, 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 discussed on pages 103 to 117 of the WSP Global Inc. 2013 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:



C Cole
Director

12 September 2014

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their report on the Company with the audited financial statements for the year ended 31 December 2013.

DIRECTORS

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

C Cole P Dollin

The Company maintains directors' and officers' liability insurance.

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 its parent company to manage a number of the key financial risks that may affect its performance. The risks are reviewed and monitored 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 2013. At 31 December 2012 the Company had one interest rate swap.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 year. 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 IFRSs 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.

AUDITORS AND DISCLOSURE OF INFORMATION TO AUDITORS

In the case of each director in office at the date this 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 auditors are unaware; and
- he has taken all the steps that he ought to have taken in his duty 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 and a resolution that they be reappointed will be proposed at the annual general meeting.

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



C Cole
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WSP GROUP LIMITED

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its profit and cash flows for the year then ended;
- have been 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by WSP Group Limited, comprise:

- the Income Statement for the year ended 31 December 2013
- the Balance Sheet as at 31 December 2013;
- the Statement of Changes in Equity for the year then ended;
- the Cash Flow Statement 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 their preparation is applicable law and IFRSs as adopted by the European Union.

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.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("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.

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 became aware of any apparent material misstatements or inconsistencies we consider the implications in our report.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

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

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.

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, 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 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.



Paul Aitken (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

12th September 2014

WSP GROUP LIMITED

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013

	<u>Note</u>	<u>2013</u> <u>£'000</u>	<u>2012</u> <u>£'000</u>
REVENUE	2	6,850	7,327
Employee benefit costs	3	(2,608)	(4,934)
Administrative expenses		(5,804)	(12,993)
OPERATING LOSS	4	(1,562)	(10,600)
Dividends received from subsidiaries		-	40,050
Impairment of investment in subsidiary	5	-	(19,468)
(LOSS) / PROFIT BEFORE INTEREST AND TAXATION		(1,562)	9,982
Finance income	6	2,457	3,111
Finance costs	6	(210)	(5,065)
PROFIT BEFORE TAX		685	8,028
Tax (expense) / income	7	(67)	1,893
PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO THE OWNERS		618	9,921

The above results all relate to continuing activities.

There were no gains or losses other than the profit for the financial year stated above.

The notes on pages 10 to 19 form an integral part of these financial statements.

BALANCE SHEET
AS AT 31 DECEMBER 2013

	Note	2013 £'000	2013 £'000	2012 £'000	2012 £'000
ASSETS					
NON-CURRENT ASSETS					
Intangible assets	8		121		189
Property, plant and equipment	9		1		1
Investment in subsidiary and joint venture undertakings	10		149,203		149,203
Deferred tax asset	11		2,155		2,097
			<u>151,480</u>		<u>151,490</u>
CURRENT ASSETS					
Trade and other receivables	12	72,294		68,585	
Cash and cash equivalents		<u>5,414</u>		<u>4,494</u>	
		<u>77,708</u>		<u>73,079</u>	
LIABILITIES					
CURRENT LIABILITIES					
Financial liabilities	13	-		(459)	
Trade and other payables	14	(24,972)		(20,000)	
Liabilities for current taxation		<u>(1,039)</u>		<u>(1,052)</u>	
		<u>(26,011)</u>		<u>(21,511)</u>	
NET CURRENT ASSETS			<u>51,697</u>		<u>51,568</u>
NON-CURRENT LIABILITIES					
Provisions	15		-		(499)
NET ASSETS			<u>203,177</u>		<u>202,559</u>
EQUITY ATTRIBUTABLE TO THE OWNERS					
Called up share capital	16		3,242		3,242
Share premium account			146,637		146,637
Other reserves			8,211		8,211
Retained earnings			<u>45,087</u>		<u>44,469</u>
TOTAL EQUITY			<u>203,177</u>		<u>202,559</u>

The notes on pages 10 to 19 form an integral part of these financial statements.

