Company Number: 2454665

WSP MANAGEMENT SERVICES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2011

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OFFICERS AND ADVISERS

Directors	C Cole J Harvey M Naysmith P Tremble P Gill J Ratliff A Noble P Dollin M Rogerson
Secretary	G Bisset
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH
Bankers	Barclays Bank Plc 1 Churchill Place London E14 5HP
Registered Office	WSP House 70 Chancery Lane London WC2A 1AF

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 December 2011

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the company is the provision of management services Operating profit increased by £2,293k (2010 decreased by £1,815k) due to a reduced overhead base and revenues derived from sublet and surrender of properties The principal activities and business review of WSP Group plc which includes WSP Management Services Limited are included in the group's annual report which does not form part of this report

RESULTS AND DIVIDENDS

The results for the company show a pre-tax profit of £373k (2010 Loss of £1,781k) for the year and revenue of £30,548k (2010 £36,561k)

FUTURE OUTLOOK

No major changes in the activity of the company are envisaged in the future The directors remain confident that the company will maintain its current level of performance in the future

DIRECTORS

The directors of the company at the date of this report are set out below The directors served during the whole year and until the date of signing the financial statements unless otherwise indicated

C Cole	P Gill	
J Harvey	J Ratliff	
M Naysmith	A Noble	
P Tremble	P Dollin	
	M Rogerson	(appointed 23/02/2011)

PRINICPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the company's strategy are subject to a number of risks The key business risks and uncertainties affecting the company are considered to relate to changes in economic conditions and staff retention Further discussion of these risks and uncertainties, in the context of the group as a whole, is provided in the Financial Review of the group's annual report which does not form part of this report

KEY PERFORMANCE INDICATORS ('KPIs')

The directors of WSP Group plc manage the group's operations on a divisional basis For this reason the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of WSP Management Services Limited The development, performance and position of WSP Group plc, which includes WSP Management Services Limited, is discussed in the Financial Review of the group's annual report which does not form part of this report

DIRECTORS' LIABILITY INSURANCE

As permitted by the Companies Act 2006, WSP Group plc has purchased insurance cover in respect of directors' and officers' liabilities

DONATIONS

During the year the company made charitable donations of £2,000 (2010 £nil) to national charities

EMPLOYEES

The company's policy is to ensure the health, safety and welfare of everyone engaged in, or affected by, its activities A Health and Safety manual is distributed to all employees and the company provides clearly defined training schedules Within the limitations of its business, the company encourages recruitment, training, career development and promotion on the basis of professional capability, without regard to disability, and we are committed to retaining and retraining as necessary employees who become disabled during the course of their employment

The success of the business depends upon maintaining a highly qualified and well-motivated workforce and every effort is made to achieve a common awareness of the financial and economic factors affecting the performance of the company Regular communication with all employees is essential and this is achieved through formal and informal meetings as well as the production and distribution of our internal magazine

FINANCIAL RISK MANAGEMENT

The company's operations expose it to small levels of financial risk that include the effects of credit, liquidity and interest rate risks The company is reliant on its parent company 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 2011 and 31 December 2010

REPORT OF THE DIRECTORS (continued)

CREDIT RISK

The company has no significant concentrations of credit risk and has implemented policies and procedures that require credit checks on potential customers before sales commence Credit control procedures are designed to ensure that project revenue is collected according to agreed terms

LIQUIDITY AND INTEREST RATE RISK

The company's debt is financed by its parent company which ensures that the company has sufficient operating funds Exposure to floating interest rates is monitored and controlled at a group level Full details of how the group minimise interest rate risk is discussed in the business review of the group's annual report

SUPPLIER PAYMENT POLICY

As a service company, the company's principal cost base is its employees who are paid weekly or monthly in arrears Many other costs, such as office rents and insurance, are paid in advance In addition, in common with other businesses in the construction sector, sub-consultants who provide support or specialist services on projects operate on a paid when paid basis

The terms and conditions of payment for the supply of other capital and revenue items are normally agreed with the supplier However, subject to regional practices, and in the absence of any such agreement it is our policy to make payment 60 days after the end of the month in which the supplier's invoice was received The average number of days credit taken by the company for trade purchases at 31 December 2011 115 days (2010 134 days)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year 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 estimates that are reasonable and prudent, and
- state whether applicable International Financial Reporting Standards (IFRS's) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements

