

Company Number: 08100508

WSP HOLDING UK LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016



WSP HOLDING UK LIMITED

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WSP HOLDING UK LIMITED

OFFICERS AND ADVISERS

DIRECTORS:

P Dollin
B Roy
M Barnard

SECRETARY:

K Sewell

INDEPENDENT AUDITORS:

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

REGISTERED OFFICE:

WSP House
70 Chancery Lane
London
United Kingdom
WC2A 1AF

BANKERS:

CIBC
1155 Rene Levesque Quest
Montreal
Canada
H3B 4P9

WSP HOLDING UK LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

(in Canadian dollars)

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

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is as an intermediate holding company in a group of companies supplying specialist management and integrated services in the built and natural environment and no major changes in the activity of the Company are envisaged in the future.

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

The Company's ultimate parent undertaking, WSP Global Inc., is incorporated in Canada and reports in Canadian dollars. The Company's directors have determined that the functional currency of the Company is Canadian dollars. The Company is funded by, and not autonomous from, its ultimate parent. This Annual Report is also presented in Canadian dollars unless otherwise disclosed.

The operating profit for the financial year was \$22,531K (2015: Loss of \$5,029k). The profit for the financial year was mainly due to the receipt of a dividend from its subsidiary of \$6,630K (2015: \$5,472k) being combined with foreign exchange gains of \$15,901k (2015: Losses of \$10,501k) mainly arising upon the translation of the intercompany loans with WSP Luxembourg s.a.r.l.

KEY PERFORMANCE INDICATORS

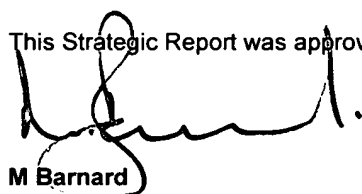
Given the straight forward nature of the business, the Company's directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the Company's business.

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

PRINCIPAL RISKS AND UNCERTAINTIES

The directors of WSP Global Inc. manage the Group's principal risks (including financial risks) and uncertainties at 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. 2016 Annual Report, which does not form part of this report.

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



M Barnard
Director

26 September 2017

WSP HOLDING UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

(in Canadian dollars)

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

RESULTS AND DIVIDENDS

The profit for the financial year amounted to \$18,223K (2015 loss: \$9,305k) as interest costs of \$5,207K were offset by dividend income and gains on foreign exchange.

No dividends were paid during the year (2015: \$Nil):

The directors do not recommend the payment of a dividend for the financial year ended 31 December 2016.

FUTURE DEVELOPMENTS

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

DIRECTORS

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

P Dollin

A L'Heureux (Resigned 18 November 2016)

A Noble (Resigned 2 March 2017)

B Roy (Appointed 18 November 2016)

M Barnard (Appointed 1 March 2017)

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

FINANCIAL INSTRUMENTS

The Company's operations expose it to small levels of financial risk that include the effects of price, credit, liquidity and interest rate risk. The Company is reliant on the Group to manage a number of the key financial risks that may affect the performance of the Company. The risks are reviewed and monitored by the directors throughout the year, using established policies and procedures that have been determined in line with the guidelines issued by the parent company. The Company had no currency swaps, derivatives or designated hedging instruments as at 31 December 2016 and 31 December 2015. Further information is included in Note 15.

CALLED UP SHARE CAPITAL

In October 2016 one share was issued at a premium of \$46,298K. In November 2016 a further share was issued at a premium of \$48,618K both as part of the acquisition of the Mouchel Limited business by the group. Further details of changes in share capital are given in Note 11.

RESEARCH AND DEVELOPMENT

To deliver innovative solutions and develop its market position the Group maintains research links in many areas that make it possible to apply some of the latest technical solutions to the benefit of its clients. The sharing of knowledge and innovations is encouraged through the use of the Group's common databases, intranets and other staff communications. Being an intermediate holding company with no trading activity, there is no research and development expenditure incurred by the Company.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, 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 accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

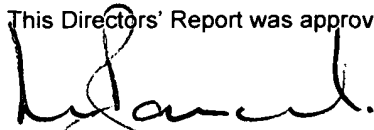
INDEPENDENT AUDITORS AND DISCLOSURE OF INFORMATION TO AUDITORS

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

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

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

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



M Barnard
Director

26 September 2017

WSP HOLDING UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WSP HOLDING UK LIMITED

