Company Registration No. 02136404 (England and Wales)

WSP GROUP LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

WSP GROUP LIMITED

COMPANY INFORMATION

Directors	P Dollin M Barnard
Secretary	K Sewell
Company number	02136404
Registered office	WSP House 70 Chancery Lane London WC2A 1AF
Independent Auditor	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

WSP GROUP LIMITED

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WSP GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their Strategic Report on WSP Group Limited (the "Company") for the year ended 31 December 2017.

Principal activities and business review

The Company is as an intermediate holding company within an international group of companies, supplying specialist management and integrated services in the built and natural environment. The Company previously charged other Group companies for services that it provided, but ceased to provide services during the prior year due to a reorganisation of the Group services. No major changes in the activity of the Company are envisaged in the future.

The operating profit for the financial year was £4,358k (2016: £8,122k).

The Company is a subsidiary of WSP Global Inc., which heads an international group of companies. WSP Global Inc. and its subsidiaries are hereinafter collectively referred to as the "Group". 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. 2017 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.

Principal risks and uncertainties

The directors of WSP Global Inc. manage the Group's principal risks (including financial risks) and uncertainties at a Group level, rather than on an individual company basis. For this reason, the Company's directors consider that a discussion of the Group's risks would not be necessary 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. 2017 Annual Report, which does not form part of this report.

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. 2017 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
30 August 2018

The directors present their report and audited financial statements for the year ended 31 December 2017.

Results and dividends
The results for the year are set out on page 6.

Dividends were paid amounting to £3,600k (2016: £3,600k). The directors do not recommend the payment of a final dividend for the financial year ended 31 December 2017.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

P Dollin	
M Barnard	(Appointed 1 March 2017)
A Noble	(Resigned 2 March 2017)

Directors' insurance
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 currency, 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 guidelines issued by the parent company. The Company had no currency swaps, derivatives or designated hedging instruments as at 31 December 2017 and 31 December 2016.

Post reporting date events
There were no post balance sheet date events.

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

Statement of directors' responsibilities

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 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- 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;
- 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 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.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor

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

Statement of disclosure to auditor

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 auditor is unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

On behalf of the board

M Barnard
Director
30 August 2018

Independent auditors' report to the members of WSP Group Limited

Report on the audit of the financial statements

Opinion

In our opinion, WSP Group Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 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.

We have audited the financial statements, included within the Annual Report, which comprise: the statement of financial position as at 31 December 2017; the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a 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 or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify 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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require 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 year ended 31 December 2017 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 set out on page 3, 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.

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 received 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.

Timothy McAllister (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
30 August 2018

WSP GROUP LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £'000	2016 £'000
Dividend income		6,115	4,657
Administrative expenses		(1,757)	3,465
Operating profit	**4**	4,358	8,122
Finance income	**5**	3,144	2,965
Finance costs	**6**	(342)	(298)
Profit before taxation		7,160	10,789
Income tax expense	**7**	(548)	(1,176)
Profit and total comprehensive income for the year		6,612	9,613

The above results all relate to continuing operations.

The notes on pages 10 to 20 form an integral part of these financial statements.

WSP GROUP LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Notes	2017 £'000	2016 £'000
Non-current assets			
Intangible assets	9	-	-
Investments	10	262,038	262,941
Deferred tax asset	15	523	1,071
		262,561	264,012
Current assets			
Loans and other receivables	12	70,078	68,434
Total assets		332,639	332,446
Current liabilities			
Loans and other payables	14	4,820	6,024
Current tax liabilities		2,717	2,717
Financial liabilities	13	30,854	32,452
		38,391	41,193
Net current assets		31,687	27,241
Non-current liabilities			
Provisions		1,179	1,196
Total liabilities		39,570	42,389
Net assets		293,069	290,057
Equity			
Called up share capital	16	3,242	3,242
Share premium account	17	217,803	217,803
Other reserves		8,211	8,211
Retained earnings		63,813	60,801
Total equity		293,069	290,057