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

GOING CONCERN

Based on the commitment from the ultimate holding company, WSP Group plc' to provide financial support to enable the company to meet its liabilities as they fall due for at least twelve months from the date of this report, the directors believe that the company will have adequate resources to continue in operation for the foreseeable future For this reason the directors continue to adopt the going concern basis in preparing the financial statements

AUDITORS AND DISCLOSURE OF INFORMATION TO AUDITORS

In the case of each Director in office at the date the 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

BY ORDER OF THE BOARD

A Noble 25th **May 2012**
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WSP MANAGEMENT SERVICES LIMITED

We have audited the financial statements of WSP Management Services Limited for the year ended 31 December 2011 which comprise the Income Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS
As explained more fully in the Directors' Responsibilities Statement, 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) 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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS
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 directors' report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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

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

Bowker Andrews

Bowker Andrews BSc FCA (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
29 May 2012

Company Number: 2454665

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 £'000	2010 £'000
Revenue	2	**30,548**	36,561
Subcontractor costs		**(184)**	(1,050)
Employee benefit costs	5	**(10,006)**	(11,881)
Cost of sales		**(10,190)**	(12,931)
Gross profit		**20,358**	23,630
Administrative expenses		**(18,614)**	(24,179)
Operating profit/(loss)		**1,744**	(549)
Finance costs	3	**(1,371)**	(1,232)
Profit/(loss) before taxation	4	**373**	(1,781)
Taxation charge/(credit)	6	**(405)**	504
Loss for the financial year attributable to Shareholders		**(32)**	(1,277)

STATEMENT OF COMPREHENSIVE INCOME AND EXPENSE
AS AT 31 DECEMBER 2011

	2011 £'000	2010 £'000
Loss for the financial year	**(32)**	(1,277)
Other comprehensive income:		
Actuarial loss on pension schemes (net of taxation)	**(5,749)**	(3,741)
Other comprehensive expense for the year	**(5,749)**	(3,741)
Total comprehensive expense for the year	**(5,781)**	(5,018)
Attributable to:		
Equity shareholders	**(5,781)**	(5,018)
Total comprehensive expense for the year	**(5,781)**	(5,018)

The above results all relate to continuing activities

The notes on pages 9 to 20 form an integral part of these financial statements

Company Number: 2454665

BALANCE SHEET
AS AT 31 December 2011

	Note	2011 £'000	2011 £'000	2010 £'000	2010 £'000
ASSETS					
NON-CURRENT ASSETS					
Intangible assets	7		**1,430**		1,842
Property, plant and equipment	8		**7,785**		9,202
Deferred taxation asset	10		**10,875**		9,402
			20,090		20,446
CURRENT ASSETS					
Trade and other receivables	9	**8,355**		8,365	
Cash and cash equivalents		**27**		-	
		8,382		8,365	
LIABILITIES					
CURRENT LIABILITIES					
Financial liabilities	12	**(4,664)**		(1,383)	
Trade and other payables	14	**(19,282)**		(22,829)	
		(23,946)		(24,212)	
NET CURRENT LIABILITIES			**(15,564)**		(15,847)
NON-CURRENT LIABILITIES					
Pension liabilities	18		**(37,851)**		(33,047)
Provisions	13		**(1,121)**		(206)
			(38,972)		(33,253)
NET LIABILITIES			**(34,446)**		(28,654)
CAPITAL AND RESERVES					
Called up share capital	17		**9**		9
Share premium account			**79**		79
Retained deficit			**(34,534)**		(28,742)
TOTAL EQUITY			**(34,446)**		(28,654)

The notes on pages 9 to 20 form an integral part of these financial statements

The financial statements set out on pages 5 to 20 were approved by the board of directors and were signed on its behalf by

