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Strategy and Business Model

Market Position

RPS is an international consultancy strategically positioned to provide independent advice upon:

- the exploration and production of oil and gas and other natural resources;
- the development and management of the built and natural environment and
- the development of infrastructure to ensure the supply of energy resources to market and to enable the world's population to have available appropriate transport, water and power resources.

Strong Long Term Demand

The long term drivers of our business model are fundamental to the development of the global economy:

- the world's growing need to secure adequate supplies of energy and other natural resources as a result of population and economic growth;
- the commercial and technical expertise required to support sustainable development of land and buildings;
- the need to provide adequate infrastructure such as airports, power stations, public transport, water treatment plants and to deliver energy to market;
- the need to ensure regulatory compliance and to manage environmental, health and safety risks, including climate change, against a background of increasingly complex legislation and regulation.

Strategic Objectives

Our strategic objectives are to:

- build on our existing reputation in being recognised as a market leader in the "energy and environment" markets;
- focus on delivering value added services which generate good fee levels and margins;
- grow our existing businesses organically;
- extend our range of services and geographical cover by bringing high quality specialist companies into the Group and then support them to achieve further growth and;
- achieve the above with manageable balance sheet risk, whilst continuing to provide a growing return to shareholders.

Acquisitive Growth

Acquisitions broaden and deepen the services that we offer our clients. They have played an important part in our growth and will continue to be a key element of our strategy. We acquire businesses that are well managed, deliver sound results and enjoy good reputations in their markets. They may be in sectors where we are already operating or offer services that are closely related to our own. We view non-dilutive, acquisitive growth, funded by cash, as being as valuable as organic growth.

Our acquisition model is structured to operate on a low risk basis. This is achieved through an incremental approach focusing on small to medium sized enterprises which are adjacent and complementary to our existing areas of operation. The emphasis placed upon retention of directors and employees as well as the extent of due diligence undertaken and a clear single brand integration process are also important in keeping risks to a minimum.

During 2014 we successfully completed acquisitions in Australia, USA and the United Kingdom. We are seeking to acquire further high quality small to medium sized businesses in North America, Australia and Europe. The Board occasionally considers larger acquisitions and acquisitions in countries in which we do not currently operate if they are consistent with our overall strategy. Increasing Group scale and diversity by means of acquisitions leads to greater resilience in the Group's performance, as demonstrated in 2014.

Key Competences

As a result of implementing our strategy over the last three decades we have developed the following strong core competences:

- managing complex, intellectual consultancy businesses;
- identifying high value, premium margin markets;
- developing and operating businesses internationally;
- recruiting and retaining high quality staff;
- managing client relationships: over 85% of work derives from long term clients;
- maintaining strong cash flow and
- Identifying, delivering and successfully integrating "bolt on" acquisitions.

The development of this expertise has been possible through a strong and stable central management team supported by developing senior managers within our businesses.

Strategic Opportunities

The Board sees its strategy as providing significant opportunities for growth across the Group.

In respect of Energy these derive from:

- strategic long term demand for oil and gas; this results each year in substantial spend on exploration and production by our clients;
- pressure on international oil companies to replace and develop reserves;
- pressure on national oil companies to realise assets in order to be able to invest in the social infrastructure necessary to support their populations and domestic economic growth;
- the need our clients have for high quality technical advice;
- the increasing scale and frequency of asset based transactions and financing;
- increased awareness of health and safety and risk management issues.

In respect of BNE they derive from:

- long term demand for improvement to and extension of the urban fabric of towns and cities;
- long term demand for urban, inter urban, transport, water energy/power and communications infrastructure;
- the increasing importance of stakeholder consultation and engagement in the planning and design phases of these projects;
- the increasing importance of environmental and climate change issues in the decision making around these projects.

Our significant market profile and presence in both these markets enables us to take advantage of these opportunities.

Shareholder Value

Since the Group's IPO in July 1987 we have raised only £60 million from our shareholders and distributed £100 million in dividends. Our last fund raising, of £40 million, was in 2001; since then we have paid £80 million in dividends.

Group Activities and Management

As indicated above our business is an international consultancy providing independent advice that relates to oil and gas and natural resources as well as to the built and natural environment. The Group's services in relation to the development of infrastructure draw upon expertise from within both of these areas.

Energy

We provide advice to our clients upon the exploration and production of oil, gas and other natural resources which comprises technical, commercial and project management support and training in the fields of geoscience, engineering, health, safety and environment. It may be provided on a multi-disciplinary and integrated basis anywhere in the world. We aim to assist clients' development of their energy resources across the complete life cycle, combining technical and commercial skills with an extensive knowledge of environmental and safety issues.

The business has regional offices in the UK, USA, Canada, Australia, Norway, Singapore and Malaysia and undertakes projects in many other countries. During the year under review, with the exception of our Australian and Asia Pacific offices, they were managed by a single Board supported by a number of operating Boards and their results reported as a single segment. With effect from 1 January 2015 this business has been split into two sub-segments one covering our activities in Europe, Africa and the Middle East ('EAME') and the other our activities in North America. These sub-segments are now being managed by separate Boards.

Our Australian and Asian offices have been and will continue to be managed on a regional basis by a Board that has responsibility for both our Energy and our Built and Natural Environment offices in this region.

During 2014 our Norwegian business was within that part of the Energy business which is now EAME. Due to the changing balance of energy and environmental activities consideration is now being given to consolidating its results within the BNE Europe segment.

Built and Natural Environment

This is the advice we provide to our clients upon the built and natural environment which includes planning, urban design and regeneration, environmental assessment and management, transport and infrastructure, architecture and landscape, engineering and surveying. We also provide services in the areas of environmental science, the management of water resources, health safety and risk management, laboratory testing, asbestos consulting, air quality, noise, property and oceanography. Our services are provided on a regional basis from offices in Europe, Australia and North America.

Our regional businesses in Europe and North America are each managed by a single board supported by a number of operating boards. We present the results of each of these two businesses as separate reporting segments. As noted above and due to the integrated nature of the environmental and energy infrastructure markets in that area, the Built and Natural Environment business in Australia Asia Pacific is managed with the Energy business in that region by a single Board. The results of this combined business are presented as single reporting segment covering all of our operations in Australia Asia Pacific ('AAP').

During the year it was announced that the results of HMA Land Services which had previously been included within the Energy segment would be consolidated within the Built and Natural Environment segment.

Infrastructure

We operate multi-disciplinary teams drawing on expertise of each of the segments to focus on development of Energy and Urban Infrastructure. In the former we provide advice on the development of infrastructure for developing energy from renewable sources, storing and transporting hydrocarbons and transmitting energy and power. With regard to urban infrastructure we develop projects through planning, design and construction support including hospitals, schools, residential development and manufacturing facilities as well as the planning and design of transport schemes.

Further Information

A sample of the projects and activities that we undertake is described on our website at www.rpsgroup.com.

2014 Results

Summary of results

The Group's results for the year to 31 December 2014 are summarised in the table below.

	2014	2013	2013 (constant currency)
Business performance			
Revenue (£m)	572.1	567.6	540.3
Fee income (£m)	505.0	492.1	468.3
PBTA[(1)] (£m)	66.1	63.0	60.2
Adjusted earnings per share[(2)] (basic) (p)	22.04	20.22	19.32
Total dividend per share (p)	8.47	7.36	7.36
Statutory reporting			
Profit before tax (£m)	46.3	43.6	41.9
Earnings per share (basic) (p)	15.20	13.11	12.72

Notes

(1) Profit before tax, amortisation of acquired intangibles and transaction related costs.

(2) Based on earnings before amortisation of acquired intangibles and transaction related costs.

The strength of sterling had a significant adverse effect on our consolidated profit growth. This was offset by the contribution from acquisitions. Adjusted basic earnings per share were 22.04 pence (2013: 20.22 pence; 19.32 pence on a constant currency basis).

At the segment level we focus on underlying profit; all segments grew on a constant currency basis; the contribution from each segment was:

Underlying Profit* (£m)	2014	2013	2013 (constant currency)
Energy	39.0	36.4	35.3
Built and Natural Environment: Europe	21.3	19.2	18.8
Built and Natural Environment: North America	9.1	8.3	7.8
Australia, Asia Pacific	9.6	10.0	9.0
Total	79.1	73.9	70.9

*As defined in note 1g to the consolidated financial statements.

Our Energy activities are conducted on a worldwide basis. In combination with our Built and Natural Environment ("BNE") business in North America and our Australia, Asia Pacific ("AAP") business, we now have over three quarters of our underlying profit generated outside the UK. Although this diversity exposes us to currency fluctuations, it enables the Group to deliver good results, even when confronted with challenging conditions.

The Group's key performance indicators are shown below:

Group Key Performance Indicators	2014	2013	2013 (constant currency)
Fee income (£m)	505.0	492.1	468.3
PBTA (£m)	66.1	63.0	60.2
Conversion of profit to cash (%)[(3)]	89.0	96.0	96.0
Net debt (£m)	73.2	32.4	32.4

Notes

(3) Based on operating profit adjusted for depreciation, share scheme costs, amortisation of acquired intangibles, deferred consideration treated as remuneration and non-cash transaction related costs.

Cash Flow, Funding and Dividend

Our cash flow in the year was good and our balance sheet remains strong. Our year end net bank borrowings were £73.2m (2013: £32.4m) after paying out £17.4 million in dividends (2013: £15.0 million) and £64.7 million (2013: £46.7 million) in respect of initial and deferred payments for acquisitions, including acquired net debt. Net bank borrowings include a £51.8 million loan from Pricoa, due for repayment in 2021. We have a £125 million committed revolving credit facility with Lloyds available until July 2016 which had headroom of about £87 million at the year end. The Board intends to refinance the Lloyds facility during the course of the next few months, which is likely to involve an additional bank providing part of our total facilities.

The Board is recommending a final dividend of 4.42 pence per share payable on 22 May 2015 to shareholders on the register on 24 April 2015. If approved, the total dividend for the full year would be 8.47 pence per share, an increase of 15% (2013: 7.36 pence per share).

We remain well positioned to continue funding the Group's growth strategy.

Markets and Trading

Energy

The Energy business continued to grow, with an improved result in the second half supported by acquisitions made in 2013, managing well the rapid decline in oil price and political unrest in the Middle East. The strong margin was also maintained.

We provide internationally recognised consultancy services to the oil and gas sector from our main bases in the UK, USA and Canada. These act as regional centres for projects undertaken in many other countries. The Energy component of our AAP business, with offices in Perth, Singapore and Kuala Lumpur, provides an integral part of the service offering to our international oil and gas clients. Our range of clients and services and geographical diversity of our business provides opportunity for us throughout the investment cycle in this industry.

	2014	2013	2013 (constant currency)
Fee income (£m)	205.1	186.9	180.7
Underlying profit* (£m)	39.0	36.4	35.3
Margin %	19.0	19.5	19.5

*As defined in note 1g to the consolidated financial statements. *Reorganisation costs: 2014 £0.2m; 2013 £0.1m.*

We continued to benefit from our excellent reputation and prominent position in the oil and gas sector in many parts of the world. In particular, we experienced good demand for our consultancy advice, including transaction and asset valuation support. During the second quarter some of our clients began to manage expenditure more tightly, particularly in their operational activities. Against the background of a rapidly falling oil price, this trend continued through the second half. Our trading was also affected by the political disruption in the Middle East, which caused clients to delay investment in Kurdistan/Iraq.

Despite these adverse conditions our profit in the year grew. This, in part, reflects the flexible nature of our business model which enables us to execute much of our operations support with experts recruited for specific assignments. Our global reach enables us to support a wide range of long term clients, for whom we undertake many projects of varying scale. We are not, in consequence, dependent on a small number of clients or projects.

Recent market conditions have been unusually volatile. As a result, clients are likely, in the short term, to continue focusing on cost management; we are, therefore, reducing our cost base and concentrating on those parts of the market and projects likely to receive investment. There are, however, already some signs of stabilisation. With the global economy set to grow substantially in coming years, we are well positioned in what continues to be an attractive, long term market.

Built and Natural Environment (BNE)

Within this business we provide a wide range of consultancy services to many aspects of the property and infrastructure development and management sectors. These include: environmental assessment, the management of water resources, due diligence, oceanography, health and safety, risk management, town and country planning, building, landscape and urban design, surveying and transport planning. It is split into two segments: Europe and North America.

BNE: Europe

This business performed well, with an improved margin, and was supported by two high quality acquisitions. It also benefited from strong growth of our UK planning and development activities, which experienced significantly improved market conditions and client confidence.

	2014	2013	2013 (constant currency)
Fee income (£m)	156.7	149.3	146.5
Underlying profit* (£m)	21.3	19.2	18.8
Margin %	13.6	12.8	12.9

*As defined in note 1g to the consolidated financial statements. *Reorganisation costs: 2014 £0.3m; 2013 £0.5m.*

Those of our activities exposed to operational environments, such as providing environmental management advice, continued to need to offer an efficient, cost effective service to assist clients manage tight budgets. Even in these markets we secured good performances, particularly from our Dutch business and our UK businesses providing support to the nuclear and defence industries.

The acquisition of Clear Environmental Consultants (announced on 10 April) has extended the range of our UK water activities. It will assist the strategic development of this business in 2015; this will be important at a time when we will be seeking to renew and win a significant number of contracts with the UK water utilities. The acquisition of CgMs (announced on 11 August) has extended the range of our UK planning activities and will assist the strategic development of this fast growing business. Both businesses have integrated well and should add materially to our result in 2015.

We anticipate this business should show further good growth this year.

BNE: North America

This business delivered a good result and remains well positioned in attractive sectors of the expanding North American market. It is primarily focussed on providing environmental management support to our clients and undertaking projects in the energy infrastructure market.

	2014	2013	2013 (constant currency)
Fee income (£m)	41.3	32.7	30.9
Underlying profit* (£m)	9.1	8.3	7.8
Margin %	22.0	25.4	25.2

*As defined in note 1g to the consolidated financial statements.. *Reorganisation costs: 2014 £nil; 2013 £nil..*

The acquisition of GaiaTech (announced on 20 May) was an important step in the development of this business, giving us access to new markets and geography particularly in relation to environmental due diligence, a high margin activity. It has integrated well and has already begun to make an important contribution. Those parts of the BNE business closest to oil and gas E&P activities experienced only modest expenditure tightening from clients. Staff retention became difficult in the part of the business involved in permitting and licensing of industrial facilities. This significantly reduced the anticipated performance. The oceanography businesses performed well.

We announced on 13 February 2015 the acquisition of a leading water and transportation consultancy in Texas. Klotz Associates Inc ("KAI") has 116 staff and is headquartered in Houston with other offices in the main cities of Texas. In the year ended 31 December 2014 it had revenue of $26.2 million (£17.2 million), and profit before tax of $3.6 million (£2.4 million) adjusted for non-recurring items. It was acquired for $24.1 million (£15.9 million) all payable in cash, of which $16.9 million (£11.1 million) was paid at closing, with the balance payable over two years.

Adding GaiaTech and KAI to our North American business gives us confidence about the performance in 2015.

Australia Asia Pacific ("AAP")

This business is a combination of the former BNE: AAP and the AAP component of Energy. They were brought together in 2013 to take advantage of the opportunities in the integrated energy and energy infrastructure market; this has helped counter the significant impact of the severe slow down in investment in the resources sector in this region on our business during the year. The acquisition of Point, (announced on 18 September), together with Whelans (announced on 27 February), both property consultants, enabled the business as a whole to grow its profit on a constant currency basis.

	2014	2013	2013 (constant currency)
Fee income (£m)	103.6	127.2	114.0
Underlying profit* (£m)	9.6	10.0	9.0
Margin %	9.3	7.9	7.9

*As defined in note 1g to the consolidated financial statements. *Reorganisation costs: 2014 £1.4m; 2013 £1.2m.*

Throughout this year our mining and energy clients in AAP have remained focused on operational efficiency rather than capital expenditure on new project development. As a result a significant number of projects have been delayed or cancelled, with this trend continuing until the year end. We have, therefore, continued to reduce our cost base. This is helping stabilise our performance ahead of market recovery.

As we reposition the business we are benefiting from increased client investment in urban development and public sector infrastructure projects. State funding in Queensland and Victoria has been slowed by recent changes of Government, but they remain attractive markets. Our position in this sector, particularly in respect of Federal agencies, has been significantly reinforced with the acquisition of Point.

Overall we are expecting an improved performance in 2015.

Group Strategy and Prospects

RPS is well positioned in markets of importance to the global economy. Our strategy of building multi-disciplinary businesses in each of the regions in which we operate continues to be both attractive and successful. Despite currency headwinds and uncertainty across the resources sectors our flexible business model, diversity of operations and experienced management enabled us to deliver further growth in 2014. We intend to develop organically, whilst continuing to seek further acquisition opportunities. Our balance sheet is strong and supports this strategy.

The acquisitions made in 2014 have integrated extremely well and will make a significant contribution this year. We have already built on this with the recent acquisition of KAI and expect further transactions during the course of the year.

We believe our positioning and business model should deliver a successful outcome and further growth in the current year.

Risk Management

The Group supplies a wide range of services in many markets and countries. This gives rise to a range of risks that need to be identified, assessed and managed. The Group's system of planning, budgeting and performance review assists with this process. The management of risk is not separated from the business, but is treated as an integral part of our culture and the way we operate. Each of our businesses is expected to identify and take appropriate steps to mitigate risks associated with its operations. An element of this risk management is the maintenance of an appropriate portfolio of insurance policies with suitable limits of indemnity. These include policies in respect of physical assets as well as liabilities to third parties and employees. Professional indemnity insurance is also maintained in appropriate parts of the Group to safeguard against losses arising from litigation associated with any shortfall in performance. The Executive Committee oversees the management of risk to which the Group is exposed and reports those of a material nature to the Board together with recommendations for their mitigation. The principal risks to which the Group is currently exposed are outlined below.

Health and Safety

The Group's activities require the monitoring and management of the health and safety of its employees as well as sub-contractors, client personnel and the general public. A failure to manage this risk correctly could expose our employees and these other groups to dangers as well as exposing the Group to significant potential liabilities and reputational damage.

Detailed health and safety policies and procedures are in place to minimise such risk. The Group's approach to the management of health and safety is described on pages 15 and 16.

Economic Environment

Economic uncertainty may cause the Group's clients to cancel, postpone or reduce existing or future projects. Continuing projects may be subject to greater cost pressures. The consequence is that we could have staff levels that exceed current workload and therefore incur the cost of unproductive time.

Although market factors are beyond our control, our exposure to a wide range of markets across the world mitigates the impact of downturn in any single market. Our contractual order book is monitored regularly in comparison to the productive capacity of our fee earning staff. Economic conditions in our various markets are closely monitored in order that pre-emptive action can, as far as possible, be taken as circumstances change.

Uncertainties continue in the Eurozone and in particular may affect performance of our businesses in The Netherlands and the Republic of Ireland, whilst the continued slowdown in the Australian natural resources sector has continued to affect our trading performance in that territory. In addition the reduction in global oil prices and resultant project delays has had an impact on the performance of our Energy business. We remain attuned to potential reductions in workload and take the necessary actions to reduce costs as and when this is required.

Political Events

The change and uncertainty arising from political events may have an impact upon the markets in which we operate and our ability to deliver our services to clients. Our operations in Kurdistan and Iraq were affected by conflict in the Middle Eastern region, whilst sanctions imposed on the Russian Federation may affect our business in that part of the world. In addition recent State election results in Australia, as well as an indecisive outcome to forthcoming general election in the United Kingdom, may both reduce the demand for our services in those countries.

Whilst the wholesale avoidance of risks of this sort is impossible, in so far as they can be anticipated measures can be taken to match costs to anticipated workload. The wide range of countries and markets that we serve will mitigate the effect of adverse political developments in particular countries.

Environmental and Health Risks

Adverse occurrences of this type may affect our ability to deliver our services and our clients' demand for them. Our operations have previously been affected by environmental events such as Macondo oil spill in the Gulf of Mexico. Although no events of this type have materially affected us in 2014, the possible spread of the Ebola virus into areas in Africa in which we operate could have an impact upon our operations and is kept under close review.

Whilst it is impossible to predict events of this type the wide range of markets that we serve will limit the impact of adverse occurrences in any specific country or region.

Information Systems

A lengthy failure or discontinuity in our IT systems could have a significant impact upon our operations.

The Group's IT systems are centrally managed with certain specific functions carried out locally. An annual Group plan is produced which includes measures designed to ensure reliability and resilience of the Group's systems as well as appropriate disaster planning. The Group has operations in a large number of locations, which would enhance its ability to withstand any individual failure or malfunction. The Group has never experienced a significant failure of its systems.

A cyber-attack upon our systems could result in loss of data, disruption to operations or direct financial loss. The Group has previously suffered attacks of this nature but has never experienced any significant loss due to the effective operation of the systems and controls in place. These systems as well as guidance given to employees remain under regular review.

