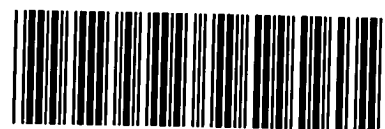


Company Registration No. 02136404 (England and Wales)

**WSP GROUP LIMITED**  
**ANNUAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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# WSP GROUP LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	M Barnard M Naysmith
<b>Secretary</b>	K Sewell
<b>Company number</b>	02136404
<b>Registered office</b>	WSP House 70 Chancery Lane London WC2A 1AF
<b>Independent auditor</b>	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
<b>Bankers</b>	HSBC Bank plc City of London Branch 60 Queen Victoria Street London United Kingdom EC4N 4TR

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# WSP GROUP LIMITED

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# WSP GROUP LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2022

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The directors present their Strategic Report on WSP Group Limited (the "Company") for the year ended 31 December 2022.

#### Principal activities and business review

The principal activity of the Company is as an intermediate holding company in a 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. 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" or "WSP". 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).

During the financial year, the Company earned dividend income of £nil (2021: £6,550,000). The profit before tax for the financial year was £1,469,000 (2021: loss before tax £440,000).

As at 31 December 2022, the Company has net assets of £466,416,000 (2021: £300,899,000).

#### Principal risks and uncertainties

The Company's operations expose it to the following risks:

##### *Financial risk*

The Company's principal assets are investments and intercompany receivables and its principal liability is its bank overdraft. The Company's financial risk is primarily related to the carrying value of its investments, the recovery of its intercompany receivables and the servicing of its bank overdraft.

##### *Liquidity risk*

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, including the servicing of its financial liabilities, the Company has access to a mixture of long-term and short-term debt finance, if required, from its ultimate parent.

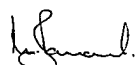
##### *Capital risk*

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to its shareholder, return capital to its shareholder or issue new shares to reduce debt. The Company has a dividend policy which takes into account the Company's capital requirements, cash flows and earnings.

#### Key performance indicators

As the Company is an intermediate holding company, the directors believe that analysis using key performance indicators is neither necessary nor appropriate for an understanding of the development, performance or position of the business of the Company.

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



**M Barnard**

Director

23 August 2023

# WSP GROUP LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2022

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The directors present their report and audited financial statements for the year ended 31 December 2022.

#### Results and dividends

The results for the year are set out on page 8.

Dividends were paid amounting to £nil (2021: £nil). The directors do not recommend the payment of a final dividend for the financial year ended 31 December 2022.

#### 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 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.

#### Going concern

The financial statements are prepared on the going concern basis. The directors have a reasonable expectation that the Company will continue in operational existence for at least 12 months from the date of signing the financial statements and the foreseeable future. The directors have assessed the Company's debt and cash positions, including the Company's ability to meet its day to day requirements and forecast cash flow requirements for the period of assessment, which is for at least twelve months from the date of approval of the financial statements. The Company is party to an unsecured credit facility of US\$35,000,000. The arrangement is between a financial institution (the lender) and the Company (the borrower), with certain other UK Group companies captured within the arrangement. Accordingly, the directors believe that it is appropriate that these financial statements are prepared on the going concern basis.

#### Financial instruments

The Company's operations expose it to small levels of financial risk that include the effects of currency, price, credit, liquidity and interest rate risk. The Company is reliant on the Group to manage a number of the key financial risks that may affect the performance of the Company. The risks are reviewed and monitored by the directors throughout the year, using established policies and procedures that have been determined in line with guidelines issued by the parent company. The Company had no currency swaps, derivatives or designated hedging instruments as at 31 December 2022 and 31 December 2021.

#### 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 balance sheet date events

On 15 February 2023, the Company issued 100 shares to its immediate parent for £0.05 at a premium of £35,000,000.

On 8 March 2023, the Company subscribed to 5,000,000 additional shares in its wholly owned subsidiary Golder Associates Africa.

#### Future developments

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

# WSP GROUP LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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### 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.