A Noble 25th **May 2012**
Director

Company Number: 2454665

STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2011

	Share capital £'000	Share premium account £'000	Retained earnings £'000	Shareholders' deficit £'000
At 1 January 2011	**9**	**79**	**(28,742)**	**(28,654)**
Comprehensive income:				
Loss for the year	-	-	**(32)**	**(32)**
Other Comprehensive income:				
Actuarial loss on pension schemes (net of taxation)	-	-	**(5,749)**	**(5,749)**
Total other comprehensive income	-	-	**(5,749)**	**(5,749)**
Total comprehensive income	-	-	**(5,781)**	**(5,781)**
Transactions with owners:				
Performance share plan adjustment	-	-	**(11)**	**(11)**
Total contributions by and distributions to owners	-	-	**(11)**	**(11)**
Total transactions with owners	-	-	**(5,792)**	**(5,792)**
At 31 December 2011	**9**	**79**	**(34,534)**	**(34,446)**
At 1 January 2010	9	79	(23,742)	(23,654)
Comprehensive income				
Loss for the year	-	-	(1,277)	(1,277)
Other Comprehensive income				
Actuarial loss on pension schemes (net of taxation)	-	-	(3,741)	(3,741)
Total other comprehensive income	-	-	(3,741)	(3,741)
Total comprehensive income	-	-	(5,018)	(5,018)
Transactions with owners				
Performance share plan adjustment	-	-	31	31
Deferred taxation related to the performance share plan adjustment	-	-	(13)	(13)
Total contributions by and distributions to owners	-	-	18	18
Total transactions with owners	-	-	(5,000)	(5,000)
At 31 December 2010	9	79	(28,742)	(28,654)

The notes on pages 9 to 20 form an integral part of these financial statements

Company Number: 2454665

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 £'000	2010 £'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in)/generated from operations	20	**(1,729)**	3,138
Finance costs paid	3	**(2)**	(6)
Net cash (outflow)/inflow from operating activities		**(1,731)**	3,132
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of intangible assets		**(181)**	(1,591)
Purchase of property, plant and equipment		**(1,424)**	(1,353)
Net cash used in investing activities		**(1,605)**	(2,944)
Net (decrease)/increase in cash and cash equivalents		**(3,336)**	188
Cash and cash equivelants at 1 January		**(1,262)**	(1,450)
Cash and cash equivelants at 31 December		**(4,598)**	(1,262)

The notes on pages 9 to 20 form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as endorsed by the European Union, IFRIC interpretations 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 Company financial statements, which have been consistently applied are set out as follows

Basis of Presentation
The consolidated financial statements have been prepared on the historical cost basis, except for financial assets available for sale and pension assets and liabilities, all of which have been measured at fair value

The company has made a loss of £32k for the year ended 31 December 2011 (2010 £1,277k) and has net liabilities of £34,446k (2010 £28,654k) The company also has a retained deficit of £34,534k (2010 £28,742k) Whilst the company remains in a net liability position, it has the commitment of its the ultimate parent company, WSP Group plc to provide financial support to enable the company to meet its liabilities as they fall due for at least twelve months from the date of this report and as a result the directors believe that the company will have adequate resources to continue in operation for the foreseeable future The company therefore continues to adopt the going concern basis in preparing its financial statements

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

At the date of authorisation of these financial statements, the following standards and amendments were in issue but not effective for the financial year and not early adopted

IAS 19 Employee benefits (amendment)
IFRS 9 Financial Instruments
IFRS 10 Consolidated financial statements
IFRS 11 Joint arrangements
IFRS 12 Disclosures of interests in other entities
IFRS 13 Fair value measurement
IAS 27 Separate financial statements (revised)

The company intends to adopt the new standard and amendments no later than their applicable date, being in each case no later than the accounting period beginning on 1 January 2013, subject to endorsement by the EU The company has yet to assess the full impact of adopting these new standards and amendments

The following standards and interpretations are in issue but are not currently relevant to the Company's financial statements

IAS 1 Presentation of financial statements (amendment)
IAS 27 Consolidated and Separate Financial Statements, (revised)
IAS 32 Classification of rights issues (amendment)
IAS 38 Intangible assets (amendment)
IFRS2 Group cash-settled share-based payment transactions (amendments)
IFRS 3 Business Combinations (revised)
IFRIC 14 Prepayments to a minimum funding requirement (amendments)
IFRIC 16 Hedges of a net investment in a foreign operation (amendment)
IFRIC 17 Distribution of non-cash assets to owners
IFRIC 18 Transfer of assets from customers
IFRIC 19 Extinguishing financial liabilities with equity instruments
IFRIC 19 Reassessment of embedded derivatives (amendment)

1. ACCOUNTING POLICIES (continued)

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

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

Leasehold improvements	10%
Office 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