Recruitment and Retention of Key Personnel

The Group's services are performed by well-qualified and professional employees with expertise across a wide range of areas. A failure to recruit and retain employees of appropriate calibre will, accordingly, impact our ability to meet our clients' requirements and correspondingly to maintain and develop our business. As previously reported, staff retention and recruitment issues had significant impact on our operations in North America during the year. As a result of this we have reviewed and tightened our restrictive covenants.

As described on pages 13 and 14 the Group maintains competitive remuneration and incentive structures which are reviewed on a regular basis. It also maintains an environment that is supportive of professional development through training and career opportunity.

Market Position and Reputation

The Group's reputation for project delivery relies upon its public portrayal and the perception of existing and prospective clients. A major failure of project management or delivery could, accordingly, impact our ability to win future work.

The Group operates quality control systems, many of which are externally accredited and are designed to enable our employees to provide a consistently high standard of work.

Litigation

A failure to deliver our services in accordance with our contractual obligations may lead to a risk of the Group becoming involved in litigation. In addition, as the contracting environment has evolved, clients in some of our businesses have sought to transfer certain risks to the consultants it engages.

The internal review processes operated by the Group seeks to ensure that contractual risks are properly scrutinised and mitigated as far as possible, whilst the management and quality control systems highlighted above minimise the risk of shortfalls in performance that may give rise to litigation. The Group maintains professional indemnity insurance across appropriate parts of its businesses.

From time to time the Group receives claims from clients and suppliers some of which result in compensatory payments being made by the Group and its insurers. The Board reviews significant claims at all meetings and is currently satisfied that the Group has provisions in its balance sheet the total of which is sufficient to meet all uninsured liabilities.

Compliance

The Group is subject to a range of taxation and legal requirements. A failure to comply with these obligations could give rise to legal liability, financial loss and reputational damage.

The Group has in place appropriate internal controls to deal with such matters and employs appropriately qualified employees through whom it monitors and responds to the regulatory requirements of the countries in which it operates.

Business Acquisitions

As in the past the Group intends to develop and grow the business, in part, by making acquisitions. A failure to identify acquired liabilities or to integrate acquired businesses could have an adverse impact on the Group's performance and prospects.

Detailed due diligence is performed on all potential acquisitions drawing upon both internal and external resources. This will include an assessment of the ability to integrate the acquired business within the Group and its control environment. The integration of the acquisitions made in 2013 has been successful and work in relation to those made during 2014 is proceeding well.

Funding

The availability of sufficient and appropriate funding through the Group's bank facilities is important to support the Group's growth and in particular to fund acquisitions.

The Group's principal bank facility will expire in July 2016 and currently consists of a committed revolving credit facility with Lloyds of £125m. It is anticipated that this facility will be replaced with a new facility, possibly involving other banks, during the middle part of 2015. During the year the Group's position has been strengthened by the successful negotiation and completion of a $150m long term private shelf facility with Prudential Investment Management Inc. Initial sums of £30m and US$34.1m repayable in September 2021 have been drawn against this facility. A fixed interest rate of 4% is payable on this loan.

Financial Risk Management

In addition to ensuring the availability of sufficient funding the Group faces a number of other financial risks which are fully described in note 30 to the Group Financial Accounts on page 69.

Employees

The current profile of the Group's employees presented in accordance with the Group's segmentation during the year and the changes over that period are as detailed below.

Group	2014	2013
Average number of employees		
Energy	809	620
Built and Natural Environment – Europe	2,452	2,403
Built and Natural Environment – North America	276	228
Australia Asia Pacific	882	947
Central	111	108
Group total	4,530	4,306
Employment statistics		
Days absent (%)	2	2
Average length of service (years)	6	7
Working part time (%)	11	11
Retention rate (%)*	81	82
Female	1,621	1,456
Male	2,909	2,850
Female (%)	35	33
Male (%)	65	67
Age profile	%	%
Employees aged under 25	7	8
Employees aged 25-29	15	15
Employees aged 30-49	55	55
Employees aged 50+	23	22

* Excluding redundancies.

The attraction, retention and motivation of high calibre employees is of strategic importance for the Group. To achieve this, businesses maintain appropriate remuneration structures as well as an environment in which employees are able to develop their skills in a way that can be applied to our clients' requirements. Each of the businesses has the remit to put in place arrangements that meet their specific demands whilst working within a framework of structures and systems that are overseen at Group level. Human resource professionals are employed throughout the Group to support the achievement of this objective. The Executive Directors have overall accountability for the development of human resource practice within the businesses for which they are individually responsible.

The gender profile of the Group's employees is shown above. As noted in the Corporate Governance Report two of the members of the Group Board are female. This currently represents slightly less than 25% of the directors, although on retirement of John Bennett from the Board later this year this will increase to 25%. Of the senior management group that is comprised of directors of the companies that are included in the Group consolidation, 44 are male and 3 are female.

Building an environment in which employees feel engaged with their business and the Group as a whole is of great importance in particular to ensure the successful integration of newly acquired businesses. We use the Group intranet as a means to communicate the Group's business developments and achievements as well as policies and procedures. Corporate newsletters also facilitate this flow of information. New employees receive an induction and regular staff appraisals facilitate open communication between employer and employee as well as identifying developmental needs.

The Group operates share plans across all its businesses aimed at giving employees a tangible interest in the Group's overall performance. Share purchase plans are accordingly open to the vast majority of our employees and enable them to purchase shares in the Company with the benefit of a matching share contribution from the Company. A performance share plan is also operated for more senior employees, which offers the potential to build a significant interest in the Company over a number of years.

The Group is committed to the training and development of its employees to enable them to realise their potential and effectiveness. Divisional directors and project managers are responsible for the management of training and verification of technical competence for project personnel in accordance with our quality management systems. Continuing professional development is of particular importance for our professional employees who are required to demonstrate technical competence within their specific sectors.

Given the wide range of technical areas in which we are engaged this involves supporting training schemes across a range of disciplines both 'in-house' and through professional bodies. Within our UK water business, for example, customer service training is delivered in conjunction with the Institute of Customer Services, whilst a post graduate certificate in urban drainage is supported and accredited through Derby University. In The Netherlands in-house training courses include project management, customer relationships and team leadership. The Group also provides training to the oil and gas sector through its Training Unit and which assists in providing technical training within the Group. During 2014 RPS continued its long-term practice of supporting staff in pursuing relevant higher education courses. This involved sponsoring courses at universities and colleges across the United Kingdom, Ireland, The Netherlands, USA and Australia. Vacant positions within the Group are, wherever possible, filled from within and our developmental and training programmes support this objective.

RPS provides equal opportunities for all its employees and potential employees regardless of their sex, sexual orientation, trans-gender status, religion or belief, marital status, civil partnership status, pregnancy, age, disability, race, colour, nationality, national or ethnic origins. The policy applies to the process of recruitment and selection, promotion, training and development, conditions of work, pay and benefits and to every other aspect of employment.

The Group's policies in relation to health and safety are described on pages 15 and 16.

Corporate Responsibility

Commitment

The Group's corporate governance policies are described in detail elsewhere in this document and provide a framework within which it can look to achieve attractive levels of return for its shareholders whilst striking a balance between this objective and recognition of its obligations to its employees, clients and society in general. The Corporate Governance Committee supports the Board in exercising general oversight in relation to environmental, social and governance ('ESG') matters although in the normal course of business the Board and the Executive Committee assess the risks and opportunities to which such issues give rise. In the Board's view it has adequate information to enable the proper assessment of these issues and where required training in such matters will be provided to directors.

As noted in the Risk Management section of this review, environmental issues are most likely to affect the Group through the impact material adverse events may have on the Group's trading. Whilst given the nature of its activities the Group's own impact on the environment is comparatively modest, its performance is monitored as outlined below and appropriate action to minimise impact taken where possible. The Group can, however, make a greater contribution to the environment through its own expertise and many of the projects with which it is involved. The Group advises international bodies, governments, local authorities and companies on the improvement of environmental performance. Projects include the development of strategies to reduce carbon emissions and the adaptation of buildings and infrastructure to anticipate climate change as well as the preparation of Environmental Impact Assessments across several sectors.

The policies adopted by the Group in relation to employees as well as health and safety are described elsewhere within this review whilst the risks associated with failures in both of these areas are described in the Risk Management section on pages 10 to 12. The Group recognises the importance of maintaining high standards of business conduct and contributing to the communities with which it is involved as detailed below. In the Board's view the challenges, risks and opportunities created by ESG issues as outlined in the Report and Accounts are unlikely to change significantly in the foreseeable future.

The Group remains a constituent member of the FTSE4Good Index, which consists of those companies that satisfy a set of globally recognised standards in the area of corporate responsibility. It is also a participating member of the Carbon Disclosure Project to which it provides data on an annual basis.

Standards of Business

The Group aims to be honest and fair in all aspects of its business. Through codes of conduct employees are required to adopt high standards of behaviour in their professional roles. Employees are also required to be sympathetic to the cultures of and comply with the laws and regulations of the countries in which they operate, as well as giving due regard to the safety and well-being of all project personnel and relevant local communities. All RPS employees must avoid personal or professional activities and financial interests that could conflict with their responsibilities to the Group. If a conflict of interest does arise then this must be acknowledged and reported. Employees must not abuse their position for personal gain; the Group has a clearly stated and zero tolerance policy in relation to bribery.

RPS supports the Universal Declaration of Human Rights as well as the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. We understand our responsibility to respect the human rights of the communities and workforces with whom we interact and our employees are expected to conduct themselves in a manner that is respectful of such rights.

Health and Safety

The health and safety of the Group's employees and others we affect is of paramount importance and we remain committed to good practice that as a minimum complies with the requirements of law. The Board sets the overall framework and standards for the management of health and safety, the implementation of which is overseen by the Company Secretary. Within this context each of the Group's businesses is responsible for the development of appropriate safe working conditions and systems to protect employees, contractors, visitors and others who may be affected by the Group's activities. Where appropriate, work activities are assessed for health and safety risks and appropriate mitigation measures and controls put in place. Employees are trained to ensure that they have the appropriate skills to carry out their job safely and senior management are trained to ensure that obligations to employees for whom they are responsible are properly discharged. The Group's businesses have appropriately qualified health and safety advisors to develop and implement these systems. Health and safety systems are also subject to regular review and audit.

Health and safety issues and performance are reported to and reviewed by all operating Boards at each meeting. This incorporates a system for reporting all near misses, accidents, dangerous occurrences and work-related diseases. All such incidents are investigated to determine the root cause and wherever possible action is taken to mitigate the risk of recurrence. The Group Board receives and

reviews a report at every meeting which summarises health and safety performance across the Group as well as detailing any significant incidents and emerging issues.

OHSAS 18001 is an internationally recognised standard for health and safety management that is aligned with the ISO 9000 (Quality Management) and ISO 14000 (Environmental Management) standards. 30% (2013: 27%) of employees across the Group work in offices that now have third party accreditation to the OHSAS 18001 standard.

During the year neither the Group nor any Group company was prosecuted for the breach of health safety regulations or subject to any investigation by regulatory authority. The reportable accident rate in the year was 2.1 accidents per 1,000 employees (2013: 3.0). Accidents that do occur most commonly effect field staff and involve manual handling activities, slips and falls.

Reportable Accident Rates

Group	2014	2013
Reportable injuries	11	15
Reportable injuries incident rate per 1,000 employees	2.1	3.0

Community Involvement

RPS has supported a range of community and charitable initiatives with gifts in kind and financial contributions throughout the year, mostly at office level. In 2014 the Group and its staff gave or raised £882,000 in charitable contributions (2013: £740,000). Taking into account the £175,000 spent on academic bursaries and educational initiatives (2013: £233,000), the total contribution of the Group and its employees to the communities in which it operates was £1,057,000 (2013: £973,000).

Tree Aid

The Group has continued to focus much of its charitable contribution upon the work of Tree Aid. This is in support of Tree Aid's programme of education, tree planting and woodland conservation programmes to assist some of the poorest communities in sub-Saharan Africa. The Group continues to be this charity's largest corporate sponsor, having contributed a total of £140,000 towards projects in Ghana and Mali in 2014. In addition to financial support the Group continues to offer the skills of its staff on a 'pro bono' basis to provide important technical support for Tree Aid's work. Work undertaken during the year has included topographical surveying, soil erosion studies and GIS field surveying.

The Group is pleased to have continued this association and that some of its employees have been able to contribute in such a direct and positive way.

Environmental Management and Climate Change

Although as a consultancy organisation our impact on the environment is small, the Group seeks to keep this to a minimum through the adoption of appropriate standards and the setting of specific targets.

The Group endeavours to:

- comply with all relevant national and regional legislation as a minimum standard;
- comply with codes of practice and other requirements such as those specified by regulators and our clients;
- utilise suppliers that offer products which are sustainable, recyclable or environmentally sensitive wherever practicable and economic;
- employ practical energy efficiency and waste minimisation measures; and
- provide an inter-office IT network together with communications and video conferencing technology that significantly reduces business travel.

To achieve these objectives appropriate training is provided to enable activities to be conducted in an environmentally sensitive manner and sufficient management resources are allocated to enable effective implementation of policies. A number of the Group's operating businesses have achieved ISO14001, the internationally recognised environmental management system standard. During 2014 many of our offices continued to recycle waste paper, spent toner and ink cartridges, obsolete computer hardware, printers and mobile phones.

Greenhouse Gas Reporting

For the reporting year 1 January to 31 December 2014 we have followed the 2013 UK Government environmental reporting guidance and used 2014 UK Government's Conversion Factors for Company Reporting. Greenhouse gas emissions are reported using the following parameters to determine what is included within the reporting boundaries in terms of RPS energy consumption.

- Scope 1 – direct emissions includes any gas data and fuel use for company owned vehicles. Fugitive emissions from air conditioning are included where it is RPS's responsibility within the tenanted buildings.
- Scope 2 – indirect energy emissions includes purchased electricity throughout the company operations.

Greenhouse gas emissions (tCO2e) are set out in the table below.

	2013	2014
Scope 1: Direct emissions	7,223*	6,881
Scope 2: Indirect emissions	4,458	4,724
Total	11,681	11,605

**Scope 1 data for 2013 has been restated to reflect the inclusion of additional data that was not available last year.*

Targets and Emission Intensity

In 2013 it was decided that the specific target set by the Board of a 5% decrease year on year decrease was unrealistic given the difficulties inherent in sustaining improvement as economic circumstances fluctuate and as the structure of the Group changes. Instead a target was set of a five year rolling average to reduce energy consumption per capita by 2.5% for office energy consumption. Using this approach the five year rolling average up to 2013 was 3.6 MWh per capita which decreased to 3.56 MWh per capita for the five year rolling average to 2014. Although a decrease was achieved this was below the target reduction of 2.5%.

The Group's policies and objectives for environmental management are reviewed from time to time in the light of changes within the Group's businesses, new legislation and emerging practice.

On behalf of the Board

Alan Hearne

Chief Executive

26 February 2015

The Board

Brook Land

Non-Executive Chairman

Aged 65. Brook Land was formerly a senior partner of and is now a consultant to Nabarro. He is a director of a number of private companies. Until 2008 he was Senior Independent Director of Signet Group plc. He was appointed to the Board in 1997 and is a member of the Nomination Committee.

Dr Alan Hearne

Chief Executive

Aged 62. Alan Hearne holds a degree in economics and a doctorate in environmental planning. Following a period of academic research into environmental planning he joined RPS in 1978, becoming a Director in 1979 and Chief Executive in 1981. Alan was the plc Entrepreneur of the Year in 2001, was made a Companion of the Institute of Management in 2002. He also became a member of the Board of the Companions in 2007, a fellow of Aston Business School in 2006 and an honorary Doctor of the University of Kent in 2011.

Gary Young

Finance Director

Aged 55. Gary Young graduated from Southampton University in 1982 and qualified as a Chartered Accountant in 1986 with Price Waterhouse. Before joining RPS he held a number of finance director roles including positions within Rutland Trust plc and AT&T Capital. He joined RPS in 2000 and was appointed to the Board later that year.

Dr Phil Williams

Executive Director

Aged 62. Phil Williams joined the Group in 2003 through the acquisition of Hydrosearch Associates Limited where he held the position of Managing Director. Phil had joined Hydrosearch in 1981 and was appointed Managing Director in 1983. Over the next 20 years he led Hydrosearch as the company developed into one of the world's largest energy sector consulting groups. Phil was appointed to the Board in 2005.

Robert Miller-Bakewell

Independent Non-Executive Director

Aged 62. Robert joined the Board in 2010 and is serving a second three-year term. Robert was a Senior Director of Investment Research at Merrill Lynch from 1998 to 2008 and prior to this worked as an investment analyst with NatWest Markets and its predecessor companies. Over the previous twenty years his focus was on analysing and advising water, waste, transport and environmental infrastructure companies both in the UK and internationally. He has also served as a member of OFWAT's Future Regulation Panel. Robert is a member of the Audit and Chairman of the Nomination Committee as well as being Senior Independent Director.

John Bennett

Independent Non-Executive Director

Aged 67. John was appointed to the Board in 2006. He is a Chartered Accountant with 30 years experience in the house building industry. He was Finance Director of Westbury plc, until it was acquired early in 2006. He has wide experience of financial management, capital and debt raising, acquisitions and investor relations having played a leading role in the strategic development of Westbury into a top ten volume house builder in the UK. John is serving a third three-year term and will be stepping down from the Board at this year's annual general meeting. He is Chairman of the Audit Committee and a member of the Remuneration Committee.

Louise Charlton

Independent Non-Executive Director

Aged 54. Louise was appointed to the Board in 2008 and is serving a third three-year term. She is Vice-Chairman of Brunswick Group LLP, the international corporate communications group of which she was a co-founder. Louise also serves on the Board of Brunswick Arts, an international strategic communications consultancy specialising in the cultural sector and Merchant Cantos, a leading creative communications agency. She has also served as a Director and Trustee of the Natural History Museum. She is a member of the Remuneration and Nomination Committees.

Tracey Graham

Independent Non-Executive Director

Aged 49. Tracey Graham joined the Board in 2011 having been Chief Executive of Talaris Limited, an international cash management business, until 2010. Tracey led the management buy-out of Talaris from De La Rue Plc, backed by private equity house Carlyle in 2008. Tracey is also an independent Non-Executive Director of Dialight Plc and the Royal London Group. She is serving a second three year term and continues to chair the Remuneration Committee as well as being a member of the Audit Committee.

Andrew Page

Independent Non-Executive Director

Aged 56. Andrew Page joined the Board in September 2014. He retired as Chief Executive Officer of the Restaurant Group plc in September 2014 having spent over thirteen years with that company. Prior to that he held a number of senior positions in the leisure and hospitality industry, including Senior Vice President with InterContinental Hotels. Andrew qualified as a Chartered Accountant with KPMG and then spent several years with Kleinwort Benson's Corporate Finance division. He is currently a non-executive director at Carpetright plc, Northgate plc, The Schroder UK Midcap Fund plc and JP Morgan Emerging Markets Investment Trust plc. Andrew is a member of the Audit and Remuneration Committees.

Report of the Directors

The Directors present their report together with the audited financial statements of RPS Group Plc and its subsidiary undertakings (the 'Group') for the year ended 31 December 2014.

Directors

The Directors of the Company as at 31 December 2014 were those listed on page 18. The only change to the composition of the Board during the year was the appointment of Andrew Page as Non-Executive Director with effect from 15 September 2014. The Directors' interests in the share capital of the Company are as shown in the Annual Report on Remuneration on page 85.

None of the Directors was materially interested in any significant contract to which the Company or any of its subsidiaries were party during the year.

Results and dividend

The Consolidated Income Statement is set out on page 35 and shows the profit for the year. The Directors recommend a final dividend of 4.42p (2013: 3.84p) per share. This together with the interim dividend of 4.05p (2013: 3.52p) per share paid on 16 October 2014 gives a total dividend of 8.47p (2013: 7.36p) per share for the year ended 31 December 2014.

Strategic Review

The Group's Strategic Review can be found on pages 3 and 4 and includes information as to the likely future development of the Group. Financial key performance indicators can be found on page 6. The Directors review performance using these non-statutory measures as well as segmental and underlying profit, as they consider these to be more meaningful measures of performance. These performance measures are defined in note 1(g) of the Consolidated Financial Statements. Note 3 includes a 'Group Reconciliation' of the adjusted measures to the statutory results. The Board does not use non-financial key performance indicators to assess the Group as a whole, although parts of the Group do use such indicators from time to time.

The Strategic Review contains certain forward looking statements with respect to the financial condition, results of operations and businesses of RPS. These statements involve risk and uncertainty because they relate to events and depend upon circumstances that may occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward looking statements. The Strategic Review includes information as to likely future developments in the business of the Group. Nothing in the Strategic Review should be construed as a profit forecast.

Consistent with its size and complexity, the Group has a large number of contractual relationships with clients and suppliers. In the Directors' view, however, there is no single contract or client relationship, which is essential to the Group's business. The principal operating subsidiary undertakings are listed in note 5 to the Parent Company Financial Statements.