### Disclosure requirements

In accordance with the Companies Act 2006 section 414C(11), the Company's Strategic Report contains certain disclosures required in the Directors' Report. The requirements are included within the Principal activities and business review, Principal risks and uncertainties and Key performance indicators sections of the Strategic Report.

### 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

23 August 2023

# **WSP GROUP LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 2022***

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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 UK-adopted international accounting standards.

Under company law, 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 UK-adopted international accounting standards 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 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 also 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.

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

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

### **Opinion**

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

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit and cash flows for the year then ended; –
- have been properly prepared in accordance with UK-adopted international accounting standards; 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 2022; the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows 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**

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.



## 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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2022 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, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

# WSP GROUP LIMITED

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and UK taxation legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting journal entries to manipulate financial performance. Audit procedures performed by the engagement team included:

- Discussions with management and those charged with governance including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Auditing the risk of management override of controls, including through identifying and testing journal entries using a risk-based targeting approach for unexpected accounts combinations or journals posted by senior management;
- Review of the financial statement disclosures to underlying supporting documentation and inspection of supporting documentation, where appropriate; and
- Reviewing relevant board meeting minutes.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 obtained 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.~~



Diane Walmsley (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
23 August 2023

# WSP GROUP LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £'000	2021 £'000
Dividend income	4	-	6,550
Impairment of investments		-	(7,649)
Administrative income/(expense)		1,060	(1,014)
<b>Operating profit/(loss)</b>	<b>5</b>	<b>1,060</b>	<b>(2,113)</b>
Finance income	7	631	1,879
Finance costs	8	(222)	(206)
<b>Profit/(loss) before taxation</b>		<b>1,469</b>	<b>(440)</b>
Income tax expense	9	(375)	(262)
<b>Profit/(loss) and total comprehensive income/(expense) for the year</b>		<b>1,094</b>	<b>(702)</b>

The above results all relate to continuing operations.

There is no other comprehensive income for the financial year (2021: £nil).

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

# WSP GROUP LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Notes	2022 £'000	2021 £'000
<b>Non-current assets</b>			
Investments	10	437,957	274,228
Right-of-use asset	12	40	121
Finance lease receivable	13	779	2,420
		<u>438,776</u>	<u>276,769</u>
<b>Current assets</b>			
Loans and other receivables	14	54,291	51,800
<b>Total assets</b>		<u>493,067</u>	<u>328,569</u>
<b>Current liabilities</b>			
Loans and other payables	15	2,255	2,045
Current tax liabilities		1,708	1,540
Lease liabilities	16	779	1,655
Financial liabilities	17	20,888	20,644
		<u>25,630</u>	<u>25,884</u>
<b>Net current assets</b>		<u>28,661</u>	<u>25,916</u>
<b>Non-current liabilities</b>			
Provisions	18	1,021	1,021
Lease liabilities	16	-	765
		<u>1,021</u>	<u>1,786</u>
<b>Total liabilities</b>		<u>26,651</u>	<u>27,670</u>
<b>Net assets</b>		<u>466,416</u>	<u>300,899</u>
<b>Equity</b>			
Called up share capital	19	3,242	3,242
Share premium account	20	389,526	225,103
Merger reserve		8,211	8,211
Retained earnings		65,437	64,343
<b>Total equity</b>		<u>466,416</u>	<u>300,899</u>

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 23 August 2023 and were signed on its behalf by:



**M Barnard**  
Director

Company Registration No. 02136404

# WSP GROUP LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Called up share capital £'000	Share premium account £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
<b>Balance at 1 January 2021</b>		3,242	217,803	8,211	65,045	294,301
Loss and total comprehensive expense for the year		-	-	-	(702)	(702)
Issue of share capital	20	-	7,300	-	-	7,300
<b>Balance at 31 December 2021</b>		3,242	225,103	8,211	64,343	300,899
<b>Year ended 31 December 2022:</b>						
Profit and total comprehensive income for the year		-	-	-	1,094	1,094
Issue of share capital	20	-	164,423	-	-	164,423
<b>Balance at 31 December 2022</b>		3,242	389,526	8,211	65,437	466,416

