

**WSP EUROPEAN HOLDINGS LIMITED**  
**ANNUAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**



# WSP EUROPEAN HOLDINGS LIMITED

## COMPANY INFORMATION

---

**Directors**

M Barnard  
M Naysmith

**Secretary**

K Sewell

**Company number**

04121721

**Registered office**

WSP House  
70 Chancery Lane  
London  
United Kingdom  
WC2A 1AF

**Independent auditor**

PricewaterhouseCoopers LLP  
1 Embankment Place  
London  
WC2N 6RH

**Bankers**

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

---

# **WSP EUROPEAN HOLDINGS LIMITED**

## **CONTENTS**

---

|                                       | <b>Page(s)</b> |
|---------------------------------------|----------------|
| Strategic report                      | 1              |
| Directors' report                     | 2              |
| Directors' responsibilities statement | 3              |
| Independent auditors' report          | 4 - 5          |
| Statement of comprehensive income     | 6              |
| Statement of financial position       | 7              |
| Statement of changes in equity        | 8              |
| Statement of cash flows               | 9              |
| Notes to the financial statements     | 10 - 21        |

---

# WSP EUROPEAN HOLDINGS LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2018

---

The directors present the strategic report on WSP European Holdings Limited (the "Company") for the year ended 31 December 2018.

#### Review of the business

The Company is an intermediate holding company within an international group of companies, providing leading engineering and design services while establishing a strong commitment to the surrounding communities as well as local and national clients. This group is headed by WSP Global Inc., which with its subsidiaries, including the Company, is 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. 2018 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](http://www.wsp.com).

#### Principal risks and uncertainties

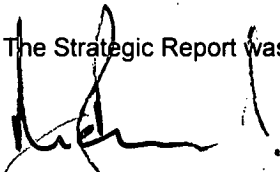
The company is exposed to a number of financial market risks including credit risk, liquidity risk and interest rates. Although the Company takes steps to manage its own financial risks, the directors of WSP Global Inc. manage the Group's principal risks (including financial risks) and uncertainties 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. 2018 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 key performance indicators 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. 2018 Annual Report, which does not form part of this report.

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



M Barnard  
Director

14 August 2019

# **WSP EUROPEAN HOLDINGS LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2018**

---

The directors present their report and audited financial statements on the Company for the year ended 31 December 2018.

#### **Results and dividends**

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

Ordinary dividends were paid amounting to £3,112,000 (2017: £56,000,000). The directors do not recommend payment of a final dividend.

#### **Directors**

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

M Barnard  
M Naysmith

#### **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.

#### **Post reporting date events**

On 30 April 2019, the Company acquired 100% of the share capital of Indigo Planning Limited from a third party. Total consideration is £6,000,000, of which £800,000 is contingent on future events. Other than this acquisition, there were no post balance sheet date events.

#### **Future developments**

The Company will continue to be an intermediate holding company within the Group.

#### **Independent auditor**

Pursuant to Section 485 of the Companies Act 2006, the auditor will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore 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

14 August 2019

# **WSP EUROPEAN HOLDINGS LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

### **FOR THE YEAR ENDED 31 DECEMBER 2018**

---

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 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.

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.

# ***Independent auditors' report to the members of WSP European Holdings Limited***

## **Report on the audit of the financial statements**

---

### **Opinion**

In our opinion, WSP European Holdings Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 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 2018; 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**

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.

We have nothing to report in respect of the above matters.

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. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

---

### **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 2018 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 Directors' responsibilities statement 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](http://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.

---

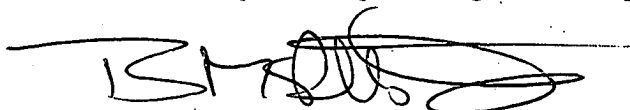
## **Other required reporting**

### **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  
14 August 2019



**WSP EUROPEAN HOLDINGS LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

|   | Note | 2018<br>£'000 | 2017<br>£'000  |
|---|------|---------------|----------------|
| Dividend income   | 4    | 5,000         | 56,000         |
| Impairment of investment  |      | (5,000)       | (58,375)       |
| Waiver of intercompany loan                                       |      | (1,000)       | -              |
| Interest income   |      | 8             | 31             |
| <b>Loss before taxation</b>                                       |      | <b>(992)</b>  | <b>(2,344)</b> |
| Income tax expense  | 6    | (2)           | (6)            |
| <b>Loss and total comprehensive income/(expense) for the year</b> |      | <b>(994)</b>  | <b>(2,350)</b> |

The above results all relate to continuing operations.