Corporate Governance

The Directors' report on corporate governance can be found on pages 22 to 27 and incorporates other parts of the Report and Accounts as detailed therein.

Employees

The Group's policies in relation to employees are disclosed on pages 13 and 14.

Corporate Responsibility

The Group's corporate responsibility statement is included on pages 15 to 17. This includes the disclosures concerning greenhouse gas emissions that are required pursuant to part 7 of The Companies Act (Strategic Report and Directors' Report) Regulations 2013. The Group made no contribution to political organisations during the year.

Substantial shareholdings

The Company is aware of the following interests in excess of 3% of the ordinary share capital of the Company as at 25 February 2015.

	No. of shares	Percentage
Aberforth Partners	15,933,860	7.19
Black Rock	14,757,190	6.66
Standard Life Investments	13,618,311	6.15
UBS Global Asset Management	10,980,088	4.96
Franklin Templeton Fund Management	9,000,000	4.07
Montonaro Investment Managers	8,555,000	3.86
SEB Asset Management	7,759,393	3.50
Threadneedle Investments	7,376,570	3.33
Columbia Wanger Asset Management	6,673,209	3.01

Going concern

The Group's business activities, a review of the 2014 results together with factors likely to affect its future development and prospects are set out on pages 6 to 9. Note 16 to the Consolidated Financial Statements sets out the borrowings of the Group and considers liquidity risk, whilst note 30 describes the Group's approach to capital management, and financial risk management in general.

The Group has had good cash flow for a number of years and operates well within the financial covenants applying to the main bank facility. The Group's banking facilities which were renewed in 2012 and expire in July 2016, will be renegotiated during 2015. The Group's position was strengthened in 2014 on entering into a $150m long term private shelf facility with Prudential Investment Management Inc.

The Group has a diverse range of businesses in a spread of geographies and as a consequence the Directors believe that the Group is well placed to manage its business risks successfully.

The Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. They therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Each of the persons who is a director at the time of this report confirms that so far as he or she is aware there is no relevant audit information of which the Company's auditors are unaware and that he or she has taken all the steps that he or she ought to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the accounts 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.

Group Financial Statements

In preparing the group financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

Parent Company Financial Statements

In preparing the parent company financial statements, the Directors are required to:

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

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibilities pursuant to DTR4

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the strategic report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

Financial instruments

Details on the use of financial instruments and financial risk are included in note 16 to the Consolidated Financial Statements.

Post balance sheet events

On 13 February 2015 the Company announced the acquisition of Klotz Associates Inc. for a maximum consideration of US $24.1m.

Takeover Directive

The following additional information is provided for shareholders as a result of the implementation of the Takeover Directive into UK Law.

As at 31 December 2014 the Company's issued share capital consisted of 221,347,707 ordinary shares of 3p each. At a general meeting of the Company every holder of ordinary shares present in person is entitled to vote on a show of hands and on a poll every member present in person or by proxy and entitled to vote has one vote for every ordinary share held. There are no shares in issue that carry special rights with regard to control of the Company. There are no restrictions on the transfer of ordinary shares in the Company other than those that may be imposed by law or regulation from time to time. The Company's Articles of Association may be amended by special resolution at a general meeting of the shareholders. Directors are appointed by ordinary resolution at a general meeting of the shareholders. The Board can appoint a Director but anyone so appointed must be elected by an ordinary resolution at the next general meeting. Under the Articles of Association any Director who has held office for more than three years since their last appointment must offer themselves for re-election at the next annual general meeting. It Is the Company's policy, however, that all Directors should stand for annual re-election.

The Directors have power to manage the Company's business subject to the provision of the Company's Articles of Association, law and applicable regulations. The Directors have power to issue and buy back shares in the Company pursuant to the terms and limitations of resolutions passed by shareholders at each annual general meeting of the Company. No such power was exercised during the year under review. Directors' interests in the share capital of the Company are shown in the table on page 85. Substantial shareholder interests of which the Company is aware are shown on page 19.

Listing Rule 9.8.4C

The following disclosure is required pursuant to listing rule 9.8.4C. An arrangement is in place whereby the trustee of the Company's employee benefit trust has agreed to waive present and future dividend rights in respect of certain shares that it holds. There are no other matters requiring disclosure required pursuant to this listing rule.

Annual General Meeting

The Annual General Meeting will be held on 1 May 2015. The Notice of Annual General Meeting circulated with this Report and Accounts contains a full explanation of the business to be conducted at that meeting. This includes a resolution to re-appoint Deloitte LLP as the Company's Auditors.

By order of the Board

Nicholas Rowe
Secretary

26 February 2015

Registered Office:
20 Western Avenue
Milton Park
Abingdon
Oxfordshire OX14 4SH

Registered in England No. 02087786

Corporate Governance

Chairman's Introduction

As Group Chairman, I am reporting on how the principles relating to the role and effectiveness of the Board have been applied in our company. This is the final year in which we will report against the version of UK Governance Code ('the Code') published in September 2012 and from next year we will be benchmarked against the revised version of the Code published in September 2014. During the year under review we have been fully compliant with the provisions of the current version of the Code and the report below explains this in detail, as well as the processes and disciplines to which the Board adheres. In addition to meeting the specified requirements, I am satisfied that the Board is well informed and has a clear understanding of the challenges we face. This, coupled with an open and cooperative style enables risks to be clearly identified and managed.

I have previously commented on the wide range of skills and experience that the members of our Board possess and the value we derive from this. The year has inevitably brought its challenges, but all of our directors have contributed in different ways as we have navigated through them. Whilst this has again been assisted by the stability of the Board over the year, Andrew Page has now joined the Board as a new Non-Executive Director. Andrew's achievement as Chief Executive and Finance Director of a successful public company as well as his previous experience in the City will, I believe, serve us well as we move forward.

The Board continues to examine the significant risks that we face and as part of this process the systems and controls necessary to manage these risks in a multi-national environment are reviewed and developed. We continue to prioritise the health and safety of our employees and this subject is considered as the first item on the agenda at all of our meetings. There was an overall reduction in reportable incidents during 2014. As I remarked last year I believe that the Board's agenda continues to strike the right balance between strategy, priorities, performance and risk management.

Although operating independently the general activities of our Committees are reported to the Board on a regular basis. Notwithstanding this the Board Committees continue to operate independently and with the benefit of professional advice where required as they continue to work through the changing regulatory environment.

Having undertaken our first externally facilitated Board performance review in 2013, for the year under review we reverted to an internal review process. This was managed by our Senior Independent Director who engaged with all of our directors on a range of issues relating to the structure and operation of the Board. This process is referred to in the report below; although it is pleasing to note that no major issues arose. We have also continued with our programme of Non-Executive Directors visiting operating companies and attending their Board meetings either in person or by video-link. Although this fell away a little during 2014, I intend to ensure that the Non Executives resume a full programme this year as it provides a greater understanding of the Group and encourages well informed discussions at Board meetings.

I reported last year that the Chief Executive had indicated his intention to remain in office until at least until 2017. The Nomination Committee is now actively engaged in more detailed planning to consider not only the position of Chief Executive but also across the Group's senior executive management as a whole. This process is addressing both the timing and the sequencing of the proposed changes, as this is of critical importance for the future of the Group. The revised segmentation that has now been adopted and the management structures around that will greatly assist in developing senior level talent. A priority for 2015 is the bedding down of the new segment Boards. I am confident that plans are developing to deal with anticipated senior level retirements over the next few years. In the interim we continue to have agreed arrangements to deal with any emergency scenario. As I have previously written, I hold the strong view that over planning accelerates unwanted change. I will continue to keep shareholders informed in relation to this important topic.

During 2014 both Tracey Graham and Louise Charlton agreed to continue to serve for further three year terms. Louise serves on the Nomination and Remuneration Committees whilst Tracey chairs our Remuneration Committee and serves on the Audit Committee.

John Bennett, who chairs the Audit Committee, completes 9 years as a NED at the 2015 AGM and in accordance with best practice will be retiring at that time. I would like to take this opportunity to thank John for his very substantial contribution to the Board and the Company and, in particular, for the skill with which he has led the Audit Committee.

In accordance with best practice all our Directors (both Executive and Non-Executive), including myself, will offer themselves for re-election at every AGM.

The success of our Group has been dependent on the endeavour and skills of the people we employ throughout the world. I am pleased to thank them for their past contribution and have confidence that they will rise to the challenges ahead.

Brook Land
Chairman

Corporate Governance Committee

The Corporate Governance Committee is responsible for overseeing the Group structure and organisation and evaluating these in the context of developments in standards of corporate governance. The Committee keeps the Board and its other committees appraised of developments that may impact their structure and activities. It also oversees the policies described in the Corporate Responsibility Statement and the Group's environmental policies. The Committee consists of the Chairman, Chief Executive and Company Secretary.

UK Corporate Governance Code

The Board is pleased to report that the Company complied with all provisions of the UK Corporate Governance Code (the 'Code') throughout the year. With effect from next year the Company will report against the revised version of the Code as published in September 2014.

Board Responsibilities

The Board has a schedule of matters that are reserved for its decision, including:

- determining the Group's overall strategy
- the approval of annual targets and financial reporting including annual and half year results and interim management statements
- the recommendation and approval of dividends and other capital distributions
- the approval of significant acquisitions and disposals
- the approval of policies and systems for risk management and assurance
- the appointment of key advisers to the Group
- the approval of major items of capital expenditure
- the settlement of major litigation.

Board Structure

At the date of this report the Board comprised three Executive, five Non-Executive Directors and the Chairman. Andrew Page was appointed to the Board as a Non-Executive Director in September 2014 at which time he joined the Audit and Remuneration Committees. John Bennett will step down from the Board in May 2015 at which time Andrew Page will become Chairman of the Audit Committee. The Executive Directors are responsible for the day-to-day management of all the Group's business activities.

The Non-Executive Directors are, in the opinion of the Board, all independent of management and contribute independent judgement as well as bringing extensive knowledge and experience to the proceedings of the Board. The Chairman was independent on appointment. The Non-Executive Directors are appointed for three-year terms, which may subsequently be extended. Any term beyond six years for a Non-Executive is rigorously reviewed, taking account of the requirement to refresh the Board. All directors are subject to annual re-election by shareholders.

The Chairman and Chief Executive have clear and distinct roles. The key functions of the Chairman are to conduct Board meetings and to ensure that all Directors are properly briefed in order to take a full and constructive part in Board discussions. The Chairman also meets regularly with major shareholders and in order to understand their views and seek their input on specific matters. The Chief Executive's role is to develop and lead business strategies and processes to enable the Group to meet the requirements of its clients as well the needs of its employees.

The Senior Independent Director is available to shareholders who wish to raise concerns that cannot be resolved through the Chairman, Chief Executive or Finance Director. Robert Miller-Bakewell acted as the Senior Independent Director throughout the year.

The Board is assisted by the Audit, Remuneration, Nomination and Corporate Governance Committees. The Chairman of each Committee provides updates as to its activities at Board meetings.

The table below shows the number of Board and Committee meetings attended by each of the Directors during the year.

	Full Board	Audit Committee	Remuneration Committee	Nomination Committee	Corporate Governance
Brook Land	8	–	–	1	1
Alan Hearne	8	–	–	–	1
Gary Young	8	–	–	–	–
Phil Williams	8	–	–	–	–
John Bennett	8	3	6	–	–
Louise Charlton	5	–	4	1	–
Robert Miller-Bakewell	8	3	–	1	–
Tracey Graham	8	3	6	–	–
Andrew Page*	2	–	2	–	–
Number of meetings held	8	3	6	1	1

*Appointed 15 September 2014.

Board Operations

The Board generally meets eight times annually, although additional meetings may be held should circumstances require. The Board agenda gives significant focus to business performance and strategy balanced by consideration of emerging risks and the control environment. Comprehensive papers are circulated well in advance of Board meetings which include general updates and briefings on significant issues from each of the Executive Directors and the Company Secretary. These reports and other matters of immediate importance are discussed at each meeting. The Company Secretary assists the Chairman in ensuring that Board procedures are followed and advises on matters of Corporate Governance. The services of the Company Secretary are available to Directors generally. Outside of Board meetings the Chairman has regular individual discussions with all Directors.

The Executive Directors meet formally at least once a month. The Executive Committee, which consists of the three Executive Directors supported by the Company Secretary, is responsible for all operational matters within the Group subject to those matters that remain reserved for the Board. The minutes of all Executive Committee meetings are circulated to the Non-Executive Directors.

Where Directors have concerns that cannot be resolved regarding the management of the Company or a proposed action, these concerns are recorded in the Board minutes. In accordance with Company policy any concerns expressed by a Director on resignation are provided, in a written statement, to the Chairman for circulation to the Board. No matters of this nature have arisen during the year.

The Company's Articles of Association contain provisions that allow Directors to authorise conflicts in accordance with the Companies Act 2006. These provisions enable the Directors to authorise a conflict, subject to such terms as they may think fit, which may include exclusion from voting in respect of the relevant issue and exclusion from information and discussion relating to the matter. The procedure approved by the Board for authorising conflicts reminds Directors of the need to consider their duties as Directors and not grant an authorisation unless they believe, in good faith, that this would be likely to promote the success of the Company. A potentially conflicted Director cannot vote on such an authorising resolution or be counted in a quorum for that purpose. Any authority granted may be terminated at any time and the Director is informed of his obligation to inform the Company without delay should there be any change in the nature of the conflict previously authorised. In addition, the Board requires the Nomination Committee to check that any individual it nominates for appointment to the Board is free of any potential conflict of interest. No actual or potential conflicts of interest arose during the year under review.

There is an agreed procedure for Directors to take independent professional advice and training at the Company's expense. The Company maintains Directors and Officers liability insurance with a current limit of indemnity of £20m.

The Group's strategy and its business model are described on pages 3 and 4.

Board Performance

The Board undertakes an annual appraisal of its performance. Having conducted its first externally facilitated performance review in 2013 the Board reverted to an internal review for 2014. As part of the exercise that the Senior Independent Director undertook in relation to succession planning he engaged with all directors in relation to the structure and operation of the Board and its Committees. In addition all directors were given the opportunity to raise any issues of concern directly with the Chairman. No major issues arose out of this exercise. The Non-Executive Directors hold meetings with the Chairman without the Executives present at least twice a year and the Non-Executives, led by the Senior Non-Executive Director, meet on an annual basis to appraise the Chairman's performance.

On appointment directors receive information on the Company as well as the Board and its procedures. They also meet other members of the Board to be briefed on strategy, financial matters and other key issues. Advice is available from the Company's solicitors, auditors and brokers if required. During the year updates are provided on key technical issues as required including those relating to corporate governance and corporate social responsibility. Non-Executive Directors undertake visits to operating companies and attend their Board meetings in order to improve their understanding of the issues facing the Group's businesses.

Communication

The Company attaches great importance to communication with its shareholders and other stakeholders. In addition to regular financial reporting the Group website provides up-to-date information about its organisation, the services it offers and newsworthy subjects. The Company also responds to letters and enquiries from shareholders and others with an interest in the Group.

In addition to presentations of full and half-year results, senior executives led by the Chief Executive hold meetings with the Company's principal shareholders to discuss the Company's strategy and performance. The Chairman and Senior Independent Director are also available to discuss issues with major shareholders. A detailed investor relations report is presented at all regular Board meetings to ensure that the Board is kept aware of the views of larger shareholders and the investment community generally.

The Chairman of each of the Board Committees attends the Annual General Meeting and is available to answer questions.

Audit and internal controls

The respective responsibilities of the Directors and the independent auditors in connection with the accounts are explained on pages 20 to 21 and 31 to 34 and the statement of the Directors in respect of going concern appears on page 20.

The Board has throughout the year and up to the date of approval of the financial statements had procedures in place as recommended in the guidance in the UK Corporate Governance Code and the supporting document issued by the Financial Reporting Council ,"Internal Control: Guidance for Directors on the Combined Code". The principal risks to which the Group is exposed and the measures to mitigate such risks are described on pages 10 to 12.

The Board is responsible for the Group's systems of risk management and internal control, which are designed to provide reasonable but not absolute assurance against material misstatement or loss. The Board reviews from time to time the effectiveness of the system of internal control and risk management from information provided by management and the Group's external auditors. Such a review was undertaken by the Audit Committee and the Board during 2014 the outcome of which was satisfactory. The key procedures that the Directors have established to provide effective internal financial controls are as follows:

Financial reporting: The results for the Group are reported to and reviewed at each Board meeting. A detailed formal budgeting process for all Group businesses culminates in an annual Group budget which is approved by the Board.

Financial and accounting principles and internal financial controls assurance: The Group's accounting policies, principles and minimum standards required for effective financial control are communicated to all accounting teams. The Group Finance function undertakes periodic detailed reviews to ensure compliance and to follow up any weaknesses previously identified.

Capital investment: The Group has clearly defined guidelines for capital expenditure. These include detailed appraisal and review procedures, levels of authority and due diligence procedures in respect of potential business acquisitions.

Treasury: the Group operates a central treasury function that undertakes required borrowing and foreign exchange transactions as well as the daily monitoring of bank balances and cash receipts. Appropriate payment authorisation processes are in place in all parts of the Group.

Audit Committee

The Audit Committee comprises four Independent Non-Executive Directors; John Bennett, Robert Miller-Bakewell, Tracey Graham and Andrew Page. As noted above John Bennett will leave the Committee on his retirement from the Board in May 2015. The Committee has written terms of reference which are available on the Company's website and on request from the Company Secretary. Although the Board considers that all current members of the Committee have experience that is relevant to the role, during the year under review John Bennett, who is a Chartered Accountant, was the member of the Committee specifically identified as having recent and relevant financial experience. On retirement of John Bennett from the Committee, Andrew Page will be identified in this role. At its annual planning meeting in September the Committee reviews and approves plans with the Auditors including the locations to be audited and the key areas of audit focus. At the conclusion of the audit the Committee reviews the integrity of the Group's financial statements and the report and accounts as a whole prior to their submission to the Board. This review includes ensuring that statutory and associated legal and regulatory requirements are met as well as considering significant reporting judgements, the adoption of appropriate accounting policies and practices and compliance with accounting standards. In respect of the year under review the Committee considered the following significant issues in relation to the financial statements and in each case addressed these as indicated.

Intangible assets: This classification of assets, which comprises goodwill and other intangible assets, is by far the largest on the Group balance sheet and therefore receives careful attention from the Audit Committee. The Committee needed to be satisfied that no impairment of its carrying value was appropriate. To achieve this it carefully reviewed a report from the Group Finance Director which included the results of detailed modelling of the Group's cash generating units using assumptions and budgets that had been approved by the Board. Based upon this report the Committee was able to satisfy itself that no impairment was required.

Acquisition accounting: A number of acquisitions were completed in the year and judgements are made with respect to the fair value of the net assets acquired and the consideration transferred. The Group Finance Director explained to the Committee the valuation process and the judgements made. The valuation of intangibles uses a spreadsheet model that was constructed with the help of external valuation experts. Inputs to the model are obtained from the acquired entity and the assumptions used are derived from recognised sources or using previous experience.

Recoverability of Trade Debtors and Accrued Income and Revenue Recognition: The risk that accrued income and trade debtors may not be collected and therefore may be overstated in the accounts is discussed and considered by the Board at its regular board meetings when it considers monthly results. The finance reports prepared for those meetings contain age profile information on debtors and accrued income by segment. Operational reports presented by Executive Directors' at those meeting discuss specific issues in more detail as necessary. The Group Finance Director prepared a paper for the Audit Committee that considered the recoverability of trade debtors and accrued income at the year-end and the controls in respect of revenue recognition that applied throughout the year.

Following the review conducted by the Audit Committee and its own consideration, the Board was able to conclude that the Report and Accounts for 2014, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy. In reaching this conclusion the Board was satisfied that the Group's performance across its segments, as well as its business model, strategy and the key risks that it faces are clearly explained in the relevant sections of the Report and Accounts.

The Audit Committee keeps the scope, cost and effectiveness of the external audit under review. The Committee reviews the effectiveness of the annual audit prior to making recommendations as to the annual re-appointment of Auditors. To facilitate this process the Group Finance Director canvasses the views of the Group's operating companies on the conduct of the audit. He then reports this feedback to the Committee as well as the performance of the Auditors at Group level. Deloitte LLP were appointed as Group Auditors in June 2012 following a tender process. The independence of the external auditor is also reviewed each year and audit partners are rotated at least every five years. As part of its responsibility to ensure independence and objectivity the Committee has adopted a policy to determine the circumstances in which Auditors may be permitted to undertake tax compliance work for the Group. Under the terms of this policy the provision of certain services are prohibited and include those listed below:

- bookkeeping services
- preparation of financial statements
- design and implementation of financial systems
- valuation services
- investment advisory, broker and dealing services
- general management services

The split between audit and non-audit fees for the year under review appears in note 8 on page 49. Taxation work undertaken by Deloitte LLP during the year was handled by teams that were separate and independent from the external audit team and were led by different senior partners. The Committee was satisfied that appropriate safeguards were in place and that the provision of these additional services by Deloitte LLP did not affect their independence as external auditor. The taxation work undertaken by Deloitte is compliance based. Advisory work is undertaken by other firms.