The notes on pages 10 to 20 form an integral part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 30 August 2018 and were signed on its behalf by:

M Barnard
Director

Company Registration No. 02136404

WSP GROUP LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Notes	2017 £'000	2016 £'000
Non-current assets			
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The notes on pages 10 to 20 form an integral part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 22 August 2018 and were signed on its behalf by:

M Barnard
Director

Company Registration No. 02136404

WSP GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Share capital £'000	Share premium account £'000	Other reserves £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2016		3,242	160,696	8,211	54,788	226,937
Year ended 31 December 2016:						
Profit and total comprehensive income for the year		-	-	-	9,613	9,613
Issue of shares	**16**	-	57,107	-	-	57,107
Dividends paid	**8**	-	-	-	(3,600)	(3,600)
Balance at 31 December 2016		3,242	217,803	8,211	60,801	290,057
Year ended 31 December 2017:						
Profit and total comprehensive income for the year		-	-	-	6,612	6,612
Dividends paid	**8**	-	-	-	(3,600)	(3,600)
Balance at 31 December 2017		3,242	217,803	8,211	63,813	293,069

The notes on pages 10 to 20 form an integral part of these financial statements.

WSP GROUP LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £'000	2016 £'000
Cash flows from operating activities			
Cash absorbed by operations	23	(3,719)	(251)
Interest paid		(342)	-
Net cash outflow from operating activities		**(4,061)**	(251)
Cash flows from investing activities			
Interest received		3,144	2,667
Dividends received		6,115	-
Net cash generated from investing activities		**9,259**	2,667
Cash flows from financing activities			
Dividends paid		(3,600)	(3,600)
Net cash used in financing activities		(3,600)	(3,600)
Net increase/(decrease) in cash and cash equivalents		**1,598**	(1,184)
Cash and cash equivalents at beginning of year		(32,452)	(31,268)
Cash and cash equivalents at end of year		**(30,854)**	(32,452)

The notes on pages 10 to 20 form an integral part of these financial statements.

1 Accounting policies

Company information

WSP Group Limited is a private company limited by shares incorporated in England and Wales. The registered office is WSP House, 70 Chancery Lane, London, WC2A 1AF.

1.1 Basis of preparation

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

The Company has taken advantage of the exemption under 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 financial statements have been on the historical cost basis and on the going concern basis. The principal accounting policies adopted are set out below.

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.

1.2 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The resulting calculations under IFRS 13 affected the principles that the Company uses to assess the fair value, but the assessment of fair value under IFRS 13 has not materially changed the fair values recognised or disclosed. IFRS 13 mainly impacts the disclosures of the Company. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards.

1.3 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities. They are carried on the balance sheet at cost.

1.4 Financial assets

Financial assets are recognised in the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss ("FVTPL"), which are measured at fair value.

1 Accounting policies **(Continued)**

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

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

1.5 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

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 through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities

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

1.6 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1 Accounting policies **(Continued)**

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.7 Provisions

Provisions are recognised when the Company has a legal or constructive present obligation as a result of a past event and it is probable that the Company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1.8 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

1.9 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 shareholders.

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

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:

The IASB has issued a new standard for the recognition of revenue, IFRS 15 *Revenue from Contracts with Customers*. This will replace IAS 18 *Revenue* which covers contracts for goods and services and IAS 11 *Construction Contracts* which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption. Management has reviewed the agreements with customers and there is not expected to be any significant changes to revenue recognition. The Company will apply IFRS 15 from 1 January 2018.

IFRS 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. 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.

Given the relatively simple nature of the Company's financial assets and liabilities, no material impact is expected for the Company. There will be no impact on the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Company does not have any such liabilities. The derecognition rules have been transferred from IAS 39 Financial Instruments: Recognition and Measurement and have not been changed. The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under IFRS 15 *Revenue from Contracts with Customers*, lease receivables, loan commitments and certain financial guarantee contracts. Based on the assessments undertaken to date, the Company does not expect any changes. The new standard also introduces expanded disclosure requirements and changes in presentation. These are not expected to significantly change the nature and extent of the Company's disclosures about its financial instruments particularly in the year of the adoption of the new standard. The standard must be applied for financial years commencing on or after 1 January 2018.