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

# WSP GROUP LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £'000	2021 £'000
<b>Cash flows from operating activities</b>			
Cash (absorbed by)/generated from operations	27	(1,142)	825
Interest paid		(222)	(206)
Tax paid		(204)	(1)
<b>Net cash (used in)/generated from operating activities</b>		<b>(1,568)</b>	<b>618</b>
<b>Cash flows from investing activities</b>			
Purchase of subsidiary		-	(1,464)
Subscription of additional shares in subsidiary		(163,729)	-
Interest received		631	1,879
<b>Net cash (used in)/generated from investing activities</b>		<b>(163,098)</b>	<b>415</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		164,423	7,300
Proceeds from finance lease payments		1,731	1,712
Payment of lease liabilities		(1,732)	(1,712)
<b>Net cash generated from financing activities</b>		<b>164,422</b>	<b>7,300</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(244)</b>	<b>8,333</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>(20,644)</b>	<b>(28,977)</b>
<b>Cash and cash equivalents at end of year</b>		<b>(20,888)</b>	<b>(20,644)</b>

In the current financial year, the Company received in specie dividend income of £nil (2021: £6,550,000).

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

# WSP GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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### 1 Accounting policies

#### Company information

WSP Group Limited is a private company limited by shares incorporated under the laws of England and Wales and domiciled in the United Kingdom. The registered office is WSP House, 70 Chancery Lane, London, WC2A 1AF. The Company's principal activities and nature of its operations are disclosed in the strategic report.

#### 1.1 Basis of preparation

The financial statements of WSP Group Limited have been prepared in accordance with UK-adopted International Accounting Standards ("IFRS") and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

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 in the presentation of these financial statements, which have been consistently applied, 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 Going concern

The financial statements are prepared on the going concern basis. The directors have a reasonable expectation that the Company will continue in operational existence for at least 12 months from the date of signing the financial statements and the foreseeable future. The directors have assessed the Company's debt and cash positions, including the Company's ability to meet its day to day requirements and forecast cash flow requirements for the period of assessment, which is for at least twelve months from the date of approval of the financial statements. The Company is party to an unsecured credit facility of US\$35,000,000. The arrangement is between a financial institution (the lender) and the Company (the borrower), with certain other UK Group companies captured within the arrangement. Accordingly, the directors believe that it is appropriate that these financial statements are prepared on the going concern basis.

#### 1.3 Non-current investments

Investments in subsidiaries are held at cost less impairment. The Company determines whether its investments are impaired on an annual basis, or more frequently if there is an indicator of impairment. Where an indicator of impairment is identified, impairment testing is performed to identify the recoverable amount, which is the greater of fair value less costs to sell and value in use. Impairment losses are recognised in the Statement of Comprehensive Income as incurred.

#### 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 financial liabilities.

#### 1.5 Financial instruments

The table below summarises the classification and measurement of the Company's financial instruments accounted for under IFRS 9:

Classification and measurement	IFRS 9
<b>Assets</b>	
Cash	Amortised cost
Loans and other receivables	Amortised cost

# WSP GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 1 Accounting policies

(Continued)

#### Liabilities

Loans and other payables

Amortised cost

Other financial liabilities (long and short-term)

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.

#### Impairment of financial assets

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

In determining the loss allowance based on lifetime expected credit losses, the Company uses its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Forward-looking factors include credit ratings (where available), actual or expected significant adverse changes in business, financial or economic conditions and actual or expected significant changes in the operating results of the debtor.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows, such as where a debtor fails to engage in a repayment plan with the Company. When financial assets are written off, the Company continues to seek recovery of the debt. Where recovery is successful, this is recognised in profit or loss.