The financial statements set out on pages 6 to 19 were approved by the Board of Directors and signed on their behalf by:


C Cole
 Director

12 September 2014

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

	Called up share capital £'000	Share premium account £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
AT 1 JANUARY 2012	3,192	82,186	8,211	44,038	137,627
Comprehensive income:					
Profit for the year	-	-	-	9,921	9,921
Total comprehensive income	-	-	-	9,921	9,921
Transactions with owners:					
Dividends	-	-	-	(9,381)	(9,381)
Performance share plan adjustment	-	-	-	(109)	(109)
Issued under Scheme of Arrangement	2,952	-	-	-	2,952
Cancelled under Scheme of Arrangement	(2,952)	-	-	-	(2,952)
Issue of ordinary shares	50	64,451	-	-	64,501
Total transactions with owners	50	64,451	-	(9,490)	55,011
AT 1 JANUARY 2013	3,242	146,637	8,211	44,469	202,559
Comprehensive income:					
Profit for the year	-	-	-	618	618
Total comprehensive income	-	-	-	618	618
AT 31 DECEMBER 2013	3,242	146,637	8,211	45,087	203,177

The notes on pages 10 to 19 form an integral part of these financial statements.

WSP GROUP LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013

	<u>Note</u>	2013 £'000	2012 £'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	17	1,825	34,851
Finance costs paid		(869)	(3,804)
Finance income received		-	942
Taxation paid		(36)	(3,066)
Net cash generated from operating activities		920	28,923
CASH FLOWS USED IN INVESTING ACTIVITIES			
Purchase of associates		-	-
Purchase of intangible assets		-	(1,940)
Net cash used in investing activities		-	(1,940)
CASH FLOWS USED IN FINANCING ACTIVITIES			
Net proceeds of share issues		-	64,501
Drawdown of loan facilities		-	14,847
Repayment of loan facilities		-	(113,861)
Equity dividends received		-	18,854
Equity dividends paid		-	(9,381)
Net cash used in financing activities		-	(25,040)
NET INCREASE IN CASH AND CASH EQUIVALENTS		920	1,943
Cash and cash equivalents at 1 January		4,494	2,551
Cash and cash equivalents at 31 December		5,414	4,494

The notes on pages 10 to 19 form an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) General information

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and IFRIC interpretations as endorsed 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

These financial statements have been prepared on the historical cost basis and on a going concern basis.

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

There are no new IFRSs or IFRIC interpretations that are effective for the first time for the financial year that would be expected to have a material impact on the Company.

(c) Revenue

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

(d) Other income

Investment income comprises dividend income from investments, which is recognised when the Company's right to receive payment is established.

(e) Share based payments

The Company did operate a number of executive and employee share schemes in the prior year. For all grants of share options and awards, the fair value as at the date of grant is calculated using an appropriate option pricing model and the corresponding expense is recognised over the period to which the associated employee's service relates. The Company has taken advantage of the transitional provisions of IFRS 2 'Share-based Payments' in respect of equity-settled awards and has applied IFRS 2 only to equity settled awards granted after 7 November 2002 that had not vested before 1 January 2005.

(f) Pension scheme

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

(g) 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.

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

(h) Taxation

The tax expense for the year comprises of current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively. The 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 operates and generates 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 taxation 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 taxation asset is recognised only to the extent that it is probable that taxable profit will be available to offset against the asset. Deferred taxation 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 taxation 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)**

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

(i) Dividends

Dividends to the shareholders of the Company are recognised in the year that they are approved by the shareholders. Interim dividends are recognised in the year that they are paid.

(j) 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.

(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.

(l) 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%
Fixtures and fittings	10%

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.

(m) Investments

These separate financial statements contain information about WSP Group Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemption provided by section 401 of the Companies Act 2006 not to prepare consolidated financial statements as the results are included in the consolidated financial statements of WSP Global Inc.

(n) 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

(o) Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as either:

- (i) hedges of the fair value of recognised assets and liabilities or a firm commitment (fair value hedge);
- (ii) hedges of a particular risk associated with a recognised asset or liability or a highly probably forecast transaction (cash flow hedge); or
- (iii) hedges of a net investment in a foreign operation (net investment hedge).

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

(o) Derivative financial instruments and hedging activities (continued)

The fair values of derivative instruments used for hedging purposes are shown in Note 19. Movements on the hedging reserve in shareholders' equity are shown in the statement of changes in equity. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Income Statement together with any changes in the fair value of the hedged asset or liability that are attributable to the hedge risk. The Company does not currently have any fair value hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within other finance costs/income – net. The deferred amounts are ultimately recognised through the Income Statement as the instrument runs to maturity. When a hedging instrument ceases to qualify for hedge accounting any cumulative deferred gain or loss existing in equity is recognised in the Income Statement immediately. Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

(p) 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.