IFRS 16 *Leases* was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change. The standard must be applied for financial years commencing on or after 1 January 2019. At this stage, the Company does not intend to adopt the standard before its effective date.

There are no other standards that are not yet effective that would be expected to have a material impact on the Company.

3 Critical accounting estimates and 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. The directors consider the significant judgements to be the carrying value of investments and the recoverability of amounts owed by Group companies.

4 Operating profit

	2017 £'000	2016 £'000
Operating profit for the year is stated after (crediting)/charging:		
Exchange gains	(81)	(3,479)
Waiver of intercompany loan	935	-
Impairment of investments	903	-
Amortisation of intangible assets	-	9

The audit fee of the Company was £5k (2016: £5k) and was borne by another Group company. Other than the statutory audit, no other services were provided to the Company by PricewaterhouseCoopers LLP.

There were no employees during the year or prior year.

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.

No retirement benefits or share based payments were paid or payable to the directors by the Company.

5 Finance income

	2017 £'000	2016 £'000
Intercompany finance income	3,144	2,965

Intercompany finance income arises on loans.

6 Finance costs

	2017 £'000	2016 £'000
Interest on bank overdraft	338	281
Intercompany finance costs	4	17
Total interest expense	342	298

Intercompany finance costs arises on loans.

7 Income tax expense

	2017 £'000	2016 £'000
Deferred tax		
UK corporation tax on profits for the current period	548	1,165
Adjustments in respect of prior years	-	11
	548	1,176

7 Income tax expense **(Continued)**

The charge for the year can be reconciled to the profit per the income statement as follows:

	2017 £'000	2016 £'000
Profit before taxation	7,160	10,789
Expected tax charge based on a corporation tax rate of 19.25% (2016: 20%)	1,378	2,158
Effect of expenses not deductible in determining taxable profit	355	-
Adjustment in respect of prior years - current tax	-	11
Change in tax rates	(8)	(61)
Dividends received	(1,177)	(932)
Taxation charge for the year	548	1,176

The standard rate of corporation tax in the UK changed from 20% to 19% with effect from 1 April 2017. Accordingly the Company's profits for this accounting year are taxed at an effective rate of 19.25%.

In addition further changes were announced to reduce the main rate of UK corporation tax to 17% with effect from 1 April 2020. The rate change will reduce the Company's future current tax charge accordingly.

8 Dividends paid

	2017 amount per share	2016 amount per share	2017 £'000	2016 £'000
Amounts recognised as distributions to equity holders:				
Authorised, issued and fully paid				
Dividend paid	0.05552	0.05552	3,600	3,600

9 Intangible assets

	Software
	£'000
Cost	
At 1 January 2016, 31 December 2016 and 31 December 2017	327
Amortisation	
At 1 January 2016	(318)
Charge for the year	(9)
At 31 December 2016 and 31 December 2017	(327)
Net book value	
At 31 December 2017	-
At 31 December 2016	-
At 31 December 2015	9

10 Investments

	2017	2016
	£'000	£'000
Investments in subsidiaries	262,038	262,941
	262,038	262,941

An impairment charge of £903k has been recognised during the year following a group restructuring programme that involved the dissolution of several subsidiaries.

The directors believe that the carrying value of the investments is supported by their value in use.