The Committee also monitors the effectiveness of the Group's internal financial controls and risk management processes; this included assisting the Board in conducting the review of internal controls described above. The Audit Committee regularly reviews the need for an internal audit function. It remains of the view that at present the financial controls operating throughout the Group and the reviews undertaken by the Group Finance function are adequate without requiring a dedicated internal audit department.

The Committee also keeps under review the means by which staff may, in confidence, raise concerns about financial improprieties relating to financial reporting, internal control or other matters. The Company's procedure allows for any such matters to be reported to the Company Secretary who will ensure that they are properly investigated and reported to the Audit Committee and the Board. An individual raising a concern need not disclose their identity and if such identity is disclosed it will not be passed on without the consent of that individual.

Nomination Committee

The Committee meets as required and comprises the Non-executive Chairman, Brook Land and two Independent Non-Executive Directors, Louise Charlton and Robert Miller-Bakewell. Brook Land acted as Chairman of the Committee throughout the year, although Robert Miller-Bakewell has subsequently assumed this role. The Committee's key responsibilities include reviewing the Board structure, size and composition as well as evaluating the balance of skills, knowledge and experience which may be required in the future and making recommendations to the Board accordingly. It is also responsible for nominating candidates to the Board when vacancies arise, recommending Directors who are retiring to be put forward for re-election and where appropriate considering any issues relating to the continuation in office of any Director. It has written terms of reference which are available on the Company's website and on request from the Company Secretary.

The range of skills and experience offered by the current directors is highlighted in the Chairman's Statement above and the Committee is satisfied with the balance and membership of the current Board. The Committee does, however, remain mindful of the need to ensure its periodic refreshment. The Committee also keeps succession planning under continuous review and has, at all times, a clear plan which is designed to ensure a smooth transition, whenever that is needed, for all posts. During the year an exercise to consider succession planning in the Group generally was undertaken. This was led by the Senior Independent Director who is also a member of the Nomination Committee.

Account is also taken of the need to ensure that the Non-Executive Directors continue to provide the range and balance of skills required. The Committee and the Board recognise the importance of diversity. The Group's previously announced target is that a minimum of 25% of the members of the Board should be female. Although as temporarily constituted the Board is slightly short of this target, on retirement of John Bennett from the Board in May 2015 it will be met again.

Prior to appointment of Andrew Page, the Company consulted with its professional advisers and interviewed a number of candidates. Although an external search agency was not engaged the Nomination Committee was satisfied that the procedure followed was sufficiently formal, rigorous and transparent.

As noted above, Louise Charlton's second three year term as a Non-Executive Director and Tracey Graham's first term were due to expire in May 2014 and September 2014 respectively. Following review both have agreed to continue for a further three year term.

Remuneration Committee

The membership and activities of the Remuneration Committee are described in the Remuneration Report on pages 28 to 30 together with the accompanying notes on pages 82 to 88.

Takeover Directive

Disclosures required under the Takeover Directive are included on page 21 and form part of the Group's Corporate Governance report.

Remuneration Committee Report

Annual Statement

I am pleased to present the Remuneration Committee report for 2014, which consists of two parts. In my Annual Statement I outline the links between remuneration and the Company's strategy as well as summarising the main decisions made by the Committee during the year. The Annual Report on Remuneration which consists of the information on page 30 and notes 1 to 16 on pages 82 to 88 incorporates the remuneration disclosures required in respect of the year.

The Company's policy statement was approved by shareholders at last year's Annual General Meeting for a period of three years and is not, therefore, presented on this occasion. The principal terms of the policy together with any planned changes to their implementation in 2015 are, however, set out in notes 1 and 2 on pages 82 and 83. The full policy statement was set out in last year's report and accounts a copy of which is available on the Company's website.

Strategy, Performance and Remuneration

The Company's strategy is set out in detail on pages 3 and 4 of the Strategic Report. The success of this strategy partly is measured by reference to the Company's key performance indicators as detailed on page 6. The Board also operates a series of annual priorities against which it measures progress. The key performance indicators include PBTA and conversion of profit to cash. The only incentive arrangement for the Executive Directors is the RPS Group Plc Bonus Plan in respect of which for 2014, the main performance condition was PBTA and the secondary condition was cash conversion. By focusing on two of the Group's key performance indicators the Committee has sought to ensure that reward and incentive are linked to and supportive of the Company's strategy as well as being aligned with shareholder interests. The Company's performance against these indicators in 2014 is repeated below.

	2014	2013
PBTA (£m)	66.1	63.0
Conversion of profit to cash (%)	89	96

Against the backdrop of this performance the Bonus Plan operated such that the bonus contributions for each of the Executive Directors as a percentage of their salaries were as follows:

Executive Director	Bonus % salary
Alan Hearne	64
Phil Williams	56
Gary Young	48

Part of the bonus earned is deferred in shares for two years with these shares at risk of forfeiture if minimum PBTA thresholds are not met in subsequent years. This ensures a longer term focus on sustainable performance and alignment with shareholder interests.

Details of the bonus payments are set out in note 3 of the Annual Remuneration Report on pages 83 and 84.

Basic Salaries

In March 2014, having consulted with PwC, the Group's remuneration advisers, the Committee initiated a review of the salaries paid to the Executive Directors. The geographic scale and complexity of the Group's operations have increased significantly over a number of years and has manifested itself in a number of ways.

- The pattern of the Group revenues has changed significantly as the Group has become increasingly international and correspondingly more complex. Approximately 60% of the Group's revenues are derived from the overseas operating companies and given the international nature of the Energy business approximately 90% of Group revenues are earned from clients based overseas. The Group does business in over 100 countries throughout the world.
- Growth has and will continue to be significantly driven by the successful implementation of the Group's acquisition strategy. The Group does not incur the expense of an in-house acquisition team with the result that in addition to their line management responsibilities, the Executive Directors assume direct responsibility for the identification of suitable acquisition targets across a range of jurisdictions, the negotiation of terms and the subsequent integration of acquired companies. During 2014 the Group invested £58m in the completion of five acquisitions in four jurisdictions.

The Committee is also conscious of the value of a highly experienced and stable executive team and the vital role it plays in ensuring long term performance and delivery of value to shareholders. The Executive Directors have collective experience of 59 years at Group Board level. The continued retention of this experience is considered vital to the Group's future performance and smooth succession planning. In conducting its review the Committee also considered salaries of comparable listed consultancies and Energy companies.

Having taken account of these factors the Committee concluded that the salaries of the Executive Directors did not fully reflect the extent of their roles in the Group as it has evolved and that a repositioning of their salaries was therefore appropriate. In making the adjustments shown below the Committee ensured through a benchmarking exercise that the proposed new salaries were within the Remuneration Policy as approved by shareholders. This review was not completed until the middle of the year with the changes being implemented as at 1 July. As a result the salaries paid in 2014 were as follows.

Executive Director	Salary paid in 2013	Salary paid in 2014	Percentage Changes
Alan Hearne	£459,400	£526,200	14.5%
Phil Williams	£350,200	£392,100	12.0%
Gary Young	£238,700	£264,400	11.0%

It is our intention that following this repositioning of base salaries any future rises will, during the Company's current policy period (ie for 2015 to 2017), be in line with inflation or increases awarded to employees generally. In accordance with this the Executive Directors salaries were reviewed as at 1 January 2015 and increased by 2%. As a result the salaries payable in 2015 will be as follows.

Executive Director	Salary payable 2015
Alan Hearne	£581,400
Phil Williams	£428,400
Gary Young	£288,600

The adjustments made to basic salaries need to be placed in the context of the overall remuneration policy which is to provide up to median level of total reward for target performance. The following table demonstrates the position of the Executive Directors in relation to those companies in the FTSE 250 Support Services Sector that generate more than 50% of their revenues from overseas markets.

Executive Director	Target Total Reward 2014	Actual Total Reward 2013	Actual Total Reward 2014	Median Target Total Reward Comparator 2014
	£000s	£000s	£000s	£000s
Alan Hearne	1,513	863	903	1,604
Phil Williams	1,012	605	620	1,108
Gary Young	622	389	397	1,086

* Target total reward is the total of salary, pension contribution, on target bonus and fair value of share incentive grants.

Notwithstanding the increases in salaries awarded during the year, the overall Actual Total Reward Payments for 2014 increased by only 3%.

Malus, Clawback and Vesting

During the year the Committee also considered the provisions of the new UK Governance Code relating to the inclusion of malus and clawback provisions into executive incentive arrangements. It concluded that the introduction of such provisions within the RPS Group Plc Bonus Plan was appropriate and these should apply to all awards made under that plan from 2015 onwards. The possibility of introducing a post vesting holding period under the Company's incentive arrangements was also considered. The Committee concluded that it was satisfied with the current provisions of the RPS Group Plc Bonus Plan as approved by shareholders in 2013 and the current shareholding guidelines for Directors.

Tracey Graham

Chair of the Remuneration Committee
26 February 2015

Annual Report

Audited Information

The following table sets out the total of the remuneration received by each of the Directors during the year under review.

Director £000s	Base Salary or Fees		Benefits		Bonus		Long Term Incentives		All Employee Share Plan		Pensions		Total	
Year	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Executive														
Alan Hearne	**526**	459	**19**	20	**243**	287	**–**	–	**2**	2	**132**	115	**922**	883
Phil Williams	**392**	350	**16**	17	**157**	192	**–**	–	**2**	2	**69**	61	**636**	622
Gary Young	**264**	239	**16**	17	**91**	112	**–**	–	**2**	2	**40**	36	**413**	406
Non–Executive														
Brook Land	**130**	113	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**130**	113
John Bennett	**53**	52	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**53**	52
Louise Charlton	**41**	36	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**41**	36
Robert Miller–Bakewell	**63** *	42	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**63**	42
Tracey Graham	**51**	44	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**51**	44
Andrew Page	**13**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**13**	
Total	**1,533**	1,335	**51**	54	**491**	591	**–**	–	**6**	6	**241**	212	**2,322**	2,198

*The fees payable to Robert Miller-Bakewell included a sum of £15,000 in addition to the regular fee and in respect of the preparation of a succession planning report.

The following table shows the relationship between total remuneration received by the Directors and reported Group profits.

£000s	Total Remuneration	PBTA	Remuneration received as % of PBTA
2013	2,198	63,000	3.5
2013 (constant currency)	2,198	60,500	3.6
2014	2,322	66,100	3.5

The additional information that is required under the Regulations which form part of the annual report for the year ended 31 December 2014 has been included in notes 1 to 16 on pages 82 to 88. This additional information is unaudited with the exception of notes 3 to 9.

Independent auditor's report to the members of RPS Group Plc

Opinion on financial statements of RPS Group Plc

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2014 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

The financial statements comprise Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, the Parent Company Reconciliation of Movement in Shareholders' Funds and the related notes 1 to 32 for the Consolidated financial statements and 1 to 13 to the Parent Company financial statements. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Going concern

As required by the Listing Rules we have reviewed the directors' statement contained within the directors' report on page 20 that the group is a going concern. We confirm that:

- we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified any material uncertainties that may cast significant doubt on the group's ability to continue as a going concern.

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

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below, which are the same risks identified as in the prior year, are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team:

Risk	How the scope of our audit responded to the risk
Revenue recognition The Group is engaged in the provision of consultancy services through contractual arrangements with its customers. Accordingly, the risk in revenue recognition focusses on the judgment involved in determining the extent of revenue to be recognised on fixed price contracts. There is significant management judgement in determining the revenue to be recognized and in particular in estimating the stage of completion and the costs to complete the contract at the balance sheet date. There is a key focus around revenue recognised on contracts which span the year end. The Group's revenue recognition policy is disclosed in note 1(c) and is included in the key accounting estimates and judgements in note 1(h).	Our audit work assessed the adequacy of the design and implementation of controls over the recognition of revenue through performing walkthrough procedures. We tested in detail a sample of contracts, including new contracts, by reviewing the contract terms, the related time records, the estimated costs to complete, the stage of completeness and other assumptions used to determine revenue to be recognised for these contracts.

Risk	How the scope of our audit responded to the risk
Accounting for acquisitions There were 6 acquisitions in the year with a total consideration of £58m. Details of the acquisitions are disclosed in note 28 to the accounts. The Audit Committee has included their assessment of this risk on page 25 and it is included in the key accounting estimates and judgements in note 1 (h). The key judgements in respect of the Group's accounting for acquisitions are the measurement of the fair value of acquired intangible assets, the estimation of their useful lives and the measurement of the consideration, including deferred consideration. In determining the fair value of intangible assets acquired management use a valuation model based on assumptions in respect of forecast revenues and margins and discount rates. These acquisition accounting judgements are key as the fair values are included in the balance sheet and the residual goodwill balance is not amortised.	Our audit work assessed the adequacy of the design and implementation of controls over management review of the accounting for acquisitions. We reviewed management's papers and audited the workings underlying the business combination accounting for all 6 acquisitions in the year. We used our internal valuation specialists to challenge and review the valuation method and discount rates applied to value each intangible asset. We considered and, where necessary challenged, management's key assumptions and judgements underpinning the valuations, such as the forecast revenues and margins used to determine the value of acquired customer relationships. We benchmarked the discount rates applied to the forecast by management with external peer group published rates and we compared the estimated future customer revenues and margins with the historical performance of the respective businesses. We considered the treatment of deferred payment arrangements against the requirements of IFRS 3 to confirm whether they represented consideration rather than remuneration.
Assessment of the carrying value of goodwill and intangible assets At 31 December 2014, the net book value of goodwill and intangible assets was £405m (2013: £375m). The associated disclosure is included in note 11 and accounting policy is disclosed in note 1(e). The Audit Committee has included their assessment of this risk on page 25 and it is included in the key accounting estimates and judgements in note 1 (h). Assessment of the carrying value of goodwill and intangible assets is a significant risk due to the quantum of the balance recorded on the consolidated balance sheet, the number of judgements involved in assessing impairment and the continuing challenging economic conditions. The Group's assessment of the carrying values of goodwill and intangible assets is based on assumptions of future segmental cash flows, including assumptions on, short and long-term revenue and profit growth growth rates and the selection of appropriate discount rates.	Our audit work assessed the adequacy of the design and implementation of controls over management review of the goodwill and intangible asset impairment assessment. We evaluated the adequacy and reasonableness of management's assumptions and the appropriateness of their judgements and forecasts used as part of their value in use calculations. We used our valuation specialists within the audit team to calculate an acceptable range of discount rates and compared our range with that determined by management. We examined the short term growth rates by using market data and a review of historic growth rates. We benchmarked the long-term growth rates against external peer group published rates and market data. We also performed sensitivity analysis on the amount and timing of cash flows. We also considered the adequacy of the associated disclosure.
Recoverability of trade receivables and accrued income At 31 December 2014 trade receivables were £131m (2013: £118m) net of the provision for impairment and accrued income was £26m (2013: £30m) net of the provision for impairment. The trade receivables provision for impairment was £4.5m (2013: £4.7m) and the accrued income provision for impairment was £4.1m (2013: £5.6m). Recoverability of trade receivables and accrued income is a significant risk due to the material nature of these balances and the economic and political instability in certain geographic locations where the Group is exposed to the risk of bad debt. The movements in the impairment provisions for trade receivables and accrued income are disclosed in note 14. The Audit Committee has included their assessment of this risk on page 25.	Our audit work assessed the adequacy of the design and implementation of controls over management review of aged trade receivables and accrued income. We assessed the adequacy and reasonableness of the assumptions used in management's calculations and the appropriateness of judgements on the completeness of the provisions against trade receivables and accrued income. This included a review of the cash received post year end on a sample of customer debts and a review of the ageing analysis for trade receivables and accrued income by entity and customer, specifically challenging amounts significantly past-due but not impaired.

We discussed these risks with the Audit Committee. Their report on those matters that they considered to be significant issues in relation to the Financial Statements is set out on page 25.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Group to be £3.3m (2013: £3.0m), which is 5% (2013: 5%) of adjusted pre-tax profit (profit before tax, amortisation of acquired intangibles and transaction-related costs), 7% of profit before tax (2013: 7%) and 1% (2013: 1%) of equity. Pre-tax profit is adjusted as this is the key performance measure reviewed by the market.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £66,000 (2013: £60,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. Based on that assessment, we focused our Group audit scope primarily on the audit work on the business units in 7 (2013: 6) locations. In addition to the UK, USA, Australia, Canada, Ireland and the Netherlands, in the current year we also included Norway. Within the 7 (2013:6) locations, 22 (2013:21) business units were subject to full audits and 13 (2013: 12) business units were subject to specified audit procedures where the extent of our testing was based on our assessment of the risks of material misstatement and of the materiality of the Group's operations at those locations. These locations account for 94% (2013: 92%) of the Group's net assets, 93% (2013: 95%) of the Group's revenue and 99% (2013: 99%) of the Group's profit before tax. They were also selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified above. Our audit work of the business units in the 7 locations was executed at levels of materiality applicable to each individual entity which were lower than group materiality and ranged from £0.1m to £1.4m (2013: £0.1m to £1.5m).

At the parent entity level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit or audit of specified account balances.

The Group audit team continued to follow a programme of planned visits that has been designed so that the Senior Statutory Auditor and/or another senior member of the Group audit team visits in-scope overseas components on a rotational basis. Every year, regardless of whether we have visited or not, we include the component audit partner and other senior members of the component audit team in our team briefing, discuss their risk assessment and review documentation of the findings from their work.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

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 Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns. We have nothing to report arising from these matters.

Corporate Governance Statement

Under the Listing Rules we are also required to review the part of the Corporate Governance Statement relating to the company's compliance with ten provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.

Our duty to read other information in the Annual Report

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team and independent partner reviews.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

John Clennett FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Reading, UK

26 February 2015

Consolidated Income Statement

£000s	Note	Year ended 31 Dec 2014	Year ended 31 Dec 2013
Revenue	3	572,126	567,614
Recharged expenses	3	(67,167)	(75,493)
Fee income	3	504,959	492,121
Operating profit before amortisation of acquired intangibles and transaction related costs	1(g),3,4,5	70,244	65,305
Amortisation of acquired intangibles and transaction related costs	1(g),4	(19,842)	(19,425)
Operating profit		50,402	45,880
Finance costs	6	(4,242)	(2,430)
Finance income	6	112	157
Profit before tax, amortisation of acquired intangibles and transaction related costs		66,114	63,032
Profit before tax		46,272	43,607
Tax expense	9	(12,925)	(14,987)
Profit for the year attributable to equity holders of the parent		33,347	28,620
Basic earnings per share (pence)	10	15.20	13.11
Diluted earnings per share (pence)	10	15.12	13.05
Adjusted basic earnings per share (pence)	10	22.04	20.22
Adjusted diluted earnings per share (pence)	10	21.92	20.14

Consolidated Statement of Comprehensive Income

£000s	Year ended 31 Dec 2014	Year ended 31 Dec 2013
Profit for the year	33,347	28,620
Actuarial gains and losses on remeasurement of defined benefit pension scheme	(601)	–
Tax on remeasurement of defined benefit provision liability	112	–
Exchange differences*	(4,602)	(18,200)
Total recognised comprehensive income for the year attributable to equity holders of the parent	28,256	10,420

*May be reclassified subsequently to profit or loss in accordance with IFRS.

The notes on pages 39 to 73 form part of these financial statements.

Consolidated Balance Sheet

£000s	Note	As at 31 Dec 2014	As at 31 Dec 2013
Assets			
Non-current assets:			
Intangible assets	11	404,996	375,279
Property, plant and equipment	12	27,371	27,785
Deferred tax asset	20	4,043	2,018
		436,410	405,082
Current assets:			
Trade and other receivables	14	170,905	161,741
Cash at bank		17,521	18,699
		188,426	180,440
Liabilities			
Current liabilities:			
Borrowings	16	542	1,465
Deferred consideration	18	17,170	20,919
Trade and other payables	15	101,825	103,260
Corporation tax liabilities		2,213	3,058
Provisions	19	1,206	2,134
		122,956	130,836
Net current assets		65,470	49,604
Non-current liabilities:			
Borrowings	16	90,159	49,602
Deferred consideration	18	9,540	14,923
Other payables		2,734	2,471
Deferred tax liability	20	12,874	13,645
Provisions	19	1,896	2,007
		117,203	82,648
Net assets		384,677	372,038
Equity			
Share capital	21	6,640	6,619
Share premium		110,100	108,307
Other reserves	22	11,551	17,652
Retained earnings		256,386	239,460
Total shareholders' equity		384,677	372,038

These financial statements were approved and authorised for issue by the Board on 26 February 2015.

The notes on pages 39 to 73 form part of these financial statements.