The accompanying notes form an integral part of these financial statements.

# WSP EUROPEAN HOLDINGS LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

|                             | Note | 2018<br>£'000 | 2017<br>£'000 |
|-----------------------------|------|---------------|---------------|
| <b>Non-current assets</b>   |      |               |               |
| Investments                 | 8    | 30,578        | 31,652        |
| <b>Current assets</b>       |      |               |               |
| Loans and other receivables | 10   | 8             | 3,032         |
| Cash and cash equivalents   |      | 342           | 343           |
|                             |      | 350           | 3,375         |
| <b>Total assets</b>         |      | 30,928        | 35,027        |
| <b>Current liabilities</b>  |      |               |               |
| Loans and other payables    | 11   | 11            | -             |
| Current tax liabilities     |      | 2             | 6             |
|                             |      | 13            | 6             |
| <b>Net current assets</b>   |      | 337           | 3,369         |
| <b>Total liabilities</b>    |      | 13            | 6             |
| <b>Net assets</b>           |      | 30,915        | 35,021        |
| <b>Equity</b>               |      |               |               |
| Called up share capital     | 12   | 15,352        | 15,352        |
| Share premium account       | 13   | 2,000         | 2,000         |
| Retained earnings           |      | 13,563        | 17,669        |
| <b>Total equity</b>         |      | 30,915        | 35,021        |

The accompanying notes form an integral part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 14 August 2019 and are signed on its behalf by:

  
M Barnard  
Director

Company Registration No. 04121721

# WSP EUROPEAN HOLDINGS LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

|   |       | Share<br>capital | Share<br>premium<br>account | Retained<br>earnings | Total    |
|---|-------|------------------|-----------------------------|----------------------|----------|
|   | Notes | £'000            | £'000                       | £'000                | £'000    |
| <b>Balance at 1 January 2017</b>                  |       | 15,352           | 78,000                      | 19                   | 93,371   |
| <b>Year ended 31 December 2017:</b>               |       |                  |                             |                      |          |
| Loss and total comprehensive expense for the year |       | -                | -                           | (2,350)              | (2,350)  |
| Dividends paid                                    | 7     | -                | -                           | (56,000)             | (56,000) |
| Capital reduction                                 |       | -                | (76,000)                    | 76,000               | -        |
| <b>Balance at 31 December 2017</b>                |       | 15,352           | 2,000                       | 17,669               | 35,021   |
| <b>Year ended 31 December 2018:</b>               |       |                  |                             |                      |          |
| Loss and total comprehensive income for the year  |       | -                | -                           | (994)                | (994)    |
| Dividends paid                                    | 7     | -                | -                           | (3,112)              | (3,112)  |
| <b>Balance at 31 December 2018</b>                |       | 15,352           | 2,000                       | 13,563               | 30,915   |

The accompanying notes form an integral part of these financial statements.

# WSP EUROPEAN HOLDINGS LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

|   | Note | 2018<br>£'000 | 2017<br>£'000 |
|---|------|---------------|---------------|
| <b>Cash flows from operating activities</b>                 |      |               |               |
| Cash generated from/(absorbed by) operations                | 17   | 2,035         | (8)           |
| Tax paid  |      | (6)           | (5)           |
| <b>Net cash inflow/(outflow) from operating activities</b>  |      | 2,029         | (13)          |
| <b>Investing activities</b>                                 |      |               |               |
| Purchase of investments                                     | 7    | (3,926)       | -             |
| Interest received   |      | 8             | 31            |
| Dividends received  |      | 5,000         | 56,000        |
| <b>Net cash generated from investing activities</b>         |      | 1,082         | 56,031        |
| <b>Financing activities</b>                                 |      |               |               |
| Dividends paid  |      | (3,112)       | (56,000)      |
| <b>Net cash used in financing activities</b>                |      | (3,112)       | (56,000)      |
| <b>Net (decrease)/increase in cash and cash equivalents</b> |      | (1)           | 18            |
| Cash and cash equivalents at beginning of year              |      | 343           | 325           |
| Cash and cash equivalents at end of year                    |      | 342           | 343           |

The accompanying notes form an integral part of these financial statements.