#### 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.

#### 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.



# WSP GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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### 1 Accounting policies

(Continued)

#### **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.

### 1.7 Provisions

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

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

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

The Company leases property. Rental contracts are negotiated individually and have a range of initial terms. Termination options are included in a number of property leases. The majority of termination options held are exercisable by the Company and not by the respective lessor. A large number of the property leases also benefit from the terms of the Landlord and Tenant Act 1954 which allows commercial leases to be extended or renewed on expiry; under this Act, the Company as tenant always has the option to end the lease if they wish rather than to extend or renew it.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the Company's estimate of the amount expected to be payable under a residual value guarantee; or the Company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

# WSP GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 1 Accounting policies

(Continued)

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

#### 1.8 Foreign exchange

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

#### 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 shareholder are recognised as a liability in the Company's financial statements in the year in which the dividends are approved by the Company's shareholder.

#### 1.10 Capital management

For the purpose of capital management, capital includes intercompany funding liabilities, bank overdrafts and total equity.

	2022 £'000	2021 £'000
Intercompany funding liabilities	2,255	2,045
Total equity	466,416	300,899
	<hr/>	<hr/>
	468,671	302,944
Add bank overdrafts	20,888	20,644
	<hr/>	<hr/>
	489,559	323,588
	<hr/>	<hr/>

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.

In order to achieve the Company's capital management objectives, the Company aims to ensure that it meets its obligations attached to the interest bearing loan with WSP UK Limited. All obligations have been met in the current and prior year.

At 31 December 2022 and 31 December 2021 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 be required to be accounted for separately under IFRS.

The Company is not subject to any externally imposed capital requirements nor to any loan covenants.

# WSP GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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

##### **New accounting standards, amendments and interpretations adopted by the Company**

The following amendments and interpretations apply for the first time in 2022, but do not have an impact on the financial statements of the Company. These new amendments and interpretations are:

##### **Amendments to IFRS 3: Reference to the Conceptual Framework**

The amendments replace a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

At the same time, the amendments add a new paragraph to IFRS 3 to clarify existing guidance for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

These amendments had no impact on the financial statements of the Company as there were no contingent assets, liabilities or contingent liabilities within the scope of these amendments that arose during the period.

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

The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

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

- Amendments to IAS 1 - Presentation of Financial Statements
- Amendments to IFRS Practice Statement 2 - Making Materiality Judgements
- Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
- New standard IFRS 17 - Insurance Contracts

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##### **Amendments to IAS 1: Classification of Liabilities as Current or Non-Current**

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. They are not expected to have a significant impact on the Company's financial statements.

##### **Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies**

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

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# WSP GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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

(Continued)

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Company is currently assessing the impact of the amendments to determine the impact they will have on the Company's accounting policy disclosures.

#### Amendments to IAS 8: Definition of Accounting Estimates

In February 2021, the IASB issued amendments to IAS 8 to replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. They are not expected to have a significant impact on the Company's financial statements.

#### New standard: IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Company.

At the date of authorisation of these financial statements, 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.

### 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. There are no significant estimates or judgements affecting these financial statements.

# WSP GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 4 Dividend income

Dividend income was received from the following subsidiaries:

	2022 £'000	2021 £'000
Graham Consulting Group Limited	-	2,521
AB Consulting Limited	-	4,029
	<u>-</u>	<u>6,550</u>

### 5 Operating profit/(loss)

	2022 £'000	2021 £'000
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(563)	1,460
Depreciation of right-of-use asset	81	81
	<u>81</u>	<u>1,460</u>

The audit fee of the Company was £8,000 (2021: £5,000) and was borne by another Group company. Other than the statutory audit, no services were provided to the Company by PricewaterhouseCoopers LLP.

There were no employees during the year or prior year.

### 6 Directors' remuneration

	2022 £'000	2021 £'000
Short term employment benefits	1,763	1,389
Amounts receivable under long term incentive schemes	1,003	1,959
	<u>2,766</u>	<u>3,348</u>

The directors are remunerated by a fellow group entity, WSP UK Limited. The remuneration covers their services to all WSP group companies in the UK and Ireland for which they are a director. As the Group believes it is impractical to allocate these costs to individual companies, no recharges were made to the Company. The financial statements of WSP UK Limited are available to the public and can be obtained from WSP House, 70 Chancery Lane, London, WC2A 1AF.