Dr Alan Hearne, Director

Gary Young, Director

On behalf of the Board of RPS Group Plc (company number 2087786).

Consolidated Cash Flow Statement

£000s	Note	Year ended 31 Dec 2014	Year ended 31 Dec 2013
Adjusted cash generated from operations	26	70,772	72,030
Deferred consideration treated as remuneration		(3,635)	(7,714)
Cash generated from operations		67,137	64,316
Interest paid		(3,771)	(1,991)
Interest received		112	157
Income taxes paid		(19,503)	(19,829)
Net cash from operating activities		43,975	42,653
Cash flows from investing activities:			
Purchases of subsidiaries net of cash acquired	28	(36,959)	(31,174)
Deferred consideration		(19,722)	(3,466)
Purchase of property, plant and equipment		(7,698)	(8,034)
Sale of property, plant and equipment		471	523
Net cash used in investing activities		(63,908)	(42,151)
Cash flows from financing activities:			
Proceeds from issue of share capital		1	555
Proceeds from bank borrowings		36,406	18,609
Payment of finance lease liabilities		(645)	(580)
Dividends paid	23	(17,379)	(15,034)
Payment of pre-acquisition dividend		–	(247)
Net cash generated in financing activities		18,383	3,303
Net (decrease)/ increase in cash and cash equivalents		(1,550)	3,805
Cash and cash equivalents at beginning of year		17,791	14,804
Effect of exchange rate fluctuations		805	(818)
Cash and cash equivalents at end of year	26	17,046	17,791
Cash and cash equivalents comprise:			
Cash at bank		17,521	18,699
Bank overdraft		(475)	(908)
Cash and cash equivalents at end of year	26	17,046	17,791

The notes on pages 39 to 73 form part of these financial statements.

Consolidated Statement of Changes in Equity

£000s	Share capital	Share premium	Retained earnings	Other reserves	Total equity
At 1 January 2013	6,587	106,198	224,959	36,070	373,814
Changes in equity during 2013:					
Total comprehensive income	–	–	28,620	(18,200)	10,420
Issue of new ordinary shares	32	2,109	(1,370)	(218)	553
Share based payment expense	–	–	1,938	–	1,938
Tax recognised directly in equity	–	–	347	–	347
Dividends paid	–	–	(15,034)	–	(15,034)
At 31 December 2013	6,619	108,307	239,460	17,652	372,038
Changes in equity during 2014:					
Total comprehensive income	–	–	32,858	(4,602)	28,256
Issue of new ordinary shares	21	1,793	(228)	(1,499)	87
Share based payment expense	–	–	2,027	–	2,027
Tax recognised directly in equity	–	–	(352)	–	(352)
Dividends paid	–	–	(17,379)	–	(17,379)
At 31 December 2014	6,640	110,100	256,386	11,551	384,677

An analysis of other reserves is provided in note 22 and details of dividends paid are provided in note 23.

The notes on pages 39 to 73 form part of these financial statements.

Notes to the Consolidated Financial Statements

1. Significant accounting policies

RPS Group Plc (the "Company") is a company domiciled in the UK under the Companies Act. The consolidated financial statements of the Company for the year ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the "Group").

The consolidated financial statements were authorised for issuance on 26 February 2015.

(a) Basis of preparation

The Group has prepared its annual financial statements in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union and implemented in the UK. The financial statements are presented in pounds sterling, rounded to the nearest thousand. The financial statements have been prepared on the historical cost basis.

These financial statements have been prepared using the accounting policies set out in the Report and Accounts 2014.

During the year, the Group has applied IFRS10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IFRS 12 "Disclosure of Interests in Other Entities", IAS 27 (as revised in 2011) "Separate Financial Statements", IAS 28 (as revised in 2011) "Investment in Associates and Joint Ventures", IFRS 7 "Financial Instruments: Disclosures", IAS 32 "Financial Instruments: Presentation" and IAS 39 "Financial Instruments: Recognition and Measurement".

Their adoption has not had a material impact on the disclosures or amounts reported in these accounts. Otherwise the accounting policies set out below have been applied consistently to both years presented in these consolidated financial statements.

(b) Basis of consolidation

Where the company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the company and its subsidiaries as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full. The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Consolidated Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

(c) Revenue

Revenue is stated net of sales tax. Revenue is recognised only when the outcome of a transaction can be measured reliably and it is probable that economic benefits will flow to the Group.

i Fees / expenses

Revenue is classified into Fee revenue and Expense revenue. Fee revenue represents the Group's personnel, subcontractor and equipment time and expertise sold to clients. Expense revenue is the revenue recognised on the recharge of costs incidental to fulfilling the Group's contracts, for example mileage, flights, subsistence and accommodation.

ii Time and materials

In the case of time and materials projects, revenue represents the fair value of services provided using time spent at agreed rates as the basis.

iii Fixed price

In the case of fixed price contracts, revenue is recognised in proportion to the stage of completion of the transaction at the balance sheet date measured by reference to the milestones achieved or cost incurred as a proportion of the total forecast cost. No revenue is recognised if there are significant uncertainties regarding the recovery of the consideration due or associated costs. An expected loss on a contract is recognised immediately in the income statement.

iv Tuition

Tuition fees in respect of courses run by RPS are recognised over the period of instruction.

v Agency agreements

The Group enters into certain agreements with clients where it manages client expenditure as an agent. It is obliged to purchase third party services and recharges those costs, plus a management fee, to the client. In these cases only the management fee is recognised as revenue. Receivables, payables and cash related to these transactions are included in the consolidated balance sheet.

1. Significant accounting policies continued

Accrued revenue is booked as a receivable in the consolidated balance sheet when the amount of revenue recognised on a contract exceeds the amount invoiced. Where the amount invoiced exceeds the amount of revenue recognised, the difference is booked as a payable on the balance sheet in deferred income.

(d) Deferred consideration

Deferred consideration arises when settlement of all or part of the cost of a business combination falls due after the date the acquisition was completed.

Where the payment of deferred consideration is not contingent upon continuing employment of the vendors by the Group, deferred consideration is stated at the fair value of the total consideration outstanding. In these cases all deferred consideration has been treated as part of the cost of investment. At each balance sheet date deferred consideration comprises the fair value of the remaining deferred consideration valued at acquisition.

Where the payment of deferred consideration is contingent upon the continuing employment of vendors by the Group, it is treated as a remuneration expense and accounted for as an employment benefit under IAS 19. A charge is made through the consolidated income statement as a cost of employment. The cost associated with each payment is accrued over the period it is earned. At each balance sheet date the contingent deferred consideration balance comprises the accrual for unsettled remuneration which has been expensed to the balance sheet date.

(e) Intangible assets

i Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill has been recognised on acquisitions of subsidiaries and the business, assets and liabilities of partnerships. Goodwill represents the difference between the cost of the acquisition and the fair value of the identifiable assets acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to groups of cash-generating units and is tested annually for impairment.

ii Other intangible assets

Intangible assets other than goodwill that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

Intangible assets identified in a business combination are capitalised at fair value at the date of acquisition if they are separable from the acquired entity or give rise to other contractual or legal rights. The fair values ascribed to such intangibles are arrived at by using appropriate valuation techniques.

Expenditure on internally generated goodwill and brands is recognised in income as an expense as incurred.

iii Amortisation

Amortisation is charged to profit or loss in proportion to the timing of the benefits derived from the related asset from the date that the intangible assets are available for use over their estimated useful lives unless such lives are indefinite. The estimated useful lives of the Group's intangible assets are as follows:

Customer relationships	3 to 10 years
Trade names	1 to 5 years
Order backlog	1 to 4 years
Non compete agreements	3 years
Software	10 years
Intellectual property rights	10 years

(f) Impairment of non financial assets

The carrying amounts of the Group's non financial assets, other than deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill the recoverable amount is estimated at each annual balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement unless the asset is recorded at a revalued amount in which case it is treated as a revaluation decrease to the extent that a surplus has previously been recorded.

Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying value of goodwill allocated to the cash generating unit and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

i Calculation of recoverable amount

The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

ii Reversals of impairment

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Non statutory performance measures

The Board uses six non statutory performance measures. These are "Operating profit before amortisation of acquired intangibles and transaction related costs", "Profit before tax, amortisation of acquired intangibles and transaction related costs", "Adjusted basic earnings per share", "Adjusted diluted earnings per share", "Segment profit" and "Underlying profit".

The Board considers these to be more reflective of the way the business is managed than the statutory measures "Operating profit", "Profit before tax", "Basic earnings per share" and "Diluted earnings per share".

"Segment profit" is defined as profit before interest, tax, amortisation of acquired intangibles, transaction related costs and unallocated expenses.

"Underlying profit" is defined as segment profit before reorganisation costs.

i Amortisation of acquired intangibles and transaction related costs (note 4)

This classification of income and expense comprises amortisation of acquired intangibles (see note 1 (e) iii), deferred consideration payments that are contingent on continuing employment and are treated as remuneration (see note 1 (d)), and third party transaction related costs.

ii Reorganisation costs

This classification of income and expense comprises costs arising as a consequence of reorganisation including redundancy costs, the costs of consolidating office space and rebranding costs.

An explanation of adjusted earning per share is given in note 10.

(h) Key accounting estimates and judgements

The Group considers that the accounting policies above all require judgement to be exercised.

Judgements that could have a material effect on the Group's financial statements include the following:

1. **Revenue recognition** – judgement is required to identify when it is appropriate to recognise revenue on contracts, particularly with respect to fixed price contracts.
2. **Acquisition accounting** – judgements are made with respect to the fair value of the net assets acquired. See note 28 for details of the acquisitions completed in 2014.
3. **Impairment of non-financial assets** – when impairment reviews of goodwill and intangible assets are undertaken, judgements are made with respect to the discount rates applicable to the Group's cash generating units, along with the expected cash flows of those cash generating units and the growth rates applied to them. Detail of the results of the impairment reviews performed in 2014 can be found in note 11 along with the judgements applied.

1. Significant accounting policies continued

4. Impairment of financial assets – management considers in detail when it is appropriate to recognise impairment reserves against specific financial assets including debtors and accrued income. This judgement will take into account our previous experience with the client in question, their particular circumstances and the markets that they work in. Details of the impairment reserves held for financial assets can be found in note 14.

2. Other accounting policies

(a) Foreign currency

i Foreign currency transactions

Transactions in foreign currency are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to pounds sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in income.

ii Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to pounds sterling at the exchange rate ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to pounds sterling at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised directly in the translation reserve.

iii Net investment in foreign operations

Exchange differences arising from the translation of the net investment in foreign operations are taken to the translation reserve. They are recycled and taken to income upon disposal of the operation.

iv Foreign currency forward contracts

Foreign currency forward contracts are initially recognised at nil value, being priced-at-the-money at origination. Subsequently they are measured at fair value (determined by price changes in the underlying forward rate, the interest rate, the time to expiration of the contract and the amount of foreign currency specified in the contract). Changes in fair value are recognised in the income statement as they arise.

(b) Property, plant and equipment

i Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy 1 (f) above).

ii Leased assets

Leases which contain terms whereby the Group assumes substantially all the risks and rewards incidental to ownership of the leased item are classified as finance leases. Assets acquired under a finance lease are capitalised at the inception of the lease at fair value of the leased assets, or if lower, the present value of the minimum lease payments.

Obligations under finance leases are included in liabilities net of finance costs allocated to future periods.

All other leases are classified as operating leases and are not capitalised.

iii Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the income statement as incurred.

iv Depreciation

Depreciation is charged to income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Freehold buildings	50 years
Alterations to leasehold premises	Life of lease
Motor vehicles	4 years
Fixtures, fittings, IT and equipment	3 to 8 years

(c) Trade and other receivables

Trade and other receivables are recognised at cost and carried at cost less impairment losses. Trade and other receivables are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Impairment losses are taken to the income statement as incurred.

(d) Cash and cash equivalents

Cash at bank comprises cash balances and call deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purposes of the consolidated cash flow statement.

(e) Employee benefits

i Defined contribution plans

Obligations for contributions to defined contribution retirement benefit plans are recognised as an expense in the income statement as incurred.

ii Defined benefit plans

The cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement gains and losses are recognised immediately in the balance sheet with a charge or credit to the Statement of Comprehensive income in the period in which they occur. These remeasurement gains and losses are not recycled to the income statement. Defined benefit costs are split into three categories:

- current service cost, past service cost and gains and losses on curtailments and settlements (recognised in administrative expenses)
- net interest expense or income (recognised in finance costs); and
- remeasurement (recognised in other comprehensive income).

The retirement benefit obligation recognised in the Consolidated Balance Sheet represents the deficit in the Group's defined benefit scheme.

iii Share-based payments

The Group operates share based payment arrangements with employees. The fair value of equity settled awards for share based payments is determined at grant and expensed straight line over the period from grant to the date of earliest unconditional exercise.

The Group has calculated the fair market value of options using a binomial model and for whole share awards the fair value has been based on the market value of the shares at the date of grant adjusted to take into account some of the terms and conditions upon which the shares were granted.

Those fair values were charged to the income statement over the relevant vesting period adjusted to reflect actual and expected vesting levels.

The Group also incentivises employees through the grant of conditional share awards under the bonus Banking Plan ("BBP") for Executive Directors and other senior directors; the Performance Share Plan ("PSP"), for senior managers and staff, and the Share Incentive Plan ("SIP"), available to staff. Under these arrangements shares are granted at no cost to the employee. The release of shares granted under the BBP and PSP are subject to the satisfaction of corporate performance conditions and continuity of employment provisions. The release of shares under the SIP are subject to continuity of employment provisions.

iv Accrued holiday pay

Provision is made at each balance sheet date for holidays accrued but not taken, to the extent that they may be carried forward, calculated at the salary of the relevant employee at that date.

2. Other accounting policies continued

(f) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

(g) Trade and other payables

Trade and other payables are stated at cost. Trade payables with a short useful life are not discounted.

(h) Borrowings

Bank overdrafts and interest bearing loans are initially measured at cost. Borrowings are not discounted.

(i) Reserves

The description and purpose of the Group's reserves are as follows:

Share premium	Premium on shares issued in excess of nominal value, other than on shares issued in respect of acquisitions when merger relief is taken.
Merger reserve	Premium on shares issued in respect of acquisitions when merger relief is taken.
Employee trust	Own shares held by the SIP and ESOP trusts.
Translation reserve	Cumulative gains and losses arising on retranslating the net assets of overseas operations into sterling.
Retained earnings	Cumulative net gains and losses recognised in the consolidated statement of comprehensive income and consolidated statement of changes in equity.

(j) Expenses

i Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense.

ii Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(k) Income tax

Income tax on the income for the periods presented comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and the differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. In accordance with IAS12, deferred tax is taken directly to equity to the extent that the intrinsic value of the outstanding share awards (based on the closing share price) is greater than the share based payment expense already charged to the income statement. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(l) Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when they are paid. In the case of final dividends, this is when approved by the shareholders at the Annual General Meeting.

(m) Employee Share Ownership Plan (ESOP)

As the Company is deemed to have control of its ESOP trust, it is treated as a subsidiary and consolidated for the purpose of the Group accounts. The ESOP's assets (other than investments in the Company's shares), liabilities, income and expenses are included on a line-by-line basis in the Group financial statements. The ESOP's investment in the Company's shares is deducted from shareholders' funds in the Group balance sheet as if they were treasury shares.

(n) Accounting standards issued but not adopted

At the date of authorisation of these financial statements, the following standards and relevant interpretations, which have not been applied in these financial statements, were in issue but not yet effective (and some of which were pending endorsement by the EU):

- IFRS 9 "Financial Instruments"
- IFRS 10 (amended), IFRS 12 (amended) and IAS 18 (amended) "Investment Entities"
- IFRS 11 (amended) "Joint Operations"
- IFRS 15 "Revenue from Contracts"
- IAS 1 (amended) "Disclosure Initiatives"
- IAS 16 and IAS 38 (amended) "Depreciation and Amortisation "
- IAS 19 (amended) "Employee Contributions"
- IAS 27 (amended) "Separate Financial Statements"

A full assessment of the impact of these standards has not been undertaken yet. It is not practical to provide a reasonable estimate of their impact until a detailed review has been completed.

3. Business and geographical segments

Segment information is presented in the financial statements in respect of the Group's business segments, as reported to the Chief Operating Decision Maker. The business segment reporting format reflects the Group's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Business segments

The segment results for the year ended 31 December 2013 were restated following the transfer of a business into the BNE North America segment from the Energy segment as noted in the Interim Management Statement issued on 1 May 2014.

The business segments of the Group are as follows:

Energy - the provision of integrated technical, commercial and project management support and training in the fields of geoscience, engineering and health, safety and environment on a global basis to the energy sector.

Built and Natural Environment ("BNE") - consultancy services to many aspects of the property and infrastructure development and management sectors. These include: environmental assessment, the management of water resources, oceanography, health and safety, risk management, town and country planning, building, landscape and urban design, surveying and transport planning. Consulting services are provided on a regional basis in Europe and North America.

Australia Asia Pacific ("AAP") - In the AAP region there is a single board that manages the BNE and Energy services we provide in that region. Accordingly the results of this business are reported as a separate segment.

Certain central costs are not allocated to the segments because either they predominantly relate to the running of the Group head office function or could only be allocated to the segments on an arbitrary basis, such costs include the remuneration and support costs of the main board and the costs of the Group finance and marketing functions. These costs are included in the category "unallocated expenses".

"Segment profit" and "Underlying profit" are defined in note 1(g)

3. Business and geographical segments continued

Segment results for the year ended 31st December 2014

£000s	Fees	Expenses	Intersegment revenue	External revenue
Energy	205,055	29,492	(680)	233,867
BNE - Europe	156,737	21,735	(817)	177,655
BNE - North America	41,322	5,916	(639)	46,599
AAP	103,615	10,557	(167)	114,005
Group eliminations	(1,770)	(533)	2,303	–
Total	504,959	67,167	–	572,126

£000s	Underlying profit	Reorganisation costs	Segment profit
Energy	38,973	(167)	38,806
BNE - Europe	21,328	(253)	21,075
BNE - North America	9,112	–	9,112
AAP	9,639	(1,419)	8,220
	79,052	(1,839)	77,213

Segment results for the year ended 31st December 2013 (restated)

£000s	Fees	Expenses	Intersegment revenue	External revenue
Energy	186,915	33,224	(1,141)	218,998
BNE - Europe	149,292	20,171	(603)	168,860
BNE - North America	32,664	5,117	(1,111)	36,670
AAP	127,194	17,380	(1,488)	143,086
Group eliminations	(3,944)	(399)	4,343	–
Total	492,121	75,493	–	567,614

£000s	Underlying profit	Reorganisation costs	Segment profit
Energy	36,403	(78)	36,325
BNE - Europe	19,164	(487)	18,677
BNE - North America	8,287	–	8,287
AAP	10,020	(1,192)	8,828
Total	73,874	(1,757)	72,117

Group Reconciliation

£000s	Year ended 31 Dec 2014	Year ended 31 Dec 2013
Revenue	572,126	567,614
Recharged expenses	(67,167)	(75,493)
Fees	504,959	492,121
Underlying profit	79,052	73,874
Reorganisation costs	(1,839)	(1,757)
Segment profit	77,213	72,117
Unallocated expenses	(6,969)	(6,812)
Operating profit before amortisation of acquired intangibles and transaction related costs	70,244	65,305
Amortisation of acquired intangibles and transaction related costs	(19,842)	(19,425)
Operating profit	50,402	45,880
Finance costs	(4,130)	(2,273)
Profit before tax	46,272	43,607

	Carrying amount of segment assets		Segment depreciation and amortisation	
£000s	Year ended 31 Dec 2014	Year ended 31 Dec 2013	Year ended 31 Dec 2014	Year ended 31 Dec 2013
Energy	197,954	214,631	9,464	7,128
BNE - Europe	239,882	219,112	5,038	3,766
BNE - North America	52,276	27,430	3,540	2,266
AAP	126,890	117,769	7,231	7,670
Unallocated	7,834	6,580	789	819
Group total	624,836	585,522	26,062	21,649

The table below shows revenue and fees to external customers based upon the country from which billing took place:

	Revenue		Fees	
£000s	Year ended 31 Dec 2014	Year ended 31 Dec 2013	Year ended 31 Dec 2014	Year ended 31 Dec 2013
UK	247,516	240,065	212,045	205,044
Australia	106,786	131,174	96,909	114,418
USA	91,783	86,135	83,987	77,594
Netherlands	31,600	33,076	27,190	28,204
Canada	31,413	31,733	26,922	27,728
Norway	30,082	4,720	29,543	4,569
Ireland	24,518	28,349	20,502	22,083
Other	8,428	12,362	7,861	12,481
Total	572,126	567,614	504,959	492,121

	Carrying amount of non current assets	
£000s	As at 31 Dec 2014	As at 31 Dec 2013
UK	200,775	185,341
Australia	92,113	81,236
USA	47,071	31,490
Ireland	37,701	39,892
Norway	22,272	28,244
Canada	18,284	21,019
Netherlands	18,155	17,806
Other	39	54
Total	436,410	405,082

4. Amortisation of acquired intangibles and transaction related costs

£000s	Year ended 31 Dec 2014	Year ended 31 Dec 2013
Amortisation of acquired intangibles	17,605	12,217
Contingent deferred consideration treated as remuneration	1,077	6,009
Transaction costs	1,160	1,199
	19,842	19,425

5. Operating profit - by nature of expense

£000s	Year ended 31 Dec 2014	Year ended 31 Dec 2013
Revenue	572,126	567,614
Staff costs (see note 7)	(233,169)	(214,317)
Subconsultants costs	(129,483)	(132,788)
Other employment related costs	(16,815)	(15,609)
Depreciation of owned assets	(8,396)	(9,219)
Depreciation of assets held under finance leases	(62)	(213)
Profit on disposal of fixed assets	249	241
Operating lease rentals payable - property	(11,990)	(12,562)
Operating lease rentals payable - equipment and motor vehicles	(4,386)	(4,469)
Travel costs	(12,560)	(12,909)
Office costs	(17,582)	(17,220)
Amortisation of acquired intangibles	(17,605)	(12,217)
Other transaction related costs	(2,237)	(7,208)
Other costs	(67,688)	(83,244)
Operating profit	50,402	45,880

6. Net financing costs

£000s	Year ended 31 Dec 2014	Year ended 31 Dec 2013
Finance costs:		
Interest on loans, overdraft and finance leases	(3,107)	(1,593)
Interest payable on deferred consideration	(1,135)	(837)
	(4,242)	(2,430)
Finance income:		
Deposit interest receivable	112	157
Net financing costs	(4,130)	(2,273)

7. Employee benefit expense

£000s	Year ended 31 Dec 2014	Year ended 31 Dec 2013
Wages and salaries	201,592	184,238
Social security costs	18,982	17,615
Pension costs - defined contribution plans	10,281	10,526
Pension costs - defined benefits plans	288	–
Share based payment expense - equity settled	2,027	1,938
	233,169	214,317

Average number of employees (including Executive Directors) was:		
Fee earning staff	3,573	3,370
Support staff	957	936
	4,530	4,306

In addition to statutory staff costs, contingent deferred consideration treated as remuneration amounts to £1,077,000 (2013: £6,009,000).