Report on the financial statements

Our opinion

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

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

What we have audited

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

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

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

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

Opinion on other matter prescribed by the Companies Act 2006

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

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

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

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

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

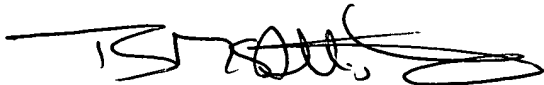
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.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

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

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

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

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



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

29 September 2017

WSP HOLDING UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

(in Canadian dollars)

	<u>Note</u>	<u>2016</u> <u>\$'000</u>	<u>2015</u> <u>\$'000</u>
Other income	2	6,630	5,472
Administrative expenses		-	-
Exchange gains / (losses)		15,901	(10,501)
OPERATING PROFIT / (LOSS)	3	22,531	(5,029)
Finance costs	4	(5,207)	(5,613)
PROFIT / (LOSS) BEFORE TAX		17,324	(10,642)
Tax income	5	899	1,337
PROFIT / (LOSS) FOR THE FINANCIAL YEAR ATTRIBUTABLE TO THE OWNERS		18,223	(9,305)

The above results all relate to continuing activities.

There were no gains or losses other than the profit / (loss) for the financial years stated above.

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

The notes on pages 11 to 15 form an integral part of these financial statements.

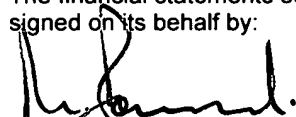
BALANCE SHEET
AS AT 31 DECEMBER 2016

(in Canadian dollars)

	Note	2016 \$'000	2016 \$'000	2015 \$'000	2015 \$'000
ASSETS					
NON-CURRENT ASSETS					
Investments	6		<u>654,711</u>		<u>559,795</u>
CURRENT ASSETS					
Trade and other receivables	7	6,835		2,852	
Corporation tax		601		3,844	
Cash and cash equivalents	8	<u>10</u>		<u>5</u>	
		7,446		6,701	
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	9	<u>(216)</u>		<u>(267)</u>	
NET CURRENT ASSETS					
			7,230		6,434
NON-CURRENT LIABILITIES					
Intercompany loan	10		<u>(75,562)</u>		<u>(92,989)</u>
NET ASSETS					
			<u>586,379</u>		<u>473,240</u>
EQUITY ATTRIBUTABLE TO THE OWNERS					
Called up share capital	11		287,901		287,901
Share premium	11		237,322		142,406
Retained earnings			<u>61,156</u>		<u>42,933</u>
TOTAL EQUITY					
			<u>586,379</u>		<u>473,240</u>

The notes on pages 11 to 15 form an integral part of these financial statements.

The financial statements set out on pages 7 to 15 were approved by the Board of Directors on 26 September 2017 and were signed on its behalf by:


M Barnard
Director

WSP HOLDING UK LIMITED

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

(in Canadian dollars)

	<u>Note</u>	Called up share capital \$'000	Share premium \$'000	(Accumulated losses) / Retained earnings \$'000	Total equity \$'000
AT 1 JANUARY 2015		287,901	142,406	52,238	482,545
COMPREHENSIVE EXPENSE:					
Loss for the financial year		-	-	(9,305)	(9,305)
Total comprehensive expense		-	-	(9,305)	(9,305)
AT 1 JANUARY 2016		287,901	142,406	42,933	473,240
COMPREHENSIVE INCOME:					
Profit for the financial year		-	-	18,223	18,521
Total comprehensive income		-	-	18,233	18,521
TRANSACTIONS WITH OWNERS:					
Issue of shares	11	-	94,916	-	94,916
Total transactions with owners		-	94,916	-	94,916
AT 31 DECEMBER 2016		287,901	237,322	61,156	586,677

The notes on pages 11 to 15 form an integral part of these financial statements.