The short term employment benefits of the highest paid director were £1,184,000 (2021: £891,000). Defined contribution pension payments of £nil (2021: £nil) were made on behalf of the highest paid director. Post-employment benefits of £nil (2021: £nil) were paid to the highest paid director.

The highest paid director received amounts under long term incentive schemes of £756,000 (2021: £918,000). The highest paid director was granted share options in WSP Global Inc. with a value of £191,000 (2021: £130,000) and earned a gain on the exercise of share options of £nil (2021: £734,000).

The Board of Directors considers the Directors to be the Key Management Personnel of the Company.

# WSP GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 7 Finance income

	2022	2021
	£'000	£'000
Finance income on the net investment in leases	53	105
Intercompany finance income	578	1,774
	<u>        </u>	<u>        </u>
Total finance income	<u>631</u>	<u>1,879</u>

Intercompany finance income arises on loans, as detailed in note 14.

### 8 Finance costs

	2022	2021
	£'000	£'000
Interest on bank overdraft	79	6
Interest on obligations under finance leases	53	105
Intercompany finance costs	90	95
	<u>        </u>	<u>        </u>
Total interest expense	<u>222</u>	<u>206</u>

### 9 Income tax expense

	2022	2021
	£'000	£'000
<b>Current tax</b>		
Group relief payable	375	207
	<u>        </u>	<u>        </u>
<b>Total UK current tax</b>	<u>375</u>	<u>207</u>

#### Deferred tax

Origination and reversal of temporary differences	-	123
Changes in tax rates	-	1
Adjustment in respect of prior years	-	(69)
	<u>        </u>	<u>        </u>
<b>Total deferred tax</b>	<u>-</u>	<u>55</u>
	<u>        </u>	<u>        </u>
<b>Total tax charge</b>	<u>375</u>	<u>262</u>

# WSP GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 9 Income tax expense

(Continued)

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

	2022 £'000	2021 £'000
Profit/(loss) before taxation	1,469	(440)
Expected tax charge based on a corporation tax rate of 19% (2021: 19%)	279	(84)
Effect of expenses not deductible in determining taxable profit	(110)	1,453
Transfer pricing adjustment	206	206
Adjustment in respect of prior years - deferred tax	-	(69)
Change in tax rates	-	1
Dividends received	-	(1,245)
<b>Taxation charge for the year</b>	<b>375</b>	<b>262</b>

The Company's profit (2021: loss) for this accounting year are taxed at an effective rate of 19% (2021: 19%).

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021.

### 10 Investments

	2022 £'000	2021 £'000
Investments in subsidiaries	437,957	274,228
	437,957	274,228

In the opinion of the directors, the value of the investments in subsidiaries at 31 December 2022 and 31 December 2021 is not less than the carrying value stated in the Statement of Financial Position. This conclusion was reached following an assessment of whether any indicators of impairment exist, with reference to both internal and external sources of information. The directors have also considered the degree to which the data and assumptions within these internal and external sources would need to fluctuate before an indicator of impairment is identified as well as considering the likelihood of this occurring.

# WSP GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 10 Investments

(Continued)

	Shares in group undertakings £'000
<b>Cost or valuation</b>	
At 1 January 2021	280,413
Additions	1,464
Disposals	(7,649)
At 31 December 2021	274,228
Additions	163,729
Disposals	-
At 31 December 2022	437,957
<b>Impairment</b>	
At 1 January 2021	-
Impairment	7,649
Disposals	(7,649)
At 31 December 2021	-
At 31 December 2022	-
<b>Carrying amount</b>	
At 31 December 2022	437,957
At 31 December 2021	274,228

On 22 September 2022, the Company issued a capital contribution of £47,158,000 to its subsidiary, WSP Group Holdings Limited, in return for 100 shares.

On 19 October 2022, the Company issued a capital contribution of £116,571,000 to its subsidiary, WSP Group Holdings Limited, in return for 100 shares.