The Group considers the Directors to be the key management personnel and details of directors' remuneration are included in the Remuneration Report from page 28. The share based payment charge in respect of key management personnel was £167,000 (2013: £153,000).

8. Auditors' remuneration

During the year, the Group (including its overseas subsidiaries) obtained the following services from the Group's auditors at costs as detailed below:

£000s	Year ended 31 Dec 2014	Year ended 31 Dec 2013
Statutory audit of the Company's annual accounts	47	47
Statutory audit of the Group's subsidiaries	372	330
Total audit fees	419	377
Interim review	27	35
Total assurance services	446	412
Tax compliance services	104	90
Tax advisory services	6	12
Services in relation to taxation	110	102
Other services	24	19
Total fees	580	533

9. Income taxes

Analysis of tax expense/(credit) in the income statement for the year:

£000s	Year ended 31 Dec 2014	Year ended 31 Dec 2013
Current tax:		
UK Corporation tax	5,359	4,834
Overseas tax	11,564	10,922
Adjustments in respect of prior years	230	692
	17,153	16,448
Deferred tax:		
Origination and reversal of timing differences	(3,276)	(514)
Effect of change in tax rate	–	(490)
Adjustments in respect of prior years	(952)	(457)
	(4,228)	(1,461)
Total tax charge to income for the year	12,925	14,987

Analysis of tax expense/(credit) not included in income for the year:

Current tax	–	–
Deferred tax (credit)/charge in other comprehensive income	(112)	–
Deferred tax charge/(credit) in equity for the year	352	(347)

The effective tax rate for the year on profit before tax is 27.9% (2013: 34.4%). The effective tax rate for the year on profit before tax, amortisation of acquired intangibles and transaction related costs is 26.9% (2013: 29.9%) as shown in the table below:

£000s	Year ended 31 Dec 2014	Year ended 31 Dec 2013
Total tax expense in Income Statement	12,925	14,987
Add back:		
Tax on amortisation of acquired intangibles and transaction related costs	4,838	3,889
Adjusted tax charge on the profit for the year	17,763	18,876
Profit before tax, amortisation of acquired intangibles and transaction related costs	66,114	63,032
Adjusted effective tax rate	26.9%	29.9%

The UK rate of corporate tax was reduced from 23% to 21% from 1 April 2014. The UK tax expense for the group's UK companies is 21.5% (2013: 23.25%) representing the weighted average annual corporate tax rate for the full financial year.

The actual tax expense for 2014 is different from 21.5% (2013: 23.25%) of profit before tax for the reasons set out in the following reconciliation:

£000s	Year ended 31 Dec 2014	Year ended 31 Dec 2013
Profit before tax	46,272	43,607
Tax at the standard rate of 21.5% (2013: 23.25%)	9,948	10,139
Effect of:		
Overseas tax rates	3,534	3,432
Non deductible acquisition consideration treated as remuneration	247	1,401
Expenses not deductible for tax purposes	673	403
Non taxable income	(755)	(133)
Effect of change in tax rates	–	(490)
Adjustments in respect of prior years	(722)	235
Total tax charge on the profit for the period	12,925	14,987

The UK government has announced a future decrease in the UK corporation tax rate from 21% to 20% from April 2015. This change has resulted in a deferred tax credit arising from the reduction in the balance sheet carrying value of deferred tax liabilities to reflect the anticipated rate of tax at which those liabilities are expected to reverse. This change was reflected in the 2013 Report and Accounts.

10. Earnings per share

The calculations of basic and diluted earnings per share were based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding during the related period as shown in the table below:

£000s/000s	Year ended 31 Dec 2014	Year ended 31 Dec 2013
Profit attributable to ordinary shareholders	33,347	28,620
Weighted average number of ordinary shares for the purposes of basic earnings per share	219,399	218,355
Effect of employee share schemes	1,135	909
Weighted average number of ordinary shares for the purposes of diluted earnings per share	220,534	219,264
Basic earnings per share (pence)	15.20	13.11
Diluted earnings per share (pence)	15.12	13.05

The directors consider that earnings per share before amortisation of acquired intangible and transaction related costs provides a more meaningful measure of the Group's performance than statutory earnings per share. The calculations of adjusted earnings per share were based on the number of shares as above and are shown in the table below:

£000s	Year ended 31 Dec 2014	Year ended 31 Dec 2013
Profit attributable to ordinary shareholders	33,347	28,620
Amortisation of acquired intangibles and transaction related costs (note 4)	19,842	19,425
Tax on amortisation of acquired intangibles and transaction related costs (note 9)	(4,838)	(3,889)
Adjusted profit attributable to ordinary shareholders	48,351	44,156
Adjusted basic earnings per share (pence)	22.04	20.22
Adjusted diluted earnings per share (pence)	21.92	20.14

11. Intangible assets

£000s	Intellectual property rights	Customer relationships	Order backlog	Trade names	Non compete agreements	Software	Goodwill	Total
Cost:								
At 1 January 2014	2,978	91,260	10,617	4,809	543	1,536	319,967	431,710
Additions	–	15,326	4,332	1,704	–	–	32,723	54,085
Adjustments to prior year estimates	–	–	–	–	–	–	(41)	(41)
Exchange differences	150	(926)	(288)	(185)	17	56	(5,753)	(6,929)
At 31 December 2014	3,128	105,660	14,661	6,328	560	1,592	346,896	478,825
Aggregate amortisation and impairment losses:								
At 1 January 2014	828	32,355	7,816	2,355	513	343	12,221	56,431
Amortisation	305	10,957	3,552	2,543	30	218	–	17,605
Exchange differences	39	(73)	(60)	(149)	17	19	–	(207)
At 31 December 2014	1,172	43,239	11,308	4,749	560	580	12,221	73,829
Net book value at 31 December 2014	1,956	62,421	3,353	1,579	–	1,012	334,675	404,996

Intangible asset additions in 2014 have been recognised at their provisional fair values (see note 28).

Acquisitions in 2013 were originally stated at provisional values. These fair values have now been finalised and the tax liability on one acquisition was found to be overstated by £41,000. No adjustments have been made to the prior year balance sheet or income statement on grounds of immateriality in accordance with IFRS 3.

£000s	Intellectual property rights	Customer relationships	Order backlog	Trade names	Non compete agreements	Software	Goodwill	Total
Cost:								
At 1 January 2013	2,673	68,479	6,954	2,322	548	1,107	293,368	375,451
Additions	425	28,992	4,262	2,787	–	499	38,505	75,470
Exchange differences	(120)	(6,211)	(599)	(300)	(5)	(70)	(11,906)	(19,211)
At 31 December 2013	2,978	91,260	10,617	4,809	543	1,536	319,967	431,710
Aggregate amortisation and impairment losses:								
At 1 January 2013	559	25,242	6,806	1,719	335	129	12,221	47,011
Amortisation	311	9,333	1,382	774	186	231	–	12,217
Exchange differences	(42)	(2,220)	(372)	(138)	(8)	(17)	–	(2,797)
At 31 December 2013	828	32,355	7,816	2,355	513	343	12,221	56,431
Net book value at 31 December 2013	2,150	58,905	2,801	2,454	30	1,193	307,746	375,279

Goodwill

Goodwill acquired in a business combination is allocated at acquisition to the groups of cash generating units (CGUs) that are expected to benefit from that business combination. As described in note 3, the 2013 results have been restated. Accordingly goodwill has been reallocated between the Energy and BNE: North America CGU groups. The carrying amount of goodwill has been allocated as follows:

11. Intangible assets continued

£000s	As at 31 Dec 2014	As at 31 Dec 2013 (restated)
BNE: Europe (UK and Ireland)	150,725	141,855
BNE: Europe (Netherlands)	9,358	9,702
BNE: North America	23,865	18,191
AAP	68,925	60,969
Energy (global)	66,525	59,756
Energy (Norway)	15,277	17,273
	334,675	307,746

The Group tests annually for impairment or more frequently if there are indications that goodwill might be impaired. Management have not identified any impairment triggering events in the period since the last annual review.

The determination of whether or not goodwill has been impaired requires an estimate to be made of the value in use of the CGU groups to which goodwill has been allocated.

The value in use calculation includes estimates about the future financial performance of the CGUs. In all cases the approved budget for the following financial year forms the basis for the cash flow projections for a CGU. The cash flow projections in the four financial years following the budget year reflect management's expectations of the medium-term operating performance of the CGU and the growth prospects in the CGU's market. Thereafter, a perpetuity is applied to the final year's cash flows.

Key assumptions

The key assumptions in the value in use calculations are the discount rates applied, the growth rates and margins assumed over the forecast period.

Discount rate applied

The discount rate applied to a CGU represents a pre-tax rate that reflects the market assessment of the time value of money at the end of the reporting period and the risks specific to the CGU. The Group bases its estimate for the pre-tax discount rate on its weighted average cost of capital (WACC). The inputs to this calculation are derived from market and industry data.

The discount rates applied to the CGUs are in the range 10.6% to 12.3% (2013: 10.3% to 11.7%).

Growth rates

The growth rates applied reflect management's judgement regarding the potential future performance of the business. These incorporate the effects of the global recession over the last three years, the expected recovery of the CGUs affected and the past experience of the Group as it emerged from previous recessions.

The medium term comprises the years 2016 to 2019. The average real growth rate used during this period is 3.0%, although particular years may be higher or lower than this rate reflecting market conditions.

The long term growth rate applied to the perpetuity calculations was between 2.0% and 2.5% per annum (2013: 2.0% and 2.5%) reflecting the average long term EBIT growth rates of the economies in which the CGUs are based.

The assumptions used for the most significant groups of CGUs by amount of goodwill are as follows:

	Post tax discount rate	Medium term real growth rate excluding inflation	Long term growth rate
BNE: E (UK and Ireland)	10.6%	3.0%	2.1%
AAP	11.5%	3.0%	2.5%
Energy (global)	11.9%	3.0%	2.2%

Summary of results

During the year, all goodwill was tested for impairment with no impairment charge resulting (2013: £nil).

The BNE: Europe UK and Ireland CGU grouping has the lowest percentage headroom. An increase in the discount rate of 3.0%, a 2015 budget miss of 30% or a reduction in the medium term growth rate of 10.0% would reduce the headroom to zero. The AAP CGU grouping has the next lowest percentage headroom. An increase in the discount rate of 3.4%, a 2015 budget miss of 26% or a reduction in the medium term growth rate of 12.0% would reduce the headroom to zero.

12. Property, plant and equipment

£000s	Freehold land and buildings	Alterations to leasehold premises	Motor vehicles	Fixtures, fittings, IT and equipment	Total
Cost:					
At 1 January 2014	8,641	7,436	3,469	59,924	79,470
Additions	1,552	222	143	5,704	7,621
Disposals	–	(490)	(702)	(4,354)	(5,546)
Additions through acquisition	–	129	64	1,291	1,484
Foreign exchange differences	(617)	(183)	(68)	(1,164)	(2,032)
At 31 December 2014	9,576	7,114	2,906	61,401	80,997
Depreciation:					
At 1 January 2014	2,477	3,278	1,680	44,250	51,685
Charge for the year	259	1,034	676	6,489	8,458
Disposals	–	(489)	(656)	(4,189)	(5,334)
Foreign exchange differences	(136)	(88)	(39)	(920)	(1,183)
At 31 December 2014	2,600	3,735	1,661	45,630	53,626
Net book value at 31 December 2014	6,976	3,379	1,245	15,771	27,371

At 31 December 2014 the Group held under finance lease contracts equipment with a net book value of £44,829.

£000s	Freehold land and buildings	Alterations to leasehold premises	Motor vehicles	Fixtures, fittings, IT and equipment	Total
Cost:					
At 1 January 2013	8,396	7,598	4,198	61,091	81,283
Additions	31	602	503	6,816	7,952
Disposals	–	(162)	(694)	(5,845)	(6,701)
Additions through acquisition	–	66	–	588	654
Foreign exchange differences	214	(668)	(538)	(2,726)	(3,718)
At 31 December 2013	8,641	7,436	3,469	59,924	79,470
Depreciation:					
At 1 January 2013	2,229	2,554	1,692	44,176	50,651
Charge for the year	191	1,209	832	7,200	9,432
Disposals	–	(158)	(616)	(5,645)	(6,419)
Foreign exchange differences	57	(327)	(228)	(1,481)	(1,979)
At 31 December 2013	2,477	3,278	1,680	44,250	51,685
Net book value at 31 December 2013	6,164	4,158	1,789	15,674	27,785

At 31 December 2013 the Group held under finance lease contracts alterations to leasehold properties and equipment with net book values of £406,000 and £18,000 respectively.

13. Subsidiaries

A list of the significant subsidiaries, including the name, country of incorporation and proportion of ownership interests is given in Note 5 to the Parent Company's financial statements on page 78.

14. Trade and other receivables

£000s	As at 31 Dec 2014	As at 31 Dec 2013
Trade receivables	135,563	122,267
Provision for impairment	(4,464)	(4,665)
Trade receivables net	131,099	117,602
Accrued income	30,481	35,692
Provision for impairment	(4,062)	(5,557)
Accrued income net	26,419	30,135
Prepayments	9,117	9,530
Other receivables	4,270	4,474
	170,905	161,741

All amounts shown under trade and other receivables fall due within one year.

The carrying value of trade and other receivables is considered a reasonable approximation of fair value due to their short term nature and the provisions for impairment recorded against them. The individually impaired balances mainly relate to items under discussion with customers.

Certain trade receivables are past due but have not been impaired. These relate to customers where we have no history of default and no concerns over their financial situation. The age of financial assets past due but not impaired is as follows:

£000s	As at 31 Dec 2014	As at 31 Dec 2013
Not more than three months	14,140	13,784
More than three months	22,278	13,515
	36,418	27,299

Since year end some older debts have been received, notably €10 million from a National Oil Company.

Movements in impairment

£000s	Trade receivables	Accrued income	Total
As at 1 January 2014	4,665	5,557	10,222
Impairment charge	1,532	3,360	4,892
Receivables written off during the year as uncollectible	(1,180)	(4,017)	(5,197)
Recoveries	(725)	(916)	(1,641)
Additions through acquisitions	214	95	309
Exchange differences	(42)	(17)	(59)
As at 31 December 2014	4,464	4,062	8,526
As at 1 January 2013	8,820	5,621	14,441
Impairment charge	1,108	3,083	4,191
Receivables written off during the year as uncollectible	(2,996)	(2,437)	(5,433)
Recoveries	(2,116)	(133)	(2,249)
Additions through acquisitions	22	–	22
Exchange differences	(173)	(577)	(750)
As at 31 December 2013	4,665	5,557	10,222

The carrying amounts of the Group's trade and other receivables are denominated as follows:

£000s	31 Dec 2014	31 Dec 2013
UK Pound Sterling	58,788	53,911
US Dollar	42,952	37,007
Euro	30,019	28,290
Australian Dollar	24,767	24,283
Canadian Dollar	7,068	6,700
Norwegian Krone	5,107	8,671
Other	2,204	2,879
	170,905	161,741

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable mentioned above.

15. Trade and other payables

£000s	As at 31 Dec 2014	As at 31 Dec 2013
Trade payables	27,986	26,893
Accruals	32,647	32,779
Deferred income	17,543	19,236
Creditors for taxation and social security	15,705	15,064
Other payables	7,944	9,288
	101,825	103,260

All amounts shown under trade and other payables fall due for payment within one year. The carrying values of trade and other payables are considered to be a reasonable approximation of fair value due to the short term nature of these liabilities.

16. Borrowings

£000s	As at 31 Dec 2014	As at 31 Dec 2013
Bank loans	90,076	49,637
Bank overdraft	475	908
Finance lease creditor	150	522
	90,701	51,067

	as at 31 December 2014			as at 31 December 2013		
£000s	Bank loans and overdraft	Finance lease creditor	Total	Bank loans and overdraft	Finance lease creditor	Total
The borrowings are repayable as follows:						
On demand or in not more than one year	475	67	542	967	498	1,465
In the second year	38,227	46	38,273	–	24	24
In the third to fifth years inclusive	–	37	37	49,578	–	49,578
Over five years	51,849	–	51,849	–	–	–
	90,551	150	90,701	50,545	522	51,067
Less amount due for settlement within 12 months	(475)	(67)	(542)	(967)	(498)	(1,465)
Amount due for settlement after 12 months	90,076	83	90,159	49,578	24	49,602

The principal features of the Group's borrowings are as follows:

(i) An uncommitted £1,000,000 bank overdraft facility, repayable on demand.

(ii) An uncommitted Australian Dollar denominated overdraft facility of AUD 3,000,000 repayable on demand.

(iii) The Group has two principal bank loans:

(a) A revolving credit facility of £125,000,000 with Lloyds Bank plc, the Group's principal bank, expiring in 2016. Term loans drawn down under this facility carry interest fixed for the term of the loan equal to LIBOR plus a margin determined by reference to the total bank borrowing of the Group.

There were loans drawn totalling £38,227,000 (2013: £49,578,000) at 31 December 2014.

The facility is guaranteed by the Company and certain subsidiaries but no security over the Group's assets exists.

(b) Seven year US private placement notes of $34,070,000 and £30,000,000 with fixed interest chargeable at 3.84% and 3.98% respectively. These notes were drawn on 30 September 2014 and are repayable on 30 September 2021. The notes are guaranteed by the Company and certain subsidiaries but no security over the Group's assets exist.

The carrying amounts of short term borrowings approximate their fair values, as the impact of discounting is not significant.

The carrying amounts of our long term borrowings approximate fair value.

Liquidity risk

The Group has strong cash flow and the funds generated by operating companies are managed on a country basis. The Group also considers its long-term funding requirements as part of the annual business planning cycle.

Loan liquidity risk profile

£000s	2014	2013
<1 year	3,029	1,196
1-2 years	40,789	1,133
>2 but <5 years	6,099	50,711
>5 years	55,398	–
	105,315	53,040

The liquidity risk profile above shows the expected cashflows in respect of the Group's loan facilities comprising payments of capital and interest assuming that the loan balance at year end remains constant until expiry of the facilities and foreign exchange rates remain constant at the rates existing at the year end.

17. Obligations under finance leases

Amounts payable under finance leases:

£000s	as at 31 December 2014 Minimum lease payments	as at 31 December 2014 Less future interest charges	as at 31 December 2014 Present value of minimum lease payments	as at 31 December 2013 Minimum lease payments	as at 31 December 2013 Less future interest charges	as at 31 December 2013 Present value of minimum lease payments
Within one year	75	(8)	67	527	(29)	498
In two to five years	88	(5)	83	25	(1)	24
	163	(13)	150	552	(30)	522

For the year ended 31 December 2014, the average effective borrowing rate was 7.33%. Interest rates are fixed at the contract date.

