

1771  
Company Registration No. 08100508 (England and Wales)

**WSP HOLDING UK LIMITED**  
**ANNUAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**



# WSP HOLDING UK LIMITED

## COMPANY INFORMATION

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**Directors**

P Dollin  
M Barnard  
B Roy

**Secretary**

K Sewell

**Company number**

08100508

**Registered office**

WSP House  
70 Chancery Lane  
London  
WC2A 1AF

**Independent Auditor**

PricewaterhouseCoopers LLP  
1 Embankment Place  
London  
WC2N 6RH

**Bankers**

CIBC  
1155 Rene Levesque Quest  
Montreal  
Canada  
H3B 4P9

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# WSP HOLDING UK LIMITED

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# WSP HOLDING UK LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2017

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

#### 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. 2017 Annual Report, which does not form part of this report. The consolidated financial statements of WSP Global Inc. are available to the public and may be obtained from the website, [www.wsp.com](http://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 C\$4,311k (2016: C\$22,531k).

#### Principal risks and uncertainties

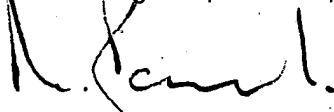
The directors of WSP Global Inc. manage the Group's principal risks (including financial risks) and uncertainties at a Group level, rather than on an individual company basis. For this reason, the Company's directors consider that a discussion of the Group's risks would not be necessary for an understanding of the performance of the Company's business. The principal risks and uncertainties of WSP Global Inc., which include those of the Company, are included in the section entitled "Management's Discussion and Analysis" of the WSP Global Inc. 2017 Annual Report, which does not form part of this report.

#### Key performance indicators

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. 2017 Annual Report, which does not form part of this report.

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



**M Barnard**  
Director

30 August 2018

# **WSP HOLDING UK LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2017**

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

#### **Results and dividends**

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

No dividends were paid during the year (2016: \$nil). The directors do not recommend the payment of a dividend for the financial year ended 31 December 2017.

#### **Directors**

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

P Dollin

M Barnard

A Noble

B Roy

(Appointed 1 March 2017)

(Resigned 1 March 2017)

#### **Directors' insurance**

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

#### **Financial instruments**

The Company's operations expose it to small levels of financial risk that include the effects of currency, price, credit, liquidity and interest rate risk. The Company is reliant on 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 guidelines issued by the parent Company. The Company had no currency swaps, derivatives or designated hedging instruments as at 31 December 2017 and 31 December 2016.

#### **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.

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

There were no post balance sheet date events.

#### **Future developments**

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

#### **Environment**

Sustainability is a WSP core value, and we are committed to integrating sustainability into all our activities. In this way we ensure that we implement our clients' projects in a sustainable manner.

WSP's services to protect the environment include remediating contaminated land, reducing our dependence on fossil fuels and increasing social sustainability. We have developed a number of tools to measure and analyse the environmental impact of our clients' activities. We work for clients in both the public and private sectors, including large and small companies, municipalities and government agencies.

# WSP HOLDING UK LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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### Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

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

### Independent Auditor

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

### Statement of disclosure to auditor

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

On behalf of the board



M Barnard  
Director

30 August 2018

# ***Independent auditors' report to the members of WSP Holding UK Limited***

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

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### **Opinion**

In our opinion, WSP Holding UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the statement of financial position as at 31 December 2017; the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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### **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.

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### **Conclusions relating to going concern**

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

## ***Strategic Report and Directors' Report***

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

## **Responsibilities for the financial statements and the audit**

### ***Responsibilities of the directors for the financial statements***

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### ***Auditors' responsibilities for the audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](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.

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## **Other required reporting**

### **Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.



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

30 August 2018



# WSP HOLDING UK LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

**FOR THE YEAR ENDED 31-DECEMBER-2017**

	Notes	2017 \$'000	2016 \$'000
Dividend income	5	6,113	6,630
Exchange (losses)/gains		(1,802)	15,901
<b>Operating profit</b>	<b>4</b>	<b>4,311</b>	<b>22,531</b>
Finance costs	6	(4,736)	(5,207)
<b>(Loss)/profit before taxation</b>		<b>(425)</b>	<b>17,324</b>
Income tax benefit	7	1,655	899
<b>Profit and total comprehensive income for the year</b>		<b>1,230</b>	<b>18,223</b>

The above results all relate to continuing operations.

The notes on pages 10 to 18 form an integral part of these financial statements.