# WSP EUROPEAN HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2018

#### 1 Accounting policies

##### Company information

WSP European Holdings Limited is a private company limited by shares incorporated in England and Wales. Its 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, Interpretations issued by the IFRS Interpretation Committee 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](http://www.wsp.com).

The financial statements have been prepared 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 Investments

Investments in Group undertakings are stated at cost less any provision for impairment. Income from investments is recorded when the right to receive dividends is established. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

##### 1.3 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. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards.

##### 1.4 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.

##### 1.5 Financial Instruments

The table below summarises the classification and measurement of the Company's financial instruments accounted for under IFRS 9 as compared to the Company's previous policy in accordance with IAS 39 Financial Instruments: Recognition and Measurement

| Classification and measurement              | IAS 39<br>31 December<br>2017 | IFRS 9<br>1 January<br>2018 |
|---|-------------------------------|-----------------------------|
| <b>Assets</b>                               |                               |                             |
| Cash  | Amortised cost                | Amortised cost              |
| Intercompany receivables, other receivables | Amortised cost                | Amortised cost              |

# WSP EUROPEAN HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

---

#### 1 Accounting policies

##### Liabilities

|  |                |                |
|--|----------------|----------------|
| Accounts payable and accrued liabilities, excluding provisions | Amortised cost | Amortised cost |
| Long-term debt (including current portion)                     | Amortised cost | Amortised cost |

IFRS 9 Financial Instruments uses a single approach to determine whether a financial asset is classified and measured at amortised cost or fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial asset.

Financial liabilities (excluding derivatives) are derecognised when the obligation specified in the contract is discarded, cancelled or expired. For financial liabilities, IFRS 9 retains most of the IAS 39 recognition and measurement requirements.

IFRS 9 also introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial recognition. The Company elected to apply the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance.

The adoption of the expected credit loss impairment model did not have a significant impact on the Company's financial statements.

##### Determination of Fair Value

The fair value of a financial instrument is the amount of consideration that would be agreed to be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Subsequent to initial recognition, the fair values of financial instruments that are quoted in active markets are based on bid prices for financial assets held and offer prices for financial liabilities. When independent prices are not available, fair values are determined by using valuation techniques that refer to observable market inputs and minimising the use of unobservable inputs.

##### Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

##### *Financial instruments - policy applicable to prior to 1 January 2018*

##### 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.

# WSP EUROPEAN HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

---

### 1 Accounting policies

#### **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.

### 1.6 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.

### 1.7 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

### 1.8 Taxation

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

# **WSP EUROPEAN HOLDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2018**

---

#### **1 Accounting policies**

##### ***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.

##### ***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.

#### **1.9 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.



# WSP EUROPEAN HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 1 Accounting policies

#### 1.10 Capital management

For the purpose of capital management, capital includes intercompany funding liabilities and total equity, net of cash.

|                                  | 2018<br>£'000 | 2017<br>£'000 |
|----------------------------------|---------------|---------------|
| Intercompany funding liabilities | 11            | -             |
| Total equity                     | 30,915        | 35,021        |
|                                  | 30,926        | 35,021        |
| Less cash                        | (342)         | (343)         |
|                                  | 30,584        | 34,678        |

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

At 31 December 2018 and 31 December 2017 all financial liabilities were denominated in Sterling and were repayable on demand.

The Company has no significant concentrations of credit risk.

There are no arrangements identified which include embedded derivatives which would require to be accounted for separately under IFRS.

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

# WSP EUROPEAN HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

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

In the current year, the following new and revised Standards and Interpretations have been adopted by the company and have an effect on the current period or a prior period or may have an effect on future periods:

IFRS 9

Financial Instruments

#### Adoption of IFRS 9 Financial Instruments

The Company has adopted all of the requirements of IFRS 9 Financial Instruments as at 1 January 2018, where relevant to the Company. The table below summarises the classification and measurement of the Company's financial instruments accounted for under IFRS 9 as compared to the Company's previous policy in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

| Classification and measurement                                 | IAS 39<br>31 December 2017 | IFRS 9<br>1 January 2018 |
|--|----------------------------|--------------------------|
| <b>Assets</b>  |                            |                          |
| Cash   | Amortised cost             | Amortised cost           |
| Intercompany receivables, other receivables                    | Amortised cost             | Amortised cost           |
| <b>Liabilities</b>   |                            |                          |
| Accounts payable and accrued liabilities, excluding provisions | Amortised cost             | Amortised cost           |
| Long-term debt (including current portion)                     | Amortised cost             | Amortised cost           |

The implementation of IFRS 9 by the Company did not have an effect on opening equity balances at 1 January 2018.