In prior year on 22 September 2021, the Company acquired 100% of the share capital of Golder Associates Africa from a related party, for consideration of US\$2,000,000 (£1,464,000).

In the prior year the Company received in specie dividends of £2,521,000 from Graham Consulting Group Limited and £4,029,000 from AB Consulting Limited and, following an impairment test, impaired its investment in these companies from £3,595,000 to £nil and from £4,029,000 to £nil respectively. Both Graham Consulting Group Limited and AB Consulting Limited were dissolved on 8 June 2021.

In the prior year the Company also impaired its investment in Financial Decisions Limited from £25,000 to £nil. Financial Decisions Limited was dissolved on 16 March 2021.



# WSP GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 11 Subsidiaries

Details of the Company's subsidiaries at 31 December 2022 and 31 December 2021 are as follows:

Name of undertaking	Registered address and country of incorporation	31 December 2022 %	31 December 2021 %	Nature of business
WSP Group Holdings Limited	WSP House, 70 Chancery Lane, London, WC2A 1AF, England	100.00	100.00	Intermediate holding company
WSP Johannesburg Proprietary Limited*	Building C, Knightsbridge, 33 Sloane Street, Bryanston, Johannesburg 2196, South Africa	57.00	57.00	Intermediate holding company
Golder Associates Africa	C/o Ocorian Corporate Services Ltd, 6th Floor, Tower A, 1 Cybercity, Ebene, Republic of Mauritius	100.00	100.00	Intermediate holding company

\*The Company has a call option over the remaining 43% of the share capital of WSP Johannesburg Proprietary Limited.

During the year ended 31 December 2021, the following subsidiaries were dissolved:

- Financial Decisions Limited (dissolved 16 March 2021)
- WSP Buildings Limited (dissolved 23 March 2021)
- AB Consulting Limited (dissolved 8 June 2021)
- Graham Consulting Group Limited (dissolved 8 June 2021)

### 12 Right-of-use asset

The carrying amounts of right-of-use assets recognised and movements during the year are as follows:

	Property leases
	£'000
At 1 January 2021	450
Modifications	(248)
Depreciation	(81)
At 31 December 2021	121
Modifications	-
Depreciation	(81)
At 31 December 2022	40

Depreciation is recognised within administrative expenses in the Statement of Comprehensive Income.

# WSP GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 13 Finance lease receivable

The Company is the lessee for one property lease and, as at 31 March 2020, had a right-of-use asset of £5,168,000 and a lease liability of £4,965,000. Following the restructuring activity performed by the Company's fellow Group entities, with effect from 1 April 2020, the "identified asset" (as defined by IFRS 16 Leases) within the property lease arrangements transferred from the Company to WSP UK Limited and, from this date, the Company subleases the property to WSP UK Limited. The Company has classified the sublease as a finance lease because the sublease is for the whole of the remaining term of the head lease. On 1 April 2020, the Company derecognised the majority of its right-of-use asset and recognised its net investment in the lease arrangements as a finance lease receivable.

The carrying amounts of the finance lease receivable recognised and movements during the year are as follows:

	2022 £'000	2021 £'000
At 1 January	2,420	4,038
Modification	37	(11)
Interest accretion	53	105
Payment received	(1,731)	(1,712)
At 31 December	779	2,420

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

	2022 £'000	2021 £'000
<b>Gross amounts receivable under finance leases:</b>		
Within one year	779	1,731
Within two to five years	-	786
<b>Total undiscounted lease payments receivable</b>	779	2,517
Unearned finance income	-	(97)
<b>Net investment</b>	779	2,420

# WSP GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 14 Loans and other receivables

	2022 £'000	2021 £'000
Amounts due from group undertakings - trading	1,724	1,758
Amounts due from group undertakings - funding	52,545	50,030
Prepayments	22	12
	<u>54,291</u>	<u>51,800</u>

Interest on funding balances between companies within the Group, where loans are interest bearing, is charged at 2.5% above the Bank of England base rate at the time of issuing the loan (2021: 2.5% above the Bank of England base rate at the time of issuing the loan).