Intangible assets

Intangible assets acquired are capitalised at cost and those identified in a business combination are capitalised at fair value as at the date of acquisition Following initial recognition, the carrying amount of an intangible asset is its cost less any accumulated amortisation and any accumulated impairment losses Useful lives of intangible assets are assessed on acquisition to be either indefinite or finite Amortisation is charged as appropriate on those intangibles with finite lives, while those with indefinite lives are tested for impairment Software is amortised on a straight-line basis over the expected useful life which ranges from three to six years and assets arising on business combinations are amortised according to the period in which the benefit is realised

The useful lives for intangible assets are assessed to be as follows

Computer software	3-6 years

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

Trade receivables
Trade receivables are recognised and carried at original invoice amount less an allowance for uncollectable amounts An estimate of uncollectable amounts is made when collection of the full amount is no longer probable Uncollectable amounts are written off to the income statement when identified

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 three 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 ACCOUNTING POLICIES (continued)

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

Borrowings
Borrowings are recognised initially at fair value and borrowing costs are recognised as an expense in the period in which they are incurred, except to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset

Pension schemes
The company maintains a number of defined contribution schemes and contributions are charged to the income statement in the year in which they are due In addition, the company operates defined benefit schemes which require contributions to be made to separately administered funds The cost of providing benefits under defined benefit schemes is determined separately for each scheme using the projected unit credit actuarial valuation method Current and past service costs together with curtailment and settlement costs are charged to operating profit Interest costs which are based on a notional charge based on scheme liabilities during the year, less expected returns on scheme assets, are charged to net finance costs Actuarial gains and losses are fully recognised in equity through the statement of comprehensive income as they arise The balance sheet reflects the schemes' full surplus or deficit at the balance sheet date

Leasing
Finance Leases which transfer to the Company substantially all the risks and benefits of the ownership of the asset are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments Finance costs are charged to the income statement over the period of the agreement Obligations under finance leases are included in financial liabilities net of finance costs allocated to future periods Capitalised lease assets are depreciated over the shorter of the estimated life of the asset or the lease term

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases Rentals paid under operating leases are charged to the income statement as incurred on a straight-line basis over the lease term

Dividends
Final equity dividends to the shareholders of WSP Management Services Ltd are recognised in the period that they are approved by the shareholders Interim equity dividends are recognised in the period that they are paid

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 seperate 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

Taxation
The tax for the period comprises 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 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 taxation balances on all temporary differences between the tax bases of assets and liabilities and 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

1. ACCOUNTING POLICIES (continued)

Revenue
Revenue for WSP Management Services Ltd is predominantly earned from the provision of management services to its ultimate parent company WSP Group plc, its parent company WSP UK Ltd and fellow members of the Group Recharges are made to each of these companies at a pre-agreed contractual rate for each of the services provided which include utilisation of properties, provision of key personnel and support and maintenance of the IT infrastructure

Revenue is stated net of sales tax and is recognised to the extent that it is probable that economic benefits will flow to the company and can be reliably measured Revenue represents the fair value of services provided

Amounts recoverable on contracts are stated at revenue recognised to date less amounts recharged to date Where applicable, amounts billed to external clients are recorded in trade receivables less any provision for impairment To the extent that fees paid on account exceed the value of work performed, they are included in trade and other payables

Provisions
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 the rates that reflect current market assessments of the time value of money

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

Areas requiring critical judgement and estimation that may significantly impact on the company's earnings and financial position are considered to be as follows

Retirement benefit obligations The present value of obligations is calculated on an actuarial basis which depends on a number of assumptions relating to the future These key assumptions are assessed regularly according to market conditions and data available to management Additional details are given in note 19

2 REVENUE

The revenue is attributable to the principal activity of the company and represents services provided in the United Kingdom

3. NET FINANCE COSTS

	2011	2010
Interest on loans and other borrowings wholly repayable within five years	£'000	£'000
Other interest	2	6
Net finance costs on pension liabilities	1,369	1,226
Finance costs	1,371	1,232
Net finance costs	1,371	1,232

4. PROFIT/(LOSS) BEFORE TAXATION

		2011	2010
Profit/(loss) before taxation is stated after charging		£'000	£'000
Auditors' remuneration	- statutory audit	25	20
Depreciation	- owned assets	2,281	2,596
	- leased assets	70	64
Amounts incurred under operating leases			
	- property	4,890	7,067
	- plant & equipment	74	98
Amortisation of intangible assets		593	235
Loss on disposal of property, plant and equipment		490	386