WSP HOLDING UK LIMITED
**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016**

(in Canadian dollars)

	Note	2016 \$'000	2015 \$'000
CASH FLOWS GENERATED FROM / (USED IN) OPERATING ACTIVITIES			
Profit / (Loss) before tax		17,324	(10,642)
Adjustments for:			
Finance costs and gains	4	5,207	5,613
Foreign exchange losses on operating activities		(15,901)	10,501
Dividend received from subsidiary	2	(6,630)	(5,472)
		-	-
CHANGE IN WORKING CAPITAL			
Decrease / (increase) in trade and other receivables		4,091	(3,844)
Increase / (decrease) in trade and other payables		-	29
Cash generated from / (used in) operating activities		4,091	(3,815)
CASH FLOWS GENERATED FROM / (USED IN) FINANCING ACTIVITIES			
Net variation of intercompany loans		(5,509)	3,977
Finance costs paid		(5,207)	(5,642)
Dividends paid		-	-
Issue of shares		-	-
Cash used in financing activities		(10,716)	(1,665)
CASH FLOWS GENERATED FROM INVESTING ACTIVITIES			
Dividend received from subsidiary		6,630	5,472
Cash generated from investing activities		6,630	5,472
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		5	(8)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	8	5	13
Effect of exchange rate change on cash and cash equivalents		-	-
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	8	10	5

The notes on pages 11 to 15 form an integral part of these financial statements.

WSP HOLDING UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

(in Canadian dollars)

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) General information

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

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

Basis of preparation

The financial statements have been prepared in its functional currency of Canadian dollars, on the historic cost convention basis and on the going concern basis.

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

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

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

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

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

IFRS 9, 'Financial Instruments' (effective on or after 1 January 2018). This standard addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In July 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard. The Company will apply IFRS 9 from 1 January 2018.

The Directors do not expect that the adoption of the Standards and amendments listed above will have a material impact on the financial statements of the Group in future periods.

(c) 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.

(d) 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.

(e) Taxation

The tax expense for the year comprises of current tax. Tax is recognised in the Income Statement. The tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the Balance Sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax assets are only recognised when their recoverability is certain.

WSP HOLDING UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

(in Canadian dollars)

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

(f) Trade and other receivables

Trade and other receivables are recognised and carried at original invoice amount less an allowance for uncollectible amounts. An estimate of uncollectible amounts is made when collection of the full amount is no longer probable. Uncollectible amounts are written off to the Income Statement when identified.

(g) Cash and cash equivalents

Cash and cash equivalents comprise of deposits held with banks having a maturity date of less than 3 months from the date the deposit was made and being available on demand within one working day without significant penalty. They are carried in the Balance Sheet at cost.

(h) 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.

(i) Trade and other payables

Trade and other 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.

(j) 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. The directors consider the significant judgements to be the carrying value of investments and the recoverability of amounts owed from Group companies.

2. OTHER INCOME

	2016 \$'000	2015 \$'000
Dividends received from subsidiary	<u>6,630</u>	<u>5,472</u>

3. OPERATING PROFIT / (LOSS)

The £3,000 (2015: £3,000) audit fee of the Company was borne by another Group company. Other than the statutory audit, no other services were provided to the Company by PricewaterhouseCoopers LLP in the year and prior year.

There were no employees during the year and prior year, except for the directors.

The emoluments of one director are paid by the parent company and those of two directors are paid by a subsidiary of the Company. These 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 these directors (2015: \$nil) and no emoluments are disclosed in respect of these directors (2015: £nil).

Fees payable to two directors for services performed totalled \$nil (2015: \$nil).

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

4. FINANCE COSTS

	2016 \$'000	2015 \$'000
Interest on loans and other borrowings wholly repayable within five years:		
Intercompany finance costs	<u>5,207</u>	<u>5,613</u>

WSP HOLDING UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

(in Canadian dollars)

5. TAX INCOME

	2016 \$'000	2015 \$'000
(a) Analysis of the tax credit in the year		
Current tax:		
Group relief receivable	(1,197)	(1,337)
Adjustments in respect of prior years	298	-
Total tax credit	(899)	(1,337)

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

The total tax credit for the year differs to the standard effective rate of corporation tax in the UK of 20.00% (2015: 20.25%). The differences are explained below:

	2016 \$'000	2015 \$'000
Profit / (Loss) before tax	17,324	(10,642)
Profit / (Loss) before tax multiplied by the standard effective rate of corporation tax in the UK of 20.00% (2015: 20.25%)	3,465	(2,155)
Effects of:		
Permanent differences relating to exchange (gain)/loss	(3,336)	1,926
Permanent differences relating to dividend received	(1,326)	(1,108)
Adjustments in respect of prior years	298	-
Total tax credit	(899)	(1,337)

(c) Factors which may affect the future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 on 15 September 2016. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020.

The effect of the rate reduction on the deferred tax balance as at 31 December 2016 has been included in the above figures. The rate change will reduce the company's future current tax charge accordingly.