Interest is not charged on trading balances between companies within the Group.

All balances are unsecured and are repayable on demand.

Loans and other receivables do not contain impaired assets and there is no material difference between the carrying value and fair value of financial assets at the Balance Sheet date. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

### 15 Loans and other payables

	2022 £'000	2021 £'000
Amounts due to group undertakings - funding	<u>2,255</u>	<u>2,045</u>

Interest on funding balances between companies within the Group, where loans are interest bearing, is charged at 2.5% above the Bank of England base rate at the time of issuing the loan (2021: 2.5% above the Bank of England base rate at the time of issuing the loan). Interest is not charged on trading balances between companies within the Group. The balances are unsecured and are repayable on demand.

# WSP GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 16 Lease liabilities

The carrying amounts of lease liabilities and the movements during the year are as follows:

	£'000
At 1 January 2021	4,038
Modification	(11)
Accretion of interest	105
Payments	(1,712)
At 31 December 2021	2,420
Modification	37
Accretion of interest	53
Payments	(1,731)
At 31 December 2022	779

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2022 £'000	2021 £'000
Current liabilities	779	1,655
Non-current liabilities	-	765
	<u>779</u>	<u>2,420</u>

Undiscounted contractual maturity of lease liabilities:

	At 31 December 2022		
	Up to 1 year	Between 1 year & 5 years	More than 5 years
	£'000	£'000	£'000
Lease liabilities	<u>779</u>	<u>-</u>	<u>-</u>

	At 31 December 2021		
	Up to 1 year	Between 1 year & 5 years	More than 5 years
	£'000	£'000	£'000
Lease liabilities	<u>1,731</u>	<u>786</u>	<u>-</u>

	2022 £'000	2021 £'000
Amounts recognised in profit or loss include the following:		
Interest on lease liabilities	<u>53</u>	<u>105</u>

# WSP GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 16 Lease liabilities

(Continued)

The weighted average incremental borrowing rate applied to the lease liabilities is 3.2% (2021: 3.2%).

### 17 Financial liabilities

	2022 £'000	2021 £'000
Bank overdrafts	20,888	20,644

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

Interest on bank overdrafts is charged at Bank of England base rate +2.5% (2021: Bank of England base rate +2.5%).

### 18 Provisions

	Dilapidations provision £'000	Claim provisions £'000	Total £'000
<b>Movements on provisions:</b>			
At 1 January 2021	1,269	501	1,770
Reversal of provision	(248)	(501)	(749)
At 31 December 2021 and 1 January 2022	1,021	-	1,021
At 31 December 2022	1,021	-	1,021

Claim provisions relate entirely to professional indemnity (PI) claims and have been calculated based upon the directors' best estimate of the amount that may fall due. The recognised provision reflects the directors' best estimate of the most likely outcome, up to regional cap, but the ultimate amount payable for PI claims may be different depending on the final settlement agreements. The excess of claims above the regional cap is covered by WSP Global Inc.

Dilapidation provisions reflect management's best estimate of the cost of making good leasehold property on exit of the lease.

# WSP GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

<b>19</b>	<b>Called up share capital</b>	<b>2022</b>	<b>2021</b>
		<b>£'000</b>	<b>£'000</b>
	<b>Ordinary share capital</b>		
	<b>Authorised, issued and fully paid</b>		
	64,840,397 (2021: 64,840,197) of £0.05 each	3,242	3,242

On 22 September 2022, the Company issued one hundred shares to its immediate parent for £0.05 at a premium of £47,158,000.

On 19 October 2022, the Company issued one hundred shares to its immediate parent for £0.05 at a premium of £117,265,000.

In prior year on 9 December 2021, the Company issued one share to its immediate parent for £0.05 at a premium of £7,300,000.

<b>20</b>	<b>Share premium account</b>	<b>2022</b>	<b>2021</b>
		<b>£'000</b>	<b>£'000</b>
	At 1 January	225,103	217,803
	Issue of share capital	164,423	7,300
	At 31 December	389,526	225,103

On 22 September 2022, the Company issued one hundred shares to its immediate parent for £0.05 at a premium of £47,158,000.