(q) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is likely that an outflow of resources embodying economic benefits will be required to settle the obligation and that amount can be reasonably estimated. Where the Company expects all or some of the obligation to be reimbursed, the reimbursement is recognised as a separate asset to the extent that it is virtually certain to be reimbursed. The expense relating to any provision is presented in the Income Statement net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the Balance Sheet date. If material, provisions are determined by discounting the expected future cash flows using rates that reflect current market assessments of the time value of money.

(r) Share capital

Ordinary shares are classified as equity.

(s) 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.

2. REVENUE

The revenue of £6,850k (2012: £7,327k), as defined in Note 1, is attributable to the principal activity of the Company and represents services provided in the United Kingdom.

WSP GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

3. EMPLOYEE BENEFIT COSTS

	2013 £'000	2012 £'000
Staff costs, including directors, were as follows:		
Wages and salaries including termination benefits of £nil (2012: £521k)	2,164	4,014
Social security costs	264	425
Other pension costs - defined contributions (Note 18)	180	316
Share based payments	-	179
Total staff costs	2,608	4,934

	2013 Number	2012 Number
The monthly average number of employees, contract and agency staff, including directors, was as follows:		
Engineering and technical	-	2
Administration	22	29
Total staff	22	31

	2013 £'000	2012 £'000
Aggregate emoluments of the directors of the Company was as follows:		
Salaries and benefits	372	1,144
Post employment benefits	-	185
Contractual entitlement for loss of office	-	521
Non-executive directors' fees	-	225
Aggregate emoluments	372	2,075

In respect of those directors remunerated by the Company, retirement benefits are accruing to nil directors (2012: nil) under a defined contribution scheme. The emoluments, excluding pension contributions, of the highest paid director were £372k (2012: £1,036k). Defined contribution pension payments of £nil (2012: £nil) were made on behalf of the highest paid director.

P Dollin did not receive his remuneration from the Company for the current and prior years but was remunerated by another Group company. The Group do not think it appropriate to apportion these costs to the individual companies that P Dollin is a director of, so no recharges were made to the Company.

4. OPERATING LOSS

Operating loss is stated after charging amortisation of intangible assets £68k (2012: £1,346k), depreciation of property, plant and equipment £nil (2012: £1k) and foreign exchange losses of £2,801k (2012: £1,329k). The audit fee of the Company was borne by another Group company. Other than the statutory audit, no other services were provided to the Company by PricewaterhouseCoopers LLP.

5. IMPAIRMENT OF INVESTMENT IN SUBSIDIARY

	2013 £'000	2012 £'000
Impairment of investment	-	(19,468)

Subsequent to a reduction of capital and payment of a dividend by WSP (US) Finance Limited, the carrying value of that company was impaired during 2012 and reduced to reflect its recoverable value.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

6. FINANCE INCOME AND COSTS

	2013 £'000	2012 £'000
Finance income:		
- Other finance income	-	13
- Interest charged to other Group companies	2,457	3,098
Finance income	2,457	3,111
Interest expense:		
- Group companies	(7)	(39)
- Bank borrowings	(203)	(2,365)
Amortisation of bank fees	-	(2,661)
Finance costs	(210)	(5,065)

During 2012 the Company was re-financed by its ultimate controlling company, WSP Global Inc, and subsequently the un-amortised bank fees carried on the Balance Sheet were written off to the Income Statement.

7. TAX EXPENSE / (INCOME)

	2013 £'000	2012 £'000
(a) Analysis of charge / (credit) in the year		
Current tax:		
Adjustments in respect of prior years	421	29
Overseas withholding tax	36	144
Group relief receivable	(332)	(421)
Total current tax charge / (credit)	125	(248)
Deferred tax:		
Origination and reversal of temporary differences	109	(1,592)
Adjustment in respect of prior years	(507)	(94)
Change in rates	340	41
Total deferred tax credit	(58)	(1,645)
Total tax expense / (income)	67	(1,893)