11 Subsidiaries

Details of the Company's subsidiaries at 31 December 2017 are as follows:

Name of undertaking	Registered address and country of incorporation	Ownership interest (%)	Nature of business
WSP Group Holdings Limited	70 Chancery Lane, London, WC2A 1AF, England and Wales	100.00	Intermediate holding company
WSP Group Africa (Pty) Limited	199 Bryanston Drive, Bryanston 2191, South Africa	74.00	Multi-disciplined building design
Financial Decisions Limited	70 Chancery Lane, London, WC2A 1AF, England and Wales	100.00	Dormant
AB Consulting Limited	70 Chancery Lane, London, WC2A 1AF, England and Wales	100.00	Dormant
Graham Consulting Group Limited	70 Chancery Lane, London, WC2A 1AF, England and Wales	100.00	Intermediate holding company
WSP Buildings Limited	70 Chancery Lane, London, WC2A 1AF, England and Wales	100.00	Dormant
WSP North Limited	70 Chancery Lane, London, WC2A 1AF, England and Wales	100.00	Dormant

12 Loans and other receivables

	2017 £'000	2016 £'000
Other receivables	-	160
Amounts due from group undertakings - trading	3,547	6,646
Amounts due from group undertakings - funding	65,900	61,628
Prepayments	631	-
	70,078	68,434

Interest on funding balances between companies within the Group is charged at LIBOR+4% (2016: 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.

All 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 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.

13 Financial liabilities

	2017 £'000	2016 £'000
Bank overdrafts	30,854	32,452

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

Interest on bank overdrafts is charged at Bank of England base rate +2.5% (2016: Bank of England base rate +2.5%)

14 Loans and other payables

	2017 £'000	2016 £'000
Amounts due to group undertakings - trading	4,648	261
Amounts due to group undertakings - funding	5	5,754
Accruals	167	9
	4,820	6,024

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

15 Deferred tax asset

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

	ACAs £'000	Tax losses £'000	Total £'000
Deferred tax asset at 1 January 2016	4	2,232	2,236
Deferred tax movements in prior year			
Charge to profit or loss	-	(1,165)	(1,165)
Deferred tax asset at 31 December 2016 and 1 January 2017	4	1,067	1,071
Deferred tax movements in current year			
Charge to profit or loss	(1)	(547)	(548)
Deferred tax asset at 31 December 2017	3	520	523

15 Deferred tax asset **(Continued)**

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

16 Called up share capital

	2017 £'000	2016 £'000
Ordinary share capital		
Authorised, issued and fully paid		
64,840,197 (2016: 64,840,197) of £0.05 each	3,242	3,242

17 Share premium account

	2017 £'000	2016 £'000
At 1 January	217,803	160,696
Issue of new shares	-	57,107
At 31 December	217,803	217,803

During the year ended 31 December 2016, the Company issued one share to its immediate parent undertaking on 12 October 2016 for £28,000k and one share on 17 November 2016 for £29,107k, also to its immediate parent undertaking.

18 Related party transactions

During the year, the Company received interest on loans to other Group companies of £3,144k (2016: £2,965k) and paid interest on loans from other Group companies of £4k (2016: £17k).

At 31 December 2017, £69,447k was due from fellow members of the Group (2016: £68,274k).

At 31 December 2017, £4,653k was due to fellow members of the Group (2016: £6,015k).

19 Financial instruments

The Company is exposed to foreign exchange risk primarily with respect to the South African Rand.

The Company has an overdraft facility of which £30,854k was used at the year end (2016: £32,452k) 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 (2016: £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.

20 Guarantees and contingent liabilities

At 31 December 2017 and 31 December 2016 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.

21 Events after the reporting date

There are no post balance sheet date events.

22 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.

23 Cash generated from operations

	2017 £'000	2016 £'000
Profit for the year after tax	6,612	9,613
Adjustments for:		
Taxation charged	548	1,176
Finance costs	342	298
Dividend income	(6,115)	-
Finance income	(3,144)	(2,965)
Waiver of intercompany loans	935	-
Amortisation and impairment of intangible assets	-	9
Depreciation and impairment of property, plant and equipment	-	-
Impairment of investments	903	-
(Decrease)/increase in provisions	(17)	1,196
(Decrease) in deferred income	-	-
Increase in trade and other receivables	(2,579)	(5,652)
Decrease in trade and other payables	(1,204)	(3,926)
Cash absorbed by operations	(3,719)	(251)