5 DIRECTORS AND EMPLOYEES

	2011	2010
Staff costs, including directors, were as follows	£'000	£'000
Wages and salaries	8,087	9,232
Social security costs	985	1,052
Other pension costs	702	1,046
Share based payments	(11)	31
Contract and agency staff	243	520
Total staff costs	10,006	11,881

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

	2011	2010
	No.	No
Technical and management	38	128
Administration	184	180
Total staff	222	308

	2011	2010
The directors were compensated as follows	£'000	£'000
Short term employment benefits / total emoluments	523	409
Social security costs	69	52
Post-employment benefits	84	46
Share based payments	-	18
	676	525

Retirement benefits are accruing to no directors (2010 1 director) under a defined benefit scheme and 3 directors (2010 2 directors) under a defined contribution scheme The emoluments, excluding pension contributions, of the highest paid director were £251,866 (2010 £166,032) Defined contribution pension payments of £36,000 (2010 £21,000) were made on behalf of the highest paid director

At the balance sheet date amounts held in other payables and accruals in respect of pensions was £406,987 (2010 £398,965)

C Cole, P Tremble, J Harvey, P Gill, J Ratliff and M Naysmith did not receive their remuneration from WSP Management Services Limited and were remunerated by other WSP Group companies

Full details of C Cole and P Gill's share options and long-term incentive plans are disclosed in the group's annual report

6. TAXATION

	2011 £'000	2010 £'000
(a) Analysis of charge in the year		
UK corporation tax on profits/(loss) for the year	**150**	(848)
Adjustments in respect of previous years	**814**	(115)
Current taxation	**964**	(963)
Movement in deferred taxation	**(559)**	459
Taxation - note 6 (b)	**405**	(504)

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

	2011 £'000	2010 £'000
Profit/(loss) before taxation	**373**	(1,781)
Profit/(loss) before taxation multiplied by the standard rate of corporation taxation in the UK of 26 5% (2010 28%)	**99**	(499)
Net impact of permanent differences	**16**	38
Adjustments in respect of previous years	**(66)**	(38)
Tax rate differentials	**352**	-
Movement in reserves	**-**	(1)
Performance share plan deferred tax	**4**	(4)
Total taxation	**405**	(504)

	2011 £'000	2010 £'000
(c) Taxation items credited/(charged) to equity		
Deferred taxation related to the Performance Share Plan adjustment	**-**	(13)
Deferred taxation related to the actuarial loss on pension scheme	**917**	1,443
	917	1,430

7. INTANGIBLE ASSETS

	Computer software £'000
COST	
At 1 January 2010	2,027
Additions	1,591
Disposals	(61)
At 1 January 2011	**3,557**
Additions	**181**
Disposals	**(1,121)**
At 31 December 2011	**2,617**
AMORTISATION	
At 1 January 2010	1,488
Charge for the year	235
Disposals	(8)
At 1 January 2011	**1,715**
Charge for the year	**593**
Disposals	**(1,121)**
At 31 December 2011	**1,187**
NET BOOK VALUE	
At 31 December 2011	**1,430**
At 31 December 2010	1,842
At 1 January 2010	539

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2011

8. PROPERTY, PLANT AND EQUIPMENT	Leasehold improvements £'000	Office equipment £'000	Fixtures and fittings £'000	**Total £'000**
COST				
At 1 January 2010	5,606	10,100	6,493	22,199
Additions	91	918	344	1,353
Disposals	(110)	(140)	(318)	(568)
At 1 January 2011	**5,587**	**10,878**	**6,519**	**22,984**
Additions	**-**	**1,070**	**354**	**1,424**
Disposals	**(411)**	**(5,443)**	**(272)**	**(6,126)**
At 31 December 2011	**5,176**	**6,505**	**6,601**	**18,282**
DEPRECIATION				
At 1 January 2010	1,341	7,112	3,052	11,505
Charge for the year	581	1,421	658	2,660
Disposals	(94)	(80)	(209)	(383)
At 1 January 2011	**1,828**	**8,453**	**3,501**	**13,782**
Charge for the year	**504**	**1,249**	**598**	**2,351**
Disposals	**(130)**	**(5,426)**	**(80)**	**(5,636)**
At 31 December 2011	**2,202**	**4,276**	**4,019**	**10,497**
NET BOOK VALUE				
At 31 December 2011	**2,974**	**2,229**	**2,582**	**7,785**
At 31 December 2010	3,759	2,425	3,018	9,202
At 1 January 2010	4,265	2,988	3,441	10,694