(b) Factors affecting tax for the year

The total tax charge for the year is lower (2012: lower) than the standard effective rate of corporation tax in the UK of 23.25% (2012: 24.5%). The difference is explained below:

	2013 £'000	2012 £'000
Profit before tax	685	8,028
Profit before tax multiplied by the standard effective rate of corporation tax in the UK of 23.25% (2012: 24.5%)	159	1,967
Other permanently disallowable items	(364)	(3,810)
Adjustments in respect of prior years	421	29
Overseas withholding tax	36	-
Movement on share options	-	(28)
Re-measurement of deferred tax - change in tax rate	322	(145)
Adjustments to deferred tax in respect of previous years	(507)	94
Total tax expense / (income)	67	(1,893)

(c) Factors which may effect the future tax charges

Legislation to reduce the main rate of corporation tax to 21% from 1 April 2014 and to 20% from 1 April 2015 was included in the Finance Act 2013, which was passed by parliament on 17 July 2013. On the basis that the Company does not expect its deferred tax position to unwind prior to 1 April 2015, the deferred tax balances in Note 11 have been calculated at a rate of 20%.

WSP GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)**

8. INTANGIBLE ASSETS

	Computer Software £'000
Cost	
At 1 January 2012	4,157
Additions	1
At 1 January 2013	4,158
Disposals	(3,831)
At 31 December 2013	327
Accumulated amortisation	
At 1 January 2012	2,624
Charge for the year	1,345
At 1 January 2013	3,969
Charge for the year	68
Disposals	(3,831)
31 December 2013	206
Net book value	
At 31 December 2013	121
At 1 January 2013	189
At 1 January 2012	1,533

9. PROPERTY, PLANT AND EQUIPMENT

	Plant and equipment £'000	Fixtures and fittings £'000	Total £'000
Cost			
At 1 January 2012	121	197	318
Disposals	(119)	(197)	(316)
At 1 January 2013 and 31 December 2013	2	-	2
Accumulated depreciation			
At 1 January 2012	119	197	316
Charge in the year	1	-	1
Disposal in the year	(119)	(197)	(316)
At 1 January 2013 and 31 December 2013	1	-	1
Net book value			
At 31 December 2013	1	-	1
At 1 January 2013	1	-	1
At 1 January 2012	2	-	2

WSP GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)**

10. INVESTMENT IN SUBSIDIARY AND JOINT VENTURE UNDERTAKINGS

The Company's interest in subsidiary undertakings was as follows:

	Subsidiary undertakings £'000
Cost	
1 January 2012	122,077
Additions	46,794
Disposals	(200)
At 1 January 2013 and 31 December 2013	168,671
Provision for impairment	
1 January 2012	-
Impairment for the year	19,468
At 1 January 2013 and 31 December 2013	19,468
Net investment	
At 31 December 2013	149,203
At 1 January 2013	149,203
At 1 January 2012	122,077

Additions to investments during the prior year related to capital contributions to WSP Group Holdings Limited of £34,438k and £12,356k. The disposal in the prior year represents the voluntary liquidation of a subsidiary.

The Company's principal subsidiary undertakings at 31 December 2013 are listed below:

Principal subsidiary undertakings	Country of incorporation	Principal activities	Proportion of ordinary shares held
WSP Group Holdings Limited	England and Wales	Intermediate holding company	of ordinary shares held
WSP Group Africa (Pty) Limited	South Africa	Multi-disciplined building design	shares held

11. DEFERRED TAX

Deferred tax asset	2013 £'000	2012 £'000
At 1 January	2,097	546
Prior year adjustment	507	-
(Charged) / credited to income during the year	(109)	1,592
Change in tax rate from 23% to 20% (2012: 25% to 23%)	(340)	(41)
At 31 December	2,155	2,097

The deferred tax asset is primarily in respect of carried forward tax losses. There are no unrecognised deferred tax assets.

Deferred tax liability	2013 £'000	2012 £'000
At 1 January	-	94
Credited to income during the year	-	(94)
At 31 December	-	-

WSP GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)**

12. TRADE AND OTHER RECEIVABLES

	2013 £'000	2012 £'000
Amounts due from Group undertakings - trading	5,755	3,633
Amounts due from Group undertakings - funding	66,445	64,683
Other receivables	7	197
Prepayments and accrued income	87	72
	72,294	68,585

The other classes within trade and other receivables do not contain impaired assets. 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.