All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by interlocking guarantees between certain Group entities, the lessors' rights over the leased assets and a letter of credit provided by Lloyds Bank Plc.

The carrying amount of obligations under finance leases is considered to be a reasonable approximation of fair value.

18. Deferred consideration

£000s	As at 31 Dec 2014	As at 31 Dec 2013
Amount due within one year	17,170	20,919
Amount due between one and two years	9,540	14,923
Total deferred consideration payable	26,710	35,842

The amount due within one year as at 31 December 2013 included contingent deferred consideration treated as remuneration expense accrued but not paid totalling £2,457,000. All contingent deferred consideration treated as remuneration was settled by 31 December 2014.

19. Provisions

Property

The provision for property costs relates to onerous operating lease rentals and related costs on vacated property and will be utilised within one year.

Warranty

This provision is in respect of contractual obligations and is expected to be utilised within one to five years.

Dilapidations

The dilapidations provision is in respect of reinstatement obligations related to leasehold properties and will be utilised within 11 years.

£000s	Property	Warranty	Dilapidations	Total
As at 1 January 2014	377	1,600	2,164	4,141
Additional provision in the year	3	158	62	223
Utilised in year	(177)	(477)	(144)	(798)
Released	(102)	(414)	(49)	(565)
Arising on acquisition of subsidiary	–	–	176	176
Exchange difference	1	(44)	(32)	(75)
At 31 December 2014	102	823	2,177	3,102

£000s	As at 31 Dec 2014	As at 31 Dec 2013
Due as follows:		
Within one year	1,206	2,134
After more than one year	1,896	2,007
	3,102	4,141

The carrying value of the provisions disclosed above is a reasonable approximation of their fair value.

20. Deferred taxation

£000s	Fixed asset timing differences	Goodwill and intangible assets	Foreign exchange on investments	Employment benefits	Share based payments	Provisions and other timing differences	Total
At 1 January 2013	(921)	(10,560)	(528)	2,815	227	531	(8,436)
(Charge)/credit to income for the year	399	2,190	528	(665)	(111)	(1,371)	970
(Charge)/credit to income due to change in tax rate	(122)	638	–	(8)	4	(21)	491
Credit to equity for the year	–	–	–	–	347	–	347
Owned by subsidiaries acquired	(26)	(5,961)	–	84	–	300	(5,603)
Exchange differences	(68)	454	–	140	–	78	604
At 31 December 2013	(738)	(13,239)	–	2,366	467	(483)	(11,627)
Disclosed within liabilities	208	(15,649)	–	2,237	10	(451)	(13,645)
Disclosed within assets	(946)	2,410	–	129	457	(32)	2,018
Credit/(charge) to income for the year	760	3,167	–	(59)	4	356	4,228
(Charge)/credit to equity for the year	–	–	–	–	(352)	112	(240)
Owned by subsidiaries acquired	21	(2,509)	–	–	–	980	(1,508)
Exchange differences	(316)	710	–	92	(1)	(169)	316
At 31 December 2014	(273)	(11,871)	–	2,399	118	796	(8,831)
Disclosed within liabilities	620	(16,188)	–	2,305	(157)	546	(12,874)
Disclosed within assets	(893)	4,317	–	94	275	250	4,043

Temporary differences arise when there are earnings in overseas subsidiaries where their remittance to the UK may result in a tax liability, principally as a result of dividend withholding taxes levied by the overseas tax jurisdiction in which they operate.

The total temporary difference is £40,428,000 (2013: £34,953,000). No deferred tax liability is recognised on these differences as the group is able to control the timing of the reversal of these temporary differences and it is not probable that they will reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the fiscal authority.

Included within the closing balance of £795,000 for provisions and other timing differences are deferred tax assets of £647,000 relating to UK trading losses and £331,000 relating to the defined benefit pension scheme deficit.

21. Share capital

	as at 31 December 2014		as at 31 December 2013	
	Authorised Number	Authorised £000s	Authorised Number	Authorised £000s
Ordinary shares of 3p each	240,000,000	7,200	240,000,000	7,200

		2014		2013
Issued and fully paid	Number	£000s	Number	£000s
Ordinary shares of 3p each				
At 1 January	220,631,930	6,619	219,566,269	6,587
Issued under share option schemes	750	–	352,252	11
Issued under the Share Incentive Plan	546,329	5	382,630	11
Issued in respect of the Performance Share Plan	168,698	16	330,779	10
At 31 December	221,347,707	6,640	220,631,930	6,619

Number	As at 31 Dec 2014	As at 31 Dec 2013
Ordinary shares held by the ESOP Trust	2,104,690	2,021,707
Ordinary shares held by the SIP Trust	3,823,034	3,592,678

The ESOP Trust has elected to waive any dividend on the unallocated ordinary shares held.

The table below shows options outstanding at 31 December 2014:

Period exercisable	Number	Exercise price (p)
2011 - 2018	165,000	295.25
2013 - 2020	60,000	194.60
2014 - 2021	175,000	212.01
	400,000	

22. Other reserves

£000s	Merger reserve	Employee trust	Translation reserve	Total
At 1 January 2013	21,256	(9,059)	23,873	36,070
Exchange differences	–	–	(18,200)	(18,200)
Issue of new shares	–	(218)	–	(218)
At 31 December 2013	21,256	(9,277)	5,673	17,652
Exchange differences	–	–	(4,602)	(4,602)
Issue of new shares	–	(1,499)	–	(1,499)
At 31 December 2014	21,256	(10,776)	1,071	11,551

23. Dividends

£000s	Year ended 31 Dec 2014	Year ended 31 Dec 2013
Amounts recognised as distributions to equity holders during the year:		
Final dividend for the year ended 31 December 2013 of 3.84p (2012: 3.34p) per share	8,453	7,308
Interim dividend for the year ended 31 December 2014 of 4.05p (2013: 3.52p) per share	8,926	7,726
	17,379	15,034
Proposed final dividend for the year ended 31 December 2014 of 4.42p (2013: 3.84p) per share	9,766	8,463

The proposed final dividend for the year ended 31 December 2014 is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in the financial statements.

24. Operating lease arrangements

At 31 December 2014 the Group's total remaining commitments as lessee under non-cancellable operating leases were as follows:

	as at 31 December 2014		as at 31 December 2013	
£000s	Property	Other	Property	Other
Within one year	11,872	2,807	12,202	2,263
In two to five years	23,470	3,338	29,176	2,750
After five years	4,498	6	6,225	2
	39,840	6,151	47,603	5,015

25. Related party transactions

Related parties, following the definitions within IAS 24, are the subsidiary companies and members of the Board and their families. Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. The Group considers the Directors to be the key management personnel. There were no transactions within the year in which the Directors had any interest. The Remuneration Report contains details of Board emoluments.

26. Notes to the Consolidated Cash Flow Statement

£000s	Year ended 31 Dec 2014	Year ended 31 Dec 2013
Operating profit	50,402	45,880
Adjustments for:		
Depreciation	8,458	9,432
Amortisation of acquired intangible assets	17,605	12,217
Contingent consideration treated as remuneration	1,077	6,009
Share based payment expense	2,027	1,938
Profit on sale of property, plant and equipment	(249)	(241)
	79,320	75,235
Decrease in trade and other receivables	2,956	8,838
Decrease in trade and other payables	(11,504)	(12,043)
Adjusted cash generated from operations	70,772	72,030

Adjusted cash generated from operations is before payment of deferred consideration treated as remuneration.

The table below provides an analysis of net bank borrowings, comprising cash and cash equivalents, interest bearing loans and finance leases, during the year ended 31 December 2014.

£000s	At 31 Dec 2013	Cash flow	Acquisition	Foreign Exchange	At 31 Dec 2014
Cash at bank	18,699	(8,944)	6,985	781	17,521
Overdrafts	(908)	409	–	24	(475)
Cash and cash equivalents	17,791	(8,535)	6,985	805	17,046
Bank loans	(49,637)	(36,406)	(4,003)	(30)	(90,076)
Finance lease creditor	(522)	645	(271)	(2)	(150)
	(32,368)	(44,296)	2,711	773	(73,180)

The cash balance at 31 December 2014 includes £4,139,000 (2013: £6,028,000) that is restricted in its use either as security or client deposits.

27. Major non-cash transactions

Major non cash transactions during the year are as follows:

£000s	Year ended 31 Dec 2014	Year ended 31 Dec 2013
Depreciation	8,458	9,432
Amortisation of acquired intangibles	17,605	12,217
Share based payment expense	2,027	1,938
	28,090	23,587

28. Acquisitions

During 2014 the Group completed six acquisitions. Each of these broadens and strengthens the services the Group offers.

Entity acquired	Date of acquisition	Place of incorporation	Percentage of entity acquired	Nature of business acquired
Whelans Corporation Pty Ltd	5th February 2014	Australia	100%	Surveying
Clear Environmental Consultants Limited	9th April 2014	UK	100%	Water consultancy
GaiaTech Holdings Inc	15th May 2014	USA	100%	Environmental consultancy
CgMs Holdings Limited	8th August 2014	UK	100%	Project management
Delphi AS	19th August 2014	Norway	100%	Oil and gas consultancy
Point Project Management Pty Ltd	17th September 2014	Australia	100%	Project management

The Group has allocated provisional fair values to the net assets of these acquisitions as it did not have complete information at the balance sheet date. Detail of the carrying values of the acquired net assets, the provisional fair values assigned to them by the Group, the fair value of consideration and the resulting goodwill are as follows:

£000s	Whelans	Clear	GaiaTech	CgMs	Delphi	Point	Total
Intangible assets:							
Order book	142	480	143	580	–	2,987	4,332
Customer relations	186	2,660	4,477	3,210	–	4,793	15,326
Trade names	104	200	327	560	–	513	1,704
PPE	365	274	411	224	–	210	1,484
Cash	396	1,943	1,702	1,913	226	805	6,985
Other assets	1,264	1,221	5,431	4,653	930	3,521	17,020
Borrowings	(124)	–	(4,003)	(147)	–	–	(4,274)
Other liabilities	(1,044)	(2,021)	(1,681)	(5,839)	(915)	(5,577)	(17,077)
Net assets acquired	1,289	4,757	6,807	5,154	241	7,252	25,500
Satisfied by:							
Initial cash consideration	1,443	6,841	17,894	7,000	384	10,382	43,944
Contingent cash consideration	–	1,156	–	–	–	–	1,156
Fair value of deferred consideration	619	–	–	5,777	358	6,369	13,123
Total consideration	2,062	7,997	17,894	12,777	742	16,751	58,223
Goodwill	773	3,240	11,087	7,623	501	9,499	32,723

The consideration payable in future for Clear is contingent upon renewal of a key contract. The payment made will be in the range of £nil to £1,500,000 and the fair value has been determined by estimating the likelihood of payment.

Goodwill arising represents the value of the workforce acquired, potential synergies, future contracts and access to new markets. There is no tax deductible goodwill.

The total fair value of receivables acquired was £10,600,000. The breakdown between gross receivables and amounts estimated irrecoverable was as follows:

£000s	Gross receivables	Estimated irrecoverable	Fair value of assets acquired
Whelans	1,055	(26)	1,029
Clear	1,047	(7)	1,040
GaiaTech	1,824	(71)	1,753
CgMs	4,577	(110)	4,467
Delphi	459	–	459
Point	1,852	–	1,852
	10,814	(214)	10,600

28. Acquisitions continued

The vendors of the acquired companies have entered into warranty agreements with the Group. The total undiscounted cash flow that could be receivable by the Group is between £nil and £14,372,000. The Group does not expect that these warranties will become receivable and therefore has not recognised an indemnification asset on acquisition.

The Group incurred acquisition related costs of £1,160,000 which have been expensed through the income statement and are included within amortisation of acquired intangibles and transaction related expenses.

The contribution of the acquisitions to the Group's results for the year is given below.

£000s	Segment	Revenue	Operating profit
Whelans	AAP	3,861	407
Clear	BNE: Europe	4,158	423
GaiaTech	BNE: NA	7,574	1,224
CgMs	BNE: Europe	8,109	173
Delphi	Energy	2,347	13
Point	AAP	5,496	449
		31,545	2,689

The proforma Group revenue and operating profit assuming that all of the acquisitions had been completed on the first day of the year would have been £609,995,000 and £52,989,000 respectively.

A reconciliation of the goodwill movement in 2014 in respect of acquisitions made in 2013 and 2014 is given in the table below.

£000s	Goodwill at 1 January 2014	Additions through acquisition	Adjustments to prior year estimates	Foreign exchange movement	Goodwill at 31 December 2014
PEICE	3,007	–		(78)	2,929
KR	1,399	–	9	88	1,496
APASA	1,955	–		(57)	1,898
HMA	6,997	–	(42)	(174)	6,781
Ichron	5,538	–	–	-	5,538
OEC	17,273	–	(10)	(2,425)	14,838
Whelans	–	773	–	(32)	741
Clear	–	3,240	–	–	3,240
GaiaTech	–	11,087	–	888	11,975
CgMs	–	7,623	–	–	7,623
Delphi	–	501	–	(62)	439
Point	–	9,499	–	(553)	8,946

There were no accumulated impairment losses at the beginning or end of the period.

No negative goodwill was recognised in 2013 or 2014.

29. Defined benefit pension scheme

The Group has two defined benefit pension schemes, arising from the acquisition in 2013 of the OEC Group. These schemes are closed to new entrants.

The schemes are administered by a separate fund that is legally separated from the company. The trustees of the pension fund are required by law to act in the interest of the fund and of all relevant stakeholders in the scheme. The trustees are responsible for the investment policy with regard to the assets of the fund.

Under the plans, the employees are entitled to post-retirement yearly instalments amounting to 66% of pensionable salary on attainment of a retirement age of 67. The pensionable salary is the difference between the current salary of the employee and the state retirement benefit.

The schemes expose the company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

The most recent full actuarial valuations of the plans assets and present value of the defined benefit liabilities were carried out in October 2014 and December 2014 for the two schemes by a qualified actuary.

The principal assumptions used for the purposes of actuarial valuation were as follows:

	2014	2013
Discount rate	3.00%	4.10%
Expected rate of salary increase	3.25%	3.75%
Inflation	3.00%	1.75%

There are two defined benefit schemes in Norway; all principal assumptions are the same for both schemes other than the expected rate of pension increase. One scheme has assumptions of 3.0% and the other used 0.10%. (2013: both used 0.6%).

Mortality assumptions

The assumed life expectations on retirement at age 65 are:

Years	2014	2013
Retiring today:		
Males	21.8	20.4
Females	25.0	23.2

This is based on Norway's standard mortality table with modifications to reflect expected changes in mortality.

Amounts recognised in income in respect of these defined benefit schemes are as follows:

£000s	2014	2013
Current service cost	288	–
Net Interest Expense	27	–
Components of defined benefit costs recognised in profit or loss	315	–

The service charge for the year of £288,000 has been included in the income statement in administrative expenses. The net interest expense has been included within finance costs (see note 6) and the remeasurement of the net defined benefit liability is included in the statement of comprehensive income.

Amounts recognised in the statement of comprehensive income are as follows:

£000s	2014	2013
Actuarial losses arising from:		
Changes in financial assumptions	540	–
Movements in payroll tax	61	–
Remeasurement of the net defined benefit liability	601	–

The amount included in the balance sheet arising from the group's obligations in respect of its defined benefit retirement benefit schemes is as follows:

£000s	2014	2013
Present value of defined benefit obligations	(4,158)	(3,937)
Fair value of plan assets	2,930	2,931
Net liability arising from the defined benefit obligations	(1,228)	(1,006)

29. Defined benefit pension scheme continued

Movements in the present value of defined benefit obligations in the year were as follows:

£000s	2014	2013
Defined benefit obligation at 1 January	3,937	–
Current service cost	288	–
Interest cost	155	–
Remeasurement (gains)/losses:		–
Actuarial (gains) and losses arising from changes in demographic assumptions	(9)	–
Actuarial (gains) and losses arising from changes in financial assumptions	462	–
Liabilities assumed in a business combination	–	3,937
Exchange differences	(632)	–
Benefits paid	(43)	–
Defined benefit obligation at 31 December	4,158	3,937

Movements in the fair value of plan assets in the year were as follows:

	2014	2013
Plan assets at 1 January	2,931	–
Remeasurement gain/(losses):		
The return on plan assets (excluding amounts included in net interest expense)	128	–
Actuarial gains and (losses) arising from changes in demographic assumptions	(73)	–
Actuarial gains and (losses) arising from changes in financial assumptions	(12)	–
Exchange differences	(421)	–
Contributions from the employer	427	–
Benefits paid	(43)	–
Assets acquired in a business combination	–	2,931
Administration costs	(7)	–
Plan assets at 31 December	2,930	2,931

The major categories and fair values of scheme assets at the end of the reporting period were:

	2014	2013
Shares	9.4%	6.8%
Other investments	3.9%	3.5%
Short term bonds	35.8%	17.0%
Money market	–	22.0%
Term bonds	35.9%	35.3%
Property	15.0%	14.3%
Other	–	1.1%
Total	100.0%	100.0%

30. Financial Risk Management

(a) Capital management

The capital of the Group consists of debt, which includes the borrowings and facilities disclosed in note 16, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the consolidated balance sheet and notes 21 and 22. The Group manages its capital to support its strategy, and there were no changes in approach to capital management during the year.

The borrowings are managed centrally and funds are onward lent to operating subsidiaries as required. There are two main borrowing facilities. First, the Group has a committed £125 million multi currency revolving credit facility that provides a high degree of flexibility. There are two financial covenants related to this facility; interest cover must be no less than 400% and the ratio of group net borrowings (including deferred consideration) to EBITDA should be no greater than 250%. These covenants are tested regularly and were not breached during the year and have not been since the year end.

Secondly, the Group has a $150m, seven year US private placement shelf facility. Seven year notes with principal of £30.0 million were drawn in September 2014 bearing fixed interest at 3.98% per annum. Seven year notes with principal of $34.1 million were drawn at the same time bearing fixed interest at 3.84% per annum. There are two financial covenants associated with this facility; interest cover must be no less than 400% and leverage must be no greater than 300%. These loan notes represent the Group's core debt.

The Group's businesses provide a good level of cash generation which helps fund future growth. The Group seeks to minimise borrowings by utilising cash generated by operations that is surplus to the immediate operating needs of the business and an objective is to maintain a minimum level of cash at bank.

(b) Financial instruments

The Group's financial assets comprise cash and trade and other receivables. The Group's financial liabilities comprise bank loans, deferred consideration and trade and other payables. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

Fair values

The fair value of the financial assets and liabilities of the Group are considered to be materially equivalent to their book value. The classification of financial instruments is shown in the table below.

£000s	As at 31 Dec 2014	As at 31 Dec 2013
Cash	17,521	18,699
Trade receivables	157,518	147,737
Financial assets	175,039	166,436
Borrowings	90,701	51,067
Deferred consideration	26,710	35,842
Trade and other payables	74,413	75,572
Financial liabilities	191,824	162,481

Interest rate and currency risk are the most significant aspects for the Group in the area of financial instruments. It is exposed to a lesser extent to liquidity risk that is reviewed in note 16. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

(c) Interest rate risk

The Group draws down term loans, typically between one and three months, against its revolving credit facility in US Dollars, GB Pounds, Australian Dollars and Norwegian Krone at fixed rates of interest for the term of the loan. The Group has not entered any contracts to fix interest rates beyond the period of the term loans but will consider doing so if borrowings becomes significantly larger and longer term. The Group's overdraft bears interest at floating rates. Surplus funds are placed on short-term deposit or held within instant access deposit accounts earning floating rate interest.

30. Financial Risk Management continued

Interest rate risk and profile of financial liabilities

The interest rate risk profile of the Group's financial liabilities at 31 December was as follows:

£000s	Floating rate 2014	Floating rate 2013	Fixed rate 2014	Fixed rate 2013	Non interest bearing 2014	Non interest bearing 2013	Total 2014	Total 2013
Sterling	–	568	59,484	24,680	32,707	30,647	92,191	55,895
Euro	–	94	–	–	6,643	9,228	6,643	9,322
Australian Dollar	475	192	6,618	5,867	12,520	12,631	19,613	18,690
Canadian Dollar	–	–	4,056	7,987	5,970	7,750	10,026	15,737
US Dollar	–	40	30,784	24,721	11,837	9,550	42,621	34,311
Norwegian Krone	–	14	14,838	21,630	5,265	6,050	20,103	27,694
Other	–	–	–	–	627	832	627	832
At 31 December	475	908	115,780	84,885	75,569	76,688	191,824	162,481

The maturity profile of financial liabilities at 31 December was as follows:

£000s	Floating rate 2014	Floating rate 2013	Fixed rate 2014	Fixed rate 2013	Non interest bearing 2014	Non interest bearing 2013	Total 2014	Total 2013
Within one year	475	908	16,081	20,360	70,939	72,210	87,495	93,478
In one to two years	–	–	47,813	10,864	1,482	1,084	49,295	11,948
In two to five years	–	–	36	53,661	1,764	3,394	1,800	57,055
Over five years	–	–	51,850	–	1,384	–	53,234	–
	475	908	115,780	84,885	75,569	76,688	191,824	162,481

The weighted average interest rate and term for interest bearing financial liabilities is shown below:

	Fixed and floating rate financial liabilities Weighted average interest rate % 2014	2013	Fixed rate financial liabilities Weighted average period for which rate is fixed – months 2014	2013
Sterling	3.3	2.6	44	4
Australian Dollar	4.2	4.6	14	10
Canadian Dollar	4.0	4.0	9	13
US Dollar	3.5	2.2	58	3
Norwegian Krone	3.8	3.7	4	7
	3.5	3.0	40	5

In the table above, the increase in the weighted average period for which the rate is fixed in respect of sterling and US dollar liabilities is due to the issue of seven year fixed rate US private placement notes in September 2014.