#### Standards which are in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not yet been applied in these financial statements, were in issue but not yet effective:

IFRS 16

Leases

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. The Company is not a contracting party to any lease arrangements therefore this standard is not expected to have an effect on the financial results of the Company.

There are no other standards that are not yet effective that would be expected to have a material impact on the Company in the current or future reporting periods.

# WSP EUROPEAN HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 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 Dividend income

Dividend income was received from the following subsidiaries:

|                         | 2018<br>£'000 | 2017<br>£'000 |
|-------------------------|---------------|---------------|
| WSP Remediation Limited | 2,000         | -             |
| WSP CEL Limited         | 3,000         | -             |
| Mouchel Limited         | -             | 56,000        |
|                         | <u>5,000</u>  | <u>56,000</u> |

### 5 Operating loss before tax

The audit fee of the Company was £5,000 (2017: £5,000) and was borne by a fellow Group undertaking. Other than the statutory audit, no services were provided to the Company by PricewaterhouseCoopers LLP in the year.

There were no employees during the year or the prior year.

The emoluments of the directors were paid by another Group company. The directors are directors of a number of fellow subsidiaries of the Company and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, no recharges are made to the Company for the directors (2017: £nil) and no emoluments are disclosed in respect of the directors (2017: £nil).

### 6 Income tax expense

|  | 2018<br>£'000 | 2017<br>£'000 |
|--|---------------|---------------|
| Current tax  |               |               |
| UK corporation tax on profits for the current period | <u>2</u>      | <u>6</u>      |

# WSP EUROPEAN HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

#### 6 Income tax expense

The charge for the year can be reconciled to the profit/(loss) per the Statement of Comprehensive Income as follows:

|  | 2018<br>£'000 | 2017<br>£'000 |
|--|---------------|---------------|
| Loss before taxation   | (992)         | (2,344)       |
| Expected tax charge/(credit) based on a corporation tax rate of 19% (2017: 19.25%) | (188)         | (451)         |
| Income not taxable - dividends   | (950)         | (10,778)      |
| Expenses not assessed for income tax   | 190           | -             |
| Effect of impairment of investments  | 950           | 11,235        |
| <b>Taxation charge for the year</b>  | <b>2</b>      | <b>6</b>      |

The company's profits for this accounting year are taxed at a standard rate of 19%.

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.

#### 7 Dividends

|  | 2018<br>amount per<br>share | 2017<br>amount per<br>share | 2018<br>£'000 | 2017<br>£'000 |
|--|-----------------------------|-----------------------------|---------------|---------------|
| Amounts recognised as distributions to equity holders: |                             |                             |               |               |
| <b>Ordinary</b>  |                             |                             |               |               |
| Dividend paid  | 0.20                        | 3.61                        | 3,112         | 56,000        |

#### 8 Investments

|                             | 2018<br>£'000 | 2017<br>£'000 |
|-----------------------------|---------------|---------------|
| Investments in subsidiaries | 30,578        | 31,652        |
|                             | <u>30,578</u> | <u>31,652</u> |

# WSP EUROPEAN HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 8 Investments

#### Movement in investments

#### Shares in group undertakings £'000

#### Cost

|   |               |
|---|---------------|
| At 1 January 2018   | 31,652        |
| Acquisition of Opus International Consultants Holdings (UK) Limited | 3,926         |
| Impairment of investment in WSP CEL Limited                         | (3,000)       |
| Impairment of investment in WSP Remediation Limited                 | (2,000)       |
| At 31 December 2018   | <u>30,578</u> |

#### Carrying amount

|                     |               |
|---------------------|---------------|
| At 31 December 2018 | <u>30,578</u> |
| At 31 December 2017 | <u>31,652</u> |

On 13 April 2018, the Company acquired 100% of the share capital of Opus International Consultants Limited. The shares were purchased from Opus International Consultants Limited, a fellow group entity which is incorporated in New Zealand, for consideration of £3,926,000.

In the year ended 31 December 2018, the company received dividends of £3,000,000 from WSP CEL Limited and £2,000,000 from WSP Remediation Limited and impaired its investments in these companies by the same amount as the dividend income reflects recovery of the value of the investment.