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 non-trading. The balances are unsecured and are repayable on demand. Interest is not charged on trading balances between companies within the Group.

13. FINANCIAL LIABILITIES

	2013 £'000	2012 £'000
Current		
Cash flow hedges (Note 19)	-	459

14. TRADE AND OTHER PAYABLES

	2013 £'000	2012 £'000
Trade payables	-	85
Amounts due from Group undertakings - trading	266	521
Amounts due from Group undertakings - funding	18,972	11,523
Other payables and accruals	5,734	7,871
	24,972	20,000

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 non-trading. The balances are unsecured and are repayable on demand. Interest is not charged on trading balances between companies within the Group.

15. PROVISIONS

	2013 £'000	2012 £'000
Movement in total provisions		
At 1 January	499	520
Provisions utilised during the year	(499)	(21)
At 31 December	-	499

The above provision relates to the rent, service charge and other associated costs relating to properties that are vacant or nearing the end of their lease term.

16. CALLED UP SHARE CAPITAL

The share capital of the Company comprises of ordinary shares each with a nominal value of 5p.

	Issue Price	No.'000	Allotted, called up and fully paid £'000
At 1 January 2012		63,839	3,192
Cancelled under Scheme of Arrangement		(59,032)	(2,952)
Issued under Scheme of Arrangement	5p	59,032	2,952
Issued during the year	5p to 64.5p	1,001	50
At 1 January 2013 and 31 December 2013		64,840	3,242

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

17. RECONCILIATION OF PROFIT TO OPERATING CASH FLOWS

	2013 £'000	2012 £'000
Profit before tax	685	8,028
Depreciation	-	1
Performance share plan	-	(109)
Amortisation of intangible assets	68	1,345
Impairment of investment in subsidiary	-	19,468
Dividend income	-	(40,050)
Finance income	(2,457)	(3,111)
Finance costs	210	5,065
Changes in working capital:		
- Decrease in trade and other receivables	3,039	39,702
- (Decrease) / increase in trade and other payables	(2,521)	3,558
- Foreign exchange and non-cash movements	2,801	954
Cash generated from operations	1,825	34,851

18. PENSIONS

The Company operates defined contribution pension schemes. Defined pension contributions of £180k (2012: £316k) were charged to the Income Statement during the year.

19. 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 had £5,414k of cash and cash equivalents at the year end held in bank accounts (2012: £4,494k) 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 (2012: £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 was fully written off at end of 2013.

(c) Fair values

The following table shows the financial liabilities carried at fair value:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Cash flow hedges at 31 December 2013	-	-	-	0
Cash flow hedges at 31 December 2012	-	459	-	459

The financial liabilities of £459k as at 31 December 2012 were interest swaps. In accordance with IAS 39, the Company has reviewed all contracts for embedded derivatives that are required to be separately accounted for if they do not meet certain requirements. No such arrangements have been identified.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

20. GUARANTEES, CONTINGENT LIABILITIES AND OTHER COMMITMENTS

At 31 December 2013 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.

At 31 December 2013 the Company had capital commitments amounting to £nil (2012: £nil).

No other commitments, either authorised or contracted for, existed in the Company at 31 December 2013 (2012: nil).

21. RELATED PARTY TRANSACTIONS

The Company operates as an intermediate holding company for the Group and, as such, receives management fees for services supplied to Group companies. Management fees received from other Group companies amounted to £6,850k (2012: £7,327k). During the year, the Company received interest on loans to other Group companies amounting to £2,457k (2012: £3,098k) and paid interest on loans from other Group companies of £7k (2012: £39k). The Company received no dividends from subsidiary undertakings (2012: £40,050k) and paid no dividends to its parent company (2012: £9,381k).

	2013 £'000	2012 £'000
The following amounts were due from Group undertakings:		
Immediate parent	5,931	-
Subsidiaries	66,247	68,316
Other fellow members of the Group	22	-
	<u>72,200</u>	<u>68,316</u>
The following amounts were due to Group undertakings:		
Subsidiaries	(7,708)	(8,044)
Other fellow members of the Group	(11,530)	(4,000)
	<u>(19,238)</u>	<u>(12,044)</u>

22. 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.wspgroup.com.