Cash balances at year end:

£000s	As at 31 Dec 2014	As at 31 Dec 2013
Sterling	1,654	1,571
Euro	733	1,146
US Dollar	4,015	4,487
Australian Dollar	2,245	1,322
Canadian Dollar	4,935	5,369
Norwegian Krone	2,608	3,400
Malaysian Ringgit	836	924
Other	495	480
	17,521	18,699

Cash balances are held in either non-interest bearing current accounts or instant access deposit accounts earning floating rate interest.

There are no interest bearing trade and other receivables.

Borrowing facilities

The Group has an undrawn revolving credit facility that expires in 2016. The amount undrawn under this facility at 31 December 2014 was £86,773,000 (2013: £40,422,000).

During 2014, the Group also had an uncommitted overdraft facility, carrying floating rate interest.

Interest rate sensitivity

The Group is mainly exposed to interest rate sensitivity in respect of its revolving credit facility. A 1.0% decrease in interest rates would increase Group profit before tax by £694,000. A 1.0% increase in interest rates would decrease Group profit before tax by £694,000.

(d) Foreign currency risk

The Group, which is based in the UK and reports in sterling, has significant investments in overseas operations in the Netherlands, Ireland, USA, Canada, Australia and Norway that have functional currencies other than sterling. As a result the Group's balance sheet and income statement can be affected by movement in the exchange rate between sterling and the functional currencies of overseas operations. The most important exchange rates as far as the Group is concerned is the GB Pound to Australian Dollar rate and GB pound to US Dollar.

The fair value of the forward foreign exchange contracts held at year end was not material.

The Group does not hedge balance sheet and income statement translation exposures.

A number of the Group's operations transact in currencies other than their functional currency. This creates a foreign currency exposure that is monitored and hedged centrally using a risk based approach.

Foreign currency sensitivity

Since the Group hedges the majority of its transactional foreign currency exposures, the sensitivity of the results to transactional foreign currency risk is not material.

(e) Credit Risk

It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts. The Group does not enter into complex derivatives to manage credit risk. The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date. The directors consider the Group's financial assets that are not impaired to be of good credit quality including those that are past due. See note 14 for further detail on receivables that are past due. The group's financial assets are not secured by collateral advanced by counterparties. In respect of trade and other receivables, the Group has a broad range of clients, the largest being multi-national oil companies, national oil companies or substantial utility companies. Infrequently (and generally for administrative reasons) there may be a build up of unpaid invoices. At December 2014 there was a material amount owing from a national oil company that was substantially paid in January 2015. The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

31. Share-based payments

Share scheme costs

£000s	Year ended 31 Dec 2014	Year ended 31 Dec 2013
Share Incentive Plan ("SIP")	1,067	1,142
Performance Share Plan ("PSP")	787	684
Share Option Plan	10	55
Bonus Plan	163	57
	2,027	1,938

The following tables set out details of material share schemes activity:

SIP

Year of grant	Number outstanding 31 Dec 2013	New grants	Releases	Forfeits	Number outstanding 31 Dec 2014	Vesting conditions
2011	435,135	–	(409,317)	(25,818)	–	3 years
2012	464,024	–	(19,705)	(43,333)	400,986	3 years
2013	484,623	–	(16,835)	(48,346)	419,442	3 years
2014	–	521,051	(6,042)	(20,075)	494,934	3 years
	1,383,782	521,051	(451,899)	(137,572)	1,315,362	

Year of grant	Number outstanding 31 Dec 2012	New grants	Releases	Forfeits	Number outstanding 31 Dec 2013	Vesting conditions
2010	492,285	–	(476,513)	(15,772)	–	3 years
2011	478,090	–	(14,639)	(28,316)	435,135	3 years
2012	510,663	–	(14,172)	(32,467)	464,024	3 years
2013	–	510,366	(6,675)	(19,068)	484,623	3 years
	1,481,038	510,366	(511,999)	(95,623)	1,383,782	

PSP

Year of grant	Number outstanding 31 Dec 2013	New grants	Releases	Lapses	Number outstanding 31 Dec 2014	Vesting conditions
2006	2,148	–	–	–	2,148	2 or 3 years
2007	4,343	–	(2,515)	–	1,828	1, 2 or 3 years
2009	131,740	–	(26,492)	–	105,248	3 years
2011	226,167	–	(137,949)	(106)	88,112	3 years
2012	397,388	–	(1,742)	(20,427)	375,219	3 years
2013	343,931	–	–	(18,225)	325,706	3 years
2014	–	446,646	–	(31,868)	414,778	3 years
	1,105,717	446,646	(168,698)	(70,626)	1,313,039	

Year of grant	Number outstanding 31 Dec 2012	New grants	Releases	Lapses	Number outstanding 31 Dec 2013	Vesting conditions
2006	2,148	–	–	–	2,148	2 or 3 years
2007	4,343	–	–	–	4,343	1, 2 or 3 years
2009	309,827	–	(176,631)	(1,456)	131,740	3 years
2010	8,987	–	(6,434)	(2,553)	–	3 years
2011	405,773	–	(146,891)	(32,715)	226,167	3 years
2012	419,276	–	(823)	(21,065)	397,388	3 years
2013	–	351,742	–	(7,811)	343,931	3 years
	1,150,354	351,742	(330,779)	(65,600)	1,105,717	

SIP

For the purposes of calculating the fair value of conditional shares awarded under the SIP, the fair value was calculated as the market value of the shares at the date of grant as participants are entitled to receive dividends over the three year holding period.

	SIP awards
Fair value at measurement date	179.60p - 342.69p
Weighted fair value	249.63p
Holding period	3 years

The Group assumed a 5% annual lapse rated as at the date of grant for the above schemes and all non-market based performance conditions would be satisfied in full (see accounting policy 2(e)ii).

PSP

For the purposes of calculating the fair value of conditional shares awarded under the PSP the fair value was calculated as the market value of the shares at the date of grant adjusted to reflect that participants are not entitled to receive dividends over the performance period.

	PSP awards
Fair value at measurement date	130.01p - 318.65p
Weighted fair value	241.87p
Holding period	3 years
Expected dividend yield	0.99% - 3.41%

32. Events after the balance sheet date

On 12th February 2015 the Group acquired the entire issued share capital of Klotz Associates Inc (KAI), a Texas-based consultancy providing engineering, planning and environmental services, for a maximum consideration of US $24.1 million (£15.9 million) payable entirely in cash. Cash paid at completion was US $16.9 million (£11.1 million) and two further sums of US $4.8 million (£3.2 million) and US $2.4 million (£1.6 million) will be paid to the vendors on the first and second anniversaries of completion.

In the year to 31 December 2014 KAI had revenues of US $26.2 million (£17.2 million) and PBT of US $3.6 million (£2.4 million) after adjustment for non-recurring items.

Parent Company Balance Sheet

£000s	Notes	As at 31 Dec 2014	As at 31 Dec 2013
Fixed assets:			
Intangible assets	3	514	580
Tangible assets	4	1,570	2,100
Investments	5	429,309	415,426
		431,393	418,106
Current assets:			
Debtors:			
Amounts due from subsidiary undertakings		61,121	41,117
Other debtors		1,771	1,800
Prepayments and accrued income		2,093	2,373
		64,985	45,290
Cash at bank and in hand		–	–
		64,985	45,290
Current liabilities:			
Creditors: amounts falling due within one year:			
Borrowings		527	1,409
Deferred consideration		1,779	2,322
Trade creditors		1,352	1,869
Amounts due to subsidiary undertakings		19,713	16,850
Other creditors		435	548
Accruals and deferred income		2,794	3,010
		26,600	26,008
Net current assets		38,385	19,282
Total assets less current liabilities		469,778	437,388
Borrowings	6	90,076	49,578
Deferred consideration		–	1,675
Other payables		–	47
Provision for liabilities	7	231	321
Net assets		379,471	385,767
Capital and reserves			
Called up share capital	9,10	6,640	6,619
Share premium account	10	110,100	108,307
Profit and loss reserve	10	109,530	116,141
Merger reserve	10	21,256	21,256
Employee trust shares	10	(10,776)	(9,277)
Other reserve	2,10	142,721	142,721
Total shareholders' equity		379,471	385,767

These financial statements were approved and authorised for issue by the Board on 26 February 2015.

The notes on pages 75 to 81 form part of these financial statements.

Dr Alan Hearne, Director

Gary Young, Director

On behalf of the Board of RPS Group Plc (company number: 2087786).

Notes to the Parent Company Financial Statements

1. Accounting policies

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and are in accordance with applicable UK accounting standards. The following principal accounting policies have been applied:

Goodwill

Goodwill arising on the acquisition of businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised. Purchased goodwill is written off on a straight line basis over its useful economic life of up to 20 years.

Valuation of investments

Investments held as fixed assets are stated at cost, less any provision for impairment in value.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, excluding freehold land, over their expected useful lives as follows:

Freehold buildings	50 years
Alterations to leasehold premises	Life of lease
Motor vehicles	4 years
Fixtures, fittings, IT and equipment	3 to 8 years

Revaluation of properties

The Company has taken advantage of the transitional arrangements in FRS 15 "Tangible Fixed Assets" and retained the book values of certain freehold properties that were revalued prior to implementation of that standard. Where an asset that was previously revalued is disposed of, its book value is eliminated and an appropriate transfer made from the revaluation reserve to the profit and loss reserve.

Leased assets and assets held under hire purchase contracts

Where assets are financed by hire purchase or leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are split between capital and interest using the actuarial method and the interest element is charged to the profit and loss account.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight line basis over the lease term.

Foreign currency translation

Foreign currency transactions are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date.

Pension costs

Contributions to the Company's defined contribution pension schemes are charged to the profit and loss account in the year in which they become payable.

Share based employee remuneration

The Company has applied FRS 20 "Share-based payment" to all share options and conditional share awards which were granted to employees and had not vested at 1 January 2005. A charge is recognised on the same basis as that recognised for the Group under IFRS 2. Where the Company will be issuing shares to satisfy share awards made by its subsidiaries, the Company makes a change to its subsidiaries equal to the fair value of the share-based payment incurred.

1. Accounting policies continued

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Employee Share Ownership Plan (ESOP)

In accordance with UITF 32, the assets, income and expenditure of the ESOP Trust are incorporated into the Company Financial Statements.

Financial instruments

Disclosures on financial instruments have not been included in the Company's financial statements as its consolidated financial statements include appropriate disclosures.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Trade debtors and other receivables are financial assets that are recognised at fair value on inception and are subsequently carried at amortised cost. They are subject to impairment tests whenever events or changes in circumstances indicate that their carrying value may not be recoverable. Impairment losses are taken to the profit and loss account as incurred.

Amounts held at amortised cost

Trade creditors and other payables including bank loans are financial liabilities that are recognised at fair value on inception and are subsequently carried at amortised cost.

The Company meets the definition of a qualifying entity under FRS 100 issued by the Financial Reporting Council ("FRC"). Accordingly, in the year ending 31 December 2015 the Company intends to transition to reporting under FRS 102 as issued by the FRC.
The Company intends to take advantage of the disclosure exemptions available under that standard. Any shareholder who objects to this proposal should write to the company secretary at the Registered Office.

2. Profit attributable to shareholders

No profit and loss account is disclosed by the Parent Company as allowed by Section 408 of the Companies Act 2006.

£000s	Year ended 31 Dec 2014	Year ended 31 Dec 2013
Profit for the year attributable to the shareholders of the Parent Company, dealt with in the accounts of the Parent Company	8,969	165,743

Of the profit recognised in 2013, £142,721,000 relates to the disposal of the Company's investment in the USA subgroup to another Group company. As such, this represents non distributable profit and is included in Other Reserve, (note 10).

The remuneration of the auditors for the statutory audit of the Company was £47,000 (2013: £46,000).

3. Intangible Assets

£000s	Goodwill
Cost	
At 1 January 2014 and at 31 December 2014	2,134
Amortisation	
At 1 January 2014	1,554
Charge for the year	66
At 31 December 2014	1,620
Net book value at 31 December 2014	514
Net book value at 31 December 2013	580

4. Tangible Assets

£000s	Alterations to leasehold premises	Fixtures, fittings, IT and equipment	Total
Cost or valuation			
At 1 January 2014	1,024	6,283	7,307
Additions	3	261	264
Disposals	–	(18)	(18)
At 31 December 2014	1,027	6,526	7,553
Depreciation			
At 1 January 2014	455	4,752	5,207
Provided for the year	199	595	794
Disposals	–	(18)	(18)
At 31 December 2014	654	5,329	5,983
Net book value at 31 December 2014	373	1,197	1,570
Net book value at 31 December 2013	569	1,531	2,100

5. Investments

£000s	2014	2013
Subsidiary undertakings		
Cost		
At 1 January	416,264	246,992
Additions	13,883	184,134
Disposals	–	(14,862)
At 31 December	430,147	416,264
Provisions		
At 1 January and 31 December	838	838
Net book value at 31 December	429,309	415,426

During 2014 £13,883,000 was invested in the USA sub group to fund the acquisition of GaiaTech Holdings Inc.

During 2013, RPS Group PLC invested £14,100,000 in the acquisition of Knowledge Reservoir Group Inc, a reservoir engineering and geosciences consulting firm based in the USA. It also restructured its USA sub group which led to £157,583,000 being recognised in additions and £14,862,000 in disposals to investments. A further £12,451,000 was invested in the Australian sub group.

5. Investments continued

Subsidiary undertakings

The majority of our trading subsidiaries provide consulting services, although we also provide training and laboratory testing.

The following were the principal operating subsidiaries during the year. Shares are held directly by RPS Group Plc except where marked by an asterisk where they are held by a subsidiary undertaking.

	Country of registration and operation	Proportion of ordinary share capital held
The Environmental Consultancy Limited	England	100%
RPS Environmental Management Limited	England	100%
RPS Energy Limited	England	100%
RPS Health in Business Limited	England	100% *
Nautilus Limited	England	100% *
Ichron Limited	England	100% *
RPS Energy Consultants Limited	England	100% *
RPS Ireland Limited	Northern Ireland	100% *
RPS bv	Netherlands	100%
RPS Advies-en ingenieursbureau bv	Netherlands	100% *
RPS Analyse bv	Netherlands	100% *
RPS Detachering bv	Netherlands	100% *
OEC Consulting AS	Norway	100% *
Hospitalitet AS	Norway	100% *
RPS Group Limited	Ireland	100% *
RPS Engineering Services Limited	Ireland	100% *
RPS Consulting Engineers Limited	Ireland	100% *
RPS Consultants Pty Limited	Australia	100% *
RPS Energy Pty Limited	Australia	100% *
RPS Environment Pty Limited	Australia	100% *
MetOcean Engineers Pty Limited	Australia	100% *
RPS Australia East Pty Limited	Australia	100% *
Aquaterra Consulting Pty Limited	Australia	100% *
Manidis Roberts Pty Ltd	Australia	100% *
Asia - Pacific ASA Pty Ltd	Australia	100% *
Point Project Management Pty Ltd	Australia	100% *
Cambrian Consultants America Inc	USA	100% *
RPS JD Consulting Inc	USA	100% *
Nautilus World Limited	USA	100% *
Evans Hamilton Inc	USA	100% *
Espey Consultants Inc	USA	100% *
GaiaTech Inc	USA	100% *
Knowledge Reservoir Group LLC	USA	100% *
RPS Energy Canada Limited	Canada	100% *
Geoprojects Canada Limited	Canada	100% *
Boyd Exploration Consultants Limited	Canada	100% *
Petroleum Institute for Continuing Education Ltd	Canada	100% *
HMA Land Services Ltd	Canada	100% *
OEC Gruppen	Norway	100% *

The Company has taken advantage of the exemption under Section 410(2) of the Companies Act 2006 by providing information only in relation to the subsidiary undertakings whose results or financial position, in the opinion of the directors, principally affected the financial statements.

A full list of the subsidiary undertakings as at 31 December 2014 will be annexed to the Company's next annual return filed with the Registrar of Companies.

6. Borrowings

£000s	31 Dec 2014	31 Dec 2013
Bank loans	90,076	49,578
Due as follows:		
After one year and within two years	38,227	–
After two years and within five years	–	49,578
Over five years	51,849	–
	90,076	49,578

Details of the borrowings are disclosed in note 16 to the consolidated accounts.

7. Provision for liabilities

£000s	Property	Dilapidations	Total
As at 1 January 2014	176	145	321
Additional provision in the year	–	52	52
Utilised in the year	(102)	(40)	(142)
As at 31 December 2014	74	157	231

This provision is expected to be utilised as follows:

£000s	As at 31 Dec 2014	As at 31 Dec 2013
Within one year	107	205
After more than one year	124	116
	231	321

8. Deferred taxation

The movement on deferred taxation in the current and prior year was as follows:

£000s	As at 31 Dec 2014	As at 31 Dec 2013
Net asset at beginning of year	140	281
Credit/(charge) to income for the year	88	(141)
Net asset at year end	228	140

The deferred taxation balances comprise:

£000s	As at 31 Dec 2014	As at 31 Dec 2013
Short term timing differences	60	44
Depreciation in excess of capital allowances	168	96
Deferred tax asset	228	140

Deferred tax is included within other debtors in the balance sheet.

9. Share capital

	Authorised		Allotted and fully paid	
	Number	Value £000s	Number	Value £000s
Ordinary shares of 3p each				
At 1 January 2014	240,000,000	7,200	220,631,930	6,619
At 31 December 2014	240,000,000	7,200	221,347,707	6,640

Full details of the share capital of the Company are disclosed in Note 21 to the Consolidated Financial Statements.

10. Reconciliation of movements in shareholders' funds

£000s	Share capital	Share premium	Merger reserve	Employee trust shares	Profit and loss reserve	Other reserve	Total
At 1 January 2013	6,587	106,198	21,256	(9,059)	107,585	–	232,567
Issue of new shares	32	2,109	–	(218)	(1,370)	–	553
Share-based payment expense	–	–	–	–	1,938	–	1,938
Non distributable profit	–	–	–	–	–	142,721	142,721
Retained profit for the year	–	–	–	–	23,022	–	23,022
Dividend paid	–	–	–	–	(15,034)	–	(15,034)
At 31 December 2013	6,619	108,307	21,256	(9,277)	116,141	142,721	385,767
Issue of new shares	21	1,793	–	(1,499)	(228)	–	87
Share-based payment expense	–	–	–	–	2,027	–	2,027
Retained profit for the year	–	–	–	–	8,969	–	8,969
Dividend paid	–	–	–	–	(17,379)	–	(17,379)
At 31 December 2014	6,640	110,100	21,256	(10,776)	109,530	142,721	379,471

11. Dividends

Full details of dividends paid by the Company are disclosed in Note 23 of the Consolidated Financial Statements.

12. Commitments under operating leases

The Company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings		Other	
£000s	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Operating leases which expire:				
Within one year	923	1,005	85	107
In two to five years	733	1,666	89	104
	1,656	2,671	174	211

13. Directors' interests in transactions

There were no transactions during the year in which the Directors had any interest.

Notes to Remuneration Committee Annual Report

1. Approach to Remuneration

The overall policy of the Remuneration Committee is to set total on target reward at up to median level compared with the Company's comparator groups. For the purpose of benchmarking salaries and other remuneration the principal grouping used by the Company consists of companies within the FTSE 250 with a range of capitalisations such that the company sits within the middle of that grouping. The Committee wishes to ensure that the fixed element of remuneration is not excessive and that total actual payments to executives will only exceed the median level within the Company's comparator groups through the operation of the performance related element of the package.

As described in the Annual Statement of the Chairman the performance elements of total reward are directly linked to the achievement of the Company's strategy.

2. Remuneration Policy and Implementation

The following table sets out the key elements of policy and any changes in its implementation for 2015:

Element	Operation of Element	Potential Value	Performance Metrics	Changes in Implementation for 2015
Salary	An Executive Director's basic salary is considered by the Committee on appointment and normally reviewed once a year or when there is a significant change to role or responsibility. When making a determination as to the appropriate remuneration, the Committee where it is relevant, benchmarks the remuneration against the Company