9. TRADE AND OTHER RECEIVABLES	**2011 £'000**	2010 £'000
Trade receivables	**954**	189
Amounts recoverable on contracts	**271**	1,337
Amounts owed by group undertakings	**3,465**	3,273
Other taxes and social security	**83**	-
Other receivables	**10**	-
Prepayments and accrued income	**3,572**	3,566
	8,355	8,365

Included in amounts owed by group undertakings is £nil (2010 £961,000) relating to corporation tax recoverable

Interest on loans between companies within the WSP Group is charged at LIBOR + 1% The loans are unsecured and are repayable on demand

9. TRADE AND OTHER RECEIVABLES (continued)

As of 31 December 2011, trade receivables of £10,000 (2010 £55,000) were past due but not impaired

The carrying amounts of the company's trade and other receivables are denominated in the following currencies

	2011 £'000	2010 £'000
Sterling	954	189
	954	189

The company has no provisions for impairment of trade receivables (2010 nil)

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

10. DEFERRED TAXATION ASSET

	ACAs £'000	Pension £'000	Other temporary differences £'000	Total £'000
Deferred taxation asset at 1 January 2010	82	8,313	23	8,418
Charged in the year	117	(504)	4	(383)
Prior Year Adjustments	(75)	(1)	-	(76)
Movement in reserves	-	1,456	(13)	1,443
Deferred taxation asset at 1 January 2011	124	9,264	14	9,402
Charged in the year	390	(708)	(4)	(322)
Prior Year Adjustments	881	-	-	881
Movement in reserves	-	917	(3)	914
Deferred taxation asset at 31 December 2011	1,395	9,473	7	10,875

11. BANKING FACILITIES

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

12. FINANCIAL LIABILITIES

	2011	2010
Current	£'000	£'000
Finance Lease commitments	39	121
Bank overdraft	4,625	1,262
	4,664	1,383

13. PROVISIONS

Property Provisions	2011 £'000	2010 £'000
At 1 January 2011	206	259
Net Accruals in year	915	(53)
At 31 December 2011	1,121	206

The property provision relates to associated costs for all properties which will become payable at the end of each lease term The amount and timing of payments will depend on future commercial agreements

14. TRADE AND OTHER PAYABLES

	2011 £'000	2010 £'000
Trade payables	**4,478**	3,861
Amounts owed to group undertakings	**6,152**	7,764
Payments on account	**347**	542
Other taxes and social security costs	**-**	653
Other payables and accruals	**8,305**	10,009
	19,282	22,829

Included in amounts owed to group undertakings is £673,288 relating to corporation tax payable (2010 nil)

Interest on loans between companies within the WSP Group is charged at market rates The loans are unsecured and are repayable on demand

15. CONTINGENT LIABILITIES

The company has cross guaranteed the net bank overdrafts of fellow group companies The maximum potential liability at 31 December 2011 is £nil (2010 £nil)

16. OPERATING LEASE COMMITMENTS

At 31 December there existed the following commitments under operating leases which expire

		2011 £'000	2010 £'000
Equipment	Operating leases which expire		
	Within one year	**116**	84
	Within two to five years	**161**	9
		277	93
Property	Operating leases which expire		
	Within one year	**2,966**	3,042
	Within two to five years	**11,075**	11,181
	Greater than five years	**15,623**	19,518
		29,664	33,741

Operating lease expenses charged to the income statement are lower than the commitments due to the fact that the charges are borne by another group company

17. CALLED UP SHARE CAPITAL

	2011 £'000	2010 £'000
Authorised		
250,000 Ordinary shares of £1 each (2010 250,000 Ordinary shares of £1 each)	**250**	250
Allotted, called up and fully paid		
8,777 ordinary shares of £1 each (2010 8,777 ordinary shares of £1 each)	**9**	9

18. PENSIONS

Pension costs included in employee benefit costs consist of the following:

	2011	2010
	£'000	£'000
Defined benefit schemes	381	652
Defined contribution schemes	321	394
	702	1,046

The company operates both defined contribution and defined benefit pension schemes Defined contributions are charged to the profit and loss account as they are incurred

The company operates six separate defined benefit schemes, all of which are closed to new members The assets of the schemes are held separately from those of the company in independently administered funds The contributions payable by the company are guaranteed by WSP Group plc, the ultimate parent company of WSP Management Services Limited

For funded defined benefit plans, any deficit of the fair value of plan assets over the present value of the defined benefit obligation is recognised as a liability in the balance sheet, taking into account any unrecognised actuarial gains or losses and past service cost Actuarial gains and losses are recognised in full as they arise in the statement of comprehensive income These reflect changes in actuarial assumptions, and differences between actuarial assumptions and what has actually occurred

The actuarial cost charged to the income statement in respect of defined benefit plans consists of current service costs, interest costs, expected return on plan assets, past service costs and the effect of settlement curtailments

The liabilities of the company arising from defined benefit obligations and their related current service cost are determined using the projected unit credit method Valuations are performed annually for the largest plans and on a regular basis for other plans Actuarial advice is provided both by external consultants and actuaries The actuarial assumptions used to calculate the benefit obligations are set out below To develop the expected long-term rate of return on assets assumption, the company considered the current level of expected returns on risk free investments (primarily UK government bonds) and the historical level of risk premium associated with the other asset classes in which the portfolio is invested The expected return for each asset class was then applied to the schemes' asset allocations to develop the overall expected long-term rate of return for the combined portfolios

	2011	2010
Rate of increase in pensionable salaries	nil	nil
Rate of increase in pensions in payment	3.2%	3 6%
Discount rate	4.9%	5 4%
Inflation assumption	3.2%	3 7%
Expected return on plan assets	5.4%	5 9%

18. PENSIONS (continued)

The major categories of plan assets as a percentage of total plan assets are as follows

	2011	2010
Equities	**61%**	56%
Bonds	**30%**	31%
Property	**1%**	1%
Other	**8%**	12%

	2011 £'000	2010 £'000
Fair value of plan assets	**61,510**	61,489
Present value of funded obligations	**(99,361)**	(94,536)
Pension liability	**(37,851)**	(33,047)

Amounts recognised in the income statement are as follows·

	2011 £'000	2010 £'000
Current service cost	**381**	652
Finance cost	**5,044**	4,071
Expected return on plan assets	**(3,675)**	(3,475)
Total charge to the income statement	**1,750**	1,878

Changes in the present value of the defined benefit obligation are as follows

	2011 £'000	2010 £'000
Present value of obligation as at 1 January	**94,536**	83,231
Service cost	**377**	652
Contributions	**325**	410
Benefits paid	**(2,573)**	(2,020)
Finance cost	**5,044**	4,701
Actuarial losses	**1,652**	7,562
Present value of obligation as at 31 December	**99,361**	94,536

Changes in the fair value of plan assets are as follows·

	2011	2010
Fair value of plan assets as at 1 January	**61,489**	53,698
Expected return on plan assets	**3,675**	3,475
Contributions	**3,937**	3,970
Benefits paid	**(2,577)**	(2,020)
Actuarial gains/(losses)	**(5,014)**	2,366
Fair value of plan assets as at 31 December	**61,510**	61,489

Analysis of the movement in net Pension Scheme liabilities

	2011	2010
As at 1 January	**33,047**	29,533
Total charge	**1,750**	1,878
Contributions	**(3,612)**	(3,560)
Net actuarial losses recognised in the year	**6,666**	5,196
As at 31 December	**37,851**	33,047

Cumulative actuarial gains and losses recognised in equity

	2011	2010
As at 1 January	**19,319**	14,123
Net actuarial losses recognised in the year	**6,666**	5,196
As at 31 December	**25,985**	19,319