# WSP HOLDING UK LIMITED

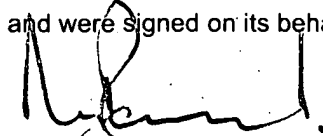
## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Notes	2017 \$'000	2016 \$'000
<b>Non-current assets</b>			
Investments	8	654,711	654,711
<b>Current assets</b>			
Trade and other receivables	10	9,607	6,835
Current tax recoverable		937	601
Cash and cash equivalents		9	10
		10,553	7,446
<b>Total assets</b>		665,264	662,157
<b>Current liabilities</b>			
Trade and other payables	11	1,512	1,423
<b>Net current assets</b>		9,041	6,023
<b>Non-current liabilities</b>			
Trade and other payables	11	76,143	74,355
<b>Total liabilities</b>		77,655	75,778
<b>Net assets</b>		587,609	586,379
<b>Equity</b>			
Called up share capital	12	287,901	287,901
Share premium account	13	237,322	237,322
Retained earnings		62,386	61,156
<b>Total equity</b>		587,609	586,379

The notes on pages 10 to 18 form an integral part of these financial statements.

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



M Barnard  
Director

Company Registration No. 08100508

# WSP HOLDING UK LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Share capital \$'000	Share premium account \$'000	Retained earnings \$'000	Total \$'000
<b>Balance at 1 January 2016</b>		287,901	142,406	42,933	473,240
<b>Year ended 31 December 2016:</b>					
Profit and total comprehensive income for the year		-	-	18,223	18,223
Issue of shares	13	-	94,916	-	94,916
<b>Balance at 31 December 2016</b>		287,901	237,322	61,156	586,379
<b>Year ended 31 December 2017:</b>					
Profit and total comprehensive income for the year		-	-	1,230	1,230
<b>Balance at 31 December 2017</b>		287,901	237,322	62,386	587,609

The notes on pages 10 to 18 form an integral part of these financial statements.

# WSP HOLDING UK LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 \$'000	2016 \$'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	19	1,325	4,091
Interest paid		(4,736)	(5,207)
Movement in intercompany loans		(2,703)	(5,509)
<b>Net cash outflow from operating activities</b>		<b>(6,114)</b>	<b>(6,625)</b>
<b>Investing activities</b>			
Dividends received		6,113	6,630
<b>Net cash generated from investing activities</b>		<b>6,113</b>	<b>6,630</b>
<b>Net cash used in financing activities</b>		<b>-</b>	<b>-</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(1)</b>	<b>5</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>10</b>	<b>5</b>
<b>Cash and cash equivalents at end of year</b>		<b>9</b>	<b>10</b>

The notes on pages 10 to 18 form an integral part of these financial statements.

# WSP HOLDING UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 1 Accounting policies

##### **Company information**

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

##### **1.1 Basis of preparation**

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

The Company has taken advantage of the exemption under section 401 of the Companies Act 2006 in not preparing consolidated financial statements for the current year. The consolidated financial statements of WSP Global Inc. are available to the public and may be obtained from the WSP website [www.wsp.com](http://www.wsp.com).

The financial statements have been prepared in its functional currency of Canadian dollars, on the historical cost basis and on the going concern basis. The principal accounting policies adopted are set out below.

##### **1.2 Fair value measurement**

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

##### **1.3 Cash and cash equivalents**

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

##### **1.4 Financial assets**

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

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

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

##### **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.

# WSP HOLDING UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

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### 1 Accounting policies

(Continued)

#### ***Impairment of financial assets***

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

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

#### ***Derecognition of financial assets***

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

### 1.5 Financial liabilities

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

#### ***Other financial liabilities***

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

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

#### ***Derecognition of financial liabilities***

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

### 1.6 Taxation

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

#### ***Current tax***

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

# WSP HOLDING UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

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### 1 Accounting policies

(Continued)

#### **Deferred tax**

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

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

#### **1.7 Foreign exchange**

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

#### **1.8 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.

#### **1.9 Comparative information**

Certain comparative information was amended in these financial statements to conform to the current year presentation. These amendments do not impact the Company's financial result and do not have any significant impact on the Company's statement of financial position.

# WSP HOLDING UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

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

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

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

IFRS 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. In July 2015, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard. The Company will apply IFRS 9 from 1 January 2018.

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

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

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

### 3 Critical accounting estimates and judgements

The preparation of the financial statements requires the Company to make estimates, judgements and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. The directors base their estimates on historical experience and various other assumptions that they believe are reasonable under the circumstances, the results of which form the basis for making judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The directors consider the significant judgements to be the carrying value of investments and the recoverability of amounts owed by Group companies.



# WSP HOLDING UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 4 Operating (loss)/profit

The £3,000 (2016: £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 or prior year.

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 (2016: \$nil) and no emoluments are disclosed in respect of these directors (2016: \$nil).