# WSP EUROPEAN HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 9 Subsidiaries

Details of the company's subsidiaries at 31 December 2018 are as follows:

| Name of undertaking                                  | Registered office and country of incorporation             | Ownership interest (%) | Nature of business                 |
|--|--|------------------------|------------------------------------|
| WSP Remediation Limited                              | WSP House, 70 Chancery Lane, 100 London, WC2A 1AF, England |                        | Remediation of contaminated land   |
| Smith Carter UK Limited                              | WSP House, 70 Chancery Lane, 100 London, WC2A 1AF, England |                        | Dormant                            |
| PB Ltd   | WSP House, 70 Chancery Lane, 100 London, WC2A 1AF, England |                        | Dormant                            |
| WSP CEL Limited                                      | WSP House, 70 Chancery Lane, 100 London, WC2A 1AF, England |                        | Process engineering services       |
| Mouchel Limited                                      | WSP House, 70 Chancery Lane, 100 London, WC2A 1AF, England |                        | Infrastructure & building services |
| Opus International Consultants Holdings (UK) Limited | WSP House, 70 Chancery Lane, 100 London, WC2A 1AF, England |                        | Holding company                    |

### 10 Loans and other receivables

|  | 2018<br>£'000 | 2017<br>£'000 |
|--|---------------|---------------|
| Amounts due from fellow group undertakings | 8             | 3,032         |

The amounts are unsecured, repayable on demand and are non-interest bearing (2017: interest rate of 2.7%).

### 11 Loans and other payables

|  | 2018<br>£'000 | 2017<br>£'000 |
|--|---------------|---------------|
| Amounts due to fellow group undertakings | 11            | -             |

The amounts are unsecured, repayable on demand and interest free.

# WSP EUROPEAN HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

| 12 | Called up share capital                                  | 2018<br>£'000     | 2017<br>£'000     |
|----|--|-------------------|-------------------|
|    | <b>Ordinary share capital</b>                            |                   |                   |
|    | <b>Allotted, called up and fully paid</b>                |                   |                   |
|    | 15,532,348 (2017: 15,532,348) ordinary shares of £1 each | 15,352            | 15,352            |
|    |  | <u>          </u> | <u>          </u> |
| 13 | <b>Share premium account</b>                             |                   |                   |
|    |  | 2018<br>£'000     | 2017<br>£'000     |
|    | At 1 January   | 2,000             | 78,000            |
|    | Capital reduction  | -                 | (76,000)          |
|    |  | <u>          </u> | <u>          </u> |
|    | At 31 December   | 2,000             | 2,000             |
|    |  | <u>          </u> | <u>          </u> |

On 30 November 2017, the Company reduced its issued share premium account by £76,000,000 in accordance with Section 641 of the Companies Act 2006 and increased its reserves by the same amount.

### 14 Events after the reporting date

On 30 April 2019, the Company acquired 100% of the share capital of Indigo Planning Limited from a third party. Total consideration is £6,000,000, of which £800,000 is contingent on future events. Other than this acquisition, there were no post balance sheet date events.

### 15 Related party transactions

At the Balance Sheet date, the Company was due £8,000 (2017: £3,032,000) from fellow Group undertakings and owed £11,000 (2017: £nil) to fellow group undertakings.

The Company received dividend income of £5,000,000 (2017: £56,000,000) from fellow Group undertakings as detailed in note 4.

### 16 Controlling party

The Company's immediate parent undertaking is WSP UK Limited, a company 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 consolidated financial statements of WSP Global Inc. are available to the public and may be obtained from the WSP website, [www.wsp.com](http://www.wsp.com).

# WSP EUROPEAN HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 17 Cash absorbed by operations

|   | 2018<br>£'000 | 2017<br>£'000 |
|---|---------------|---------------|
| Loss for the year after tax                         | (994)         | (2,350)       |
| <b>Adjustments for:</b>                             |               |               |
| Taxation charged                                    | 2             | 6             |
| Impairment of investments                           | 5,000         | 58,375        |
| Dividend income                                     | (5,000)       | (56,000)      |
| Interest income                                     | (8)           | (31)          |
| <b>Movements in working capital:</b>                |               |               |
| Decrease in trade and other receivables             | 3,024         | 574           |
| Increase/(decrease) in trade and other payables     | 11            | (582)         |
| <b>Cash generated from/(absorbed by) operations</b> | <u>2,035</u>  | <u>(8)</u>    |