History of experience gains and losses	**2011**	2010	2009	2008	2007
Experience adjustments arising on scheme assets					
Amount (£'000)	**(4,942)**	2,388	4,601	(13,745)	(436)
Percentage of scheme assets	**(8%)**	4%	10%	(25%)	(1%)
Experience adjustments arising on scheme liabilities					
Amount (£'000)	**188**	438	(14)	(700)	(2,700)
Percentage of scheme liabilities	**-**	(1%)	-	(1%)	(3%)
Changes in the assumptions underlying the value of scheme liabilities					
Amount (£'000)	**1,955**	8,022	18,096	(7,046)	(2,570)
Percentage of scheme liabilities	**2%**	10%	29%	(10%)	(4%)
Present value of scheme liabilities (£'000)	**(99,361)**	(94,536)	(83,231)	(63,586)	(67,785)
Fair value of scheme assets (£'000)	**61,510**	61,489	53,698	45,207	53,810
Deficit (£'000)	**(37,851)**	(33,047)	(29,533)	(18,379)	(13,975)

The combined employee and employer contributions expected to be paid during the financial year ended 31 December 2012 amount to £3 9m

19. RELATED PARTY TRANSACTIONS

Durıng the year the company earned fees of £nıl (2010 £nıl) from ıts ultımate parent company, WSP Group plc At the balance sheet date the company was owed £80,313 (2010 £309,217) by WSP Group plc and owed £ 352,098 (2010 £1,470,474) to WSP Group plc

Durıng the year the company earned fees of £25,323 (2010 £128,620) from ıts ımmedıate parent company, WSP UK Ltd At the balance sheet date the company was owed £ 2,001,920 (2010 £746,382) by WSP UK Ltd and owed £4,916,060 (2010 £6,103,068) to WSP UK Ltd

Durıng the year the company earned fees of £ 234,974 (2010 £84,138) and ıncurred costs of £ 234,974 (2010 £84,138) from fellow members of the WSP Group At the balance sheet date the company owed £ 210,365 (2010 £664,368), and was due £ 1,383,565 (2010 £2,003,048) from fellow members of the WSP Group

Durıng the year the company made recharges agaınst fellow members of the WSP Group of £29,417,000 (2010 £36,561,348)

20. CASH FLOWS FROM OPERATING ACTIVITIES

	2011	2010
	£'000	£'000
Loss for the financıal year	**(32)**	(1,277)
Taxatıon	**405**	(504)
Fınance costs	**1,371**	1,232
Deprecıatıon	**2,351**	2,660
Loss on dısposal of property, plant and equıpment	**490**	386
Amortısatıon of ıntangıble assets	**593**	235
Performance share plan	**(11)**	44
Defined benefit pensıon contrıbutıon	**(2,314)**	(2,908)
Other non cash ıtems – movement ın provısıons	**915**	53
(Increase)/decrease ın trade and other receıvables	**(951)**	8,850
Decrease ın trade and other payables	**(4,546)**	(5,633)
Cash (utılısed ın)/generated from operatıons	**(1,729)**	3,138

21. FINANCIAL INSTRUMENTS

At 31 December 2011 and 2010 all financıal lıabılıtıes were denomınated ın Sterlıng and were repayable on demand

The company's objectıves when managıng capıtal are to safeguard the company's abılıty to contınue as a goıng concern ın order to provıde returns for shareholders and benefits for other stakeholders and to reduce the costs of capıtal Net debt ıs defined as total current and non-current borrowıngs less cash and cash equıvalents

The company has no sıgnıficant concentratıons of credıt rısk The company has ımplemented polıcıes that requıre approprıate credıt checks on potentıal customers before sales commence

There were no outstandıng currency swaps or derıvatıves at 31 December 2011 (2010 £nıl) and no desıgnated hedges as defined by IAS 39, 'Fınancıal Instruments Recognıtıon and Measurement' In accordance wıth IAS 39, the company has revıewed all contracts for embedded derıvatıves that are requıred to be separately accounted for ıf they do not meet certaın requırements No such arrangements have been ıdentıfied

At 31 December 2011 and 2010 the company was not exposed to any sıgnıficant foreıgn currency rısk

22. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The ımmedıate parent of WSP Management Servıces Lımıted ıs WSP UK Lımıted and the ultımate parent undertakıng and controllıng party of WSP Management Servıces Lımıted ıs WSP Group plc, ıncorporated ın England WSP Group plc ıs the only group for whıch group financıal statements ıncludıng WSP Management Servıces Lımıted are drawn up The consolıdated accounts of WSP Group plc are avaılable to the publıc and may be obtaıned from WSP Group plc, WSP House, 70 Chancery Lane, London WC2A 1AF