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

#### 5 Dividend income

	2017 \$'000	2016 \$'000
Dividends received from subsidiary	6,113	6,630

#### 6 Finance costs

	2017 \$'000	2016 \$'000
Interest on loans and other borrowings wholly repayable within five years:		
- Intercompany finance costs	4,736	5,207

#### 7 Income tax benefit

	2017 \$'000	2016 \$'000
<b>Current tax</b>		
Group relief receivable	(928)	(1,197)
Adjustments in respect of prior periods	(727)	298
<b>Total UK current tax</b>	<b>(1,655)</b>	<b>(899)</b>

# WSP HOLDING UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 7 Income tax benefit

(Continued)

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

	2017 \$'000	2016 \$'000
(Loss)/profit before taxation	(425)	17,324
Expected tax (credit)/charge based on a corporation tax rate of 19.25% (2016: 20%)	(82)	3,465
Adjustment in respect of prior years - current tax	(727)	298
Permanent differences relating to exchange loss/(gain)	331	(3,336)
Permanent differences relating to dividend received	(1,177)	(1,326)
<b>Taxation credit for the year</b>	<b>(1,655)</b>	<b>(899)</b>

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

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

#### Deferred Tax

A deferred tax asset of \$423k (2016: \$423k) relating to tax losses of \$2,492k (2016: \$2,492k) has not been recognised by the Company as its recoverability is not certain.

### 8 Investments

	2017 \$'000	2016 \$'000
Investments in subsidiaries	654,711	654,711
	<u>654,711</u>	<u>654,711</u>

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

### 9 Subsidiaries

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

Name of undertaking	Registered office and country of incorporation	Ownership interest (%)	Nature of business
WSP Group Limited	70 Chancery Lane, London, WC2A 1AF, England and Wales	100.00	Intermediate holding company

# WSP HOLDING UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 10 Trade and other receivables

	2017 \$'000	2016 \$'000
Amounts due from fellow group undertakings - funding	9,607	6,835

Interest on funding balances between companies within the Group is charged at LIBOR+4% (2016: LIBOR +4%), but no interest is charged if one of the company's is non-trading. The balances are unsecured and are repayable on demand.

### 11 Trade and other payables

	Current 2017 \$'000	2016 \$'000
Amounts due to fellow group undertakings	1,290	1,207
Accrued interest on intercompany balances	222	216

Interest on funding balances between companies within the Group is charged at LIBOR+4% (2016: LIBOR +4%), but no interest is charged if one of the companies is non-trading. Interest is not charged on trading balances between companies within the Group. The balances are unsecured and are repayable on demand.

	Non-current 2017 \$'000	2016 \$'000
Amounts due to Group undertakings - loans	76,143	74,355

The loan is with WSP Luxembourg s.a.r.l., a fellow subsidiary, and bears interest at 6.25% that is payable in quarterly instalments. The final maturity date of the outstanding loan of \$76,143k is 1 August 2019.

Amount owed to Group undertakings are not secured.

### 12 Called up share capital

	2017 \$'000	2016 \$'000
<b>Ordinary share capital</b>		
<b>Authorised, issued and fully paid</b>		
233,550,104 (2016: 233,550,104) of £0.79 each	287,901	287,901

All shares rank pari passu in all respects.

# WSP HOLDING UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 13 Share premium account

	2017 \$'000	2016 \$'000
At 1 January	237,322	142,406
Issue of new shares	-	94,916
At 31 December	<u>237,322</u>	<u>237,322</u>

During the year ended 31 December 2016, the Company issued one share to its immediate parent undertaking on 24 October 2016 for £46,298k and one share on 17 November 2016 for £48,618k, also to its immediate parent undertaking.

### 14 Financial instruments

At 31 December 2017 and 31 December 2016 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:

	2017 \$'000	2016 \$,000
Sterling	<u>7,066</u>	<u>6,895</u>

### 15 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.

### 16 Related party transactions

The Company is an intermediate holding company and all of the transactions undertaken during the year and the amounts recorded in the balance sheet as at 31 December 2017 and 31 December 2016 are with other Group companies or related to Group companies transactions.

Note 4 contains information on directors' remuneration. There are no employees (2016: none).

### 17 Events after the reporting date

There are no post balance sheet date events.

# WSP HOLDING UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 18 Controlling party

Prior to 8 September 2016, the Company's immediate parent undertaking was WSP Holding 2 AB, registered in Sweden. Since 8 September 2016, the Company's immediate parent undertaking is WSP Holding 1 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](http://www.wsp.com).

#### 19 Cash generated from operations

	2017 \$'000	2016 \$'000
Profit for the year after tax	1,230	18,223
<b>Adjustments for:</b>		
Taxation credit	(1,655)	(899)
Finance costs	4,736	5,207
Dividend received from subsidiary	(6,113)	(6,630)
Foreign exchange on operating activities	1,802	(15,901)
<b>Movements in working capital:</b>		
Decrease in trade and other receivables	1,319	4,091
Increase/(decrease) in trade and other payables	6	-
<b>Cash generated from operations</b>	<b>1,325</b>	<b>4,091</b>