(d) Deferred tax

A deferred tax asset of \$423k (2015: \$449K) relating to tax losses of \$2,492K (2015: \$2,492k) has not been recognised by the Company as its recoverability is not certain.

6. INVESTMENTS

COST

At 1 January 2016	559,795
Additions	94,916
At 31 December 2016	654,711

The Company's subsidiary undertaking at 1 January 2016 and 31 December 2016 was:

Principal subsidiary undertaking	Country of incorporation	Principal activities	Proportion of ordinary shares held
WSP Group Limited	England and Wales	Intermediate holding company	100%

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

7. TRADE AND OTHER RECEIVABLES

	2016 \$'000	2015 \$'000
Amounts owed by Group undertakings - funding	6,835	2,852

Interest on funding balances between companies within the Group is charged at LIBOR+4% (2015: LIBOR+4%). The balances are unsecured and are repayable on demand.

WSP HOLDING UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

(in Canadian dollars)

8. CASH AND CASH EQUIVALENTS

	2016 \$'000	2015 \$'000
At 1 January	5	13
Net cash flows	5	(8)
At 31 December	10	5

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

9. TRADE AND OTHER PAYABLES

	2016 \$'000	2015 \$'000
Amounts due to Group undertakings - trading	-	-
Amounts due to Group undertakings - funding	-	-
Accrued interest on intercompany balances	216	267
	216	267

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

10. INTERCOMPANY LOAN

	2016 \$'000	2015 \$'000
Amounts owed to Group undertakings	75,562	92,989

The loans are with WSP Luxembourg s.a.r.l., a fellow subsidiary, and bear interest at 6.25% that are payable in quarterly instalments. During the prior year loans for \$nil (2015: \$nil) were repaid. The final maturity date of the outstanding loan of \$75,562k is 1 August 2019.

Amounts owed to Group undertakings are not secured.

11. CALLED UP SHARE CAPITAL AND SHARE PREMIUM

During 2016 the company issued 2 shares at a premium, as shown in the table below, as part of a group wide restructuring exercise in order to fund a subsidiary's acquisition of Mouchel Limited:

	Nominal value	Number of shares	Share capital \$'000	Share premium \$'000
Shares on incorporation on 11 June 2012	£1.00	100	-	-
Issued on 1 August 2012	£1.00	233,550,000	364,432	-
Balance as at 1 January 2013	£1.00	233,550,100	364,432	-
Conversion on 13 March 2014 to £0.79 per share	£0.79	233,550,100	287,901	-
Issue on 28 October 2014	£0.79	1	-	117,046
Issue on 31 October 2014	£0.79	1	-	25,360
Issue on 24 October 2016	£0.79	1	-	46,298
Issue on 17 November 2016	£0.79	1	-	48,618
Balance at 31 December 2016	£0.79	233,550,104	287,901	237,322

All shares rank pari passu in all respects.

12. DIVIDENDS

No dividends were paid during the year (2015: \$Nil):

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(in Canadian dollars)

13. CONTINGENT LIABILITIES

The Group's and Company's banking facilities have been secured by fixed and floating charges over the assets of various Group companies including those of the Company.

14. RELATED PARTY TRANSACTIONS

The Company is an intermediate holding company and apart from the administration expenses which occurred in 2014, all of the transactions undertaken during the year and the amounts recorded in the balance sheet as at 31 December 2015 and 2016 are with other Group companies or related to Group companies transactions.

See Note 3 for information of directors' remuneration. There are no employees (2015: none).

15. FINANCIAL INSTRUMENTS

At 31 December 2016 and 31 December 2015 all financial liabilities were denominated in Sterling and were repayable on demand. Because the Company's functional currency is Canadian dollars, these financial liabilities are exposed to foreign currency risk.

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Taking into account the amounts denominated in foreign currencies and presuming that all of the other variables remain unchanged, a fluctuation in exchange rates would have an impact on the Company's net earnings. Management believes that a 10% change in exchange rates could be reasonably possible.

The table below summarises the impacts of a 10% weakening or strengthening in the exchange rates on the net earnings:

	2016 \$'000	2015 \$'000
Sterling	6,895	9,040

16. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The Company's immediate parent undertaking is WSP Holding 2 AB, registered in Sweden.

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

17. SUBSEQUENT EVENTS

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