On 19 October 2022, the Company issued one hundred shares to its immediate parent for £0.05 at a premium of £117,265,000.

In prior year on 9 December 2021, the Company issued one share to its immediate parent for £0.05 at a premium of £7,300,000.

# WSP GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 21 Related party transactions

#### Transactions with related parties:

	2022 £'000	2021 £'000
<i>Dividend income</i>		
- Subsidiaries	-	6,550
<i>Other transactions:</i>		
- Finance income receivable from related party	631	1,879

#### Outstanding balances with related parties:

##### Amounts due from fellow group entities:

	2022 £'000	2021 £'000
Other fellow group entities	54,269	51,788
	<u>54,269</u>	<u>51,788</u>

##### Amounts due to fellow group entities:

	2022 £'000	2021 £'000
Other fellow group entities	(2,255)	(2,045)
	<u>(2,255)</u>	<u>(2,045)</u>

#### Transactions with key management personnel:

There are no transactions with key management personnel in either the current or the prior year.

### 22 Financial instruments

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

The Company has an overdraft of £20,888,000 as at the year end (2021: £20,644,000).

The Company's interest bearing financial liabilities are charged at floating rates. There are no fixed rate or non-interest bearing liabilities (2021: £nil). The floating rate liabilities apply to short and medium-term bank overdrafts and loans with interest rates falling within the range 2.5% to 4.0% above the relevant country national bank base rates or inter-bank offer rate. The Company's banking facilities are secured by fixed and floating charges over a variety of the Company's assets.

The Company is party to an unsecured credit facility of US\$35,000,000. The arrangement is between a financial institution (the lender) and the Company (the borrower), with certain UK Group companies captured within the arrangement. Interest on the overdraft facility is 2.5% + Bank of England base rate (2021: 2.5% + Bank of England base rate). The arrangement is not subject to any covenants and is repayable on demand.

# WSP GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 23 Guarantees and contingent liabilities

At 31 December 2022 and 31 December 2021 the Company guaranteed defined benefit pensions contributions payable by a subsidiary company.

The Company is a guarantor for a counter indemnity for a performance bond to the value of £282,000 (QAR1,243,000).

In common with other professional firms, the Group maintains professional indemnity insurance against claims for professional negligence which in the ordinary course of business have been, or may in the future be, received. The directors assess each claim and make provision for legal and settlement costs where, on the basis of advice received, it is considered that a liability may exist. In respect of certain contracts, the Company has granted guarantees to clients in connection with the performance of its subsidiary undertakings.

#### 24 Events after the reporting date

On 15 February 2023, the Company issued 100 shares to its immediate parent for £0.05 at a premium of £35,000,000.

On 8 March 2023, the Company subscribed to 5,000,000 additional shares in its wholly owned subsidiary Golder Associates Africa.

#### 25 Controlling party

The Company's immediate parent undertaking is WSP Holding UK Limited, incorporated in England and Wales.

The ultimate parent undertaking and controlling party of the Company is WSP Global Inc., incorporated in Canada. WSP Global Inc.'s registered address is 1600 René-Lévesque Blvd. West, Montreal, Quebec, 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).

#### 26 Cash (absorbed by)/generated from operations

	2022 £'000	2021 £'000
Profit/(loss) for the year after tax	1,094	(702)
<b>Adjustments for:</b>		
Taxation charged	375	262
Finance costs	222	206
Dividend income	-	(6,550)
Finance income	(631)	(1,879)
Impairment of investment	-	7,649
Depreciation of right-of-use asset	81	81
Decrease in provisions	(2)	(749)
Decrease in lease liability	89	94
Movement in finance lease receivable	(89)	(94)
(Increase)/decrease in loans and other receivables	(2,491)	6,567
Increase/(decrease) in loans and other payables	210	(4,060)
Cash (absorbed by)/generated from operations	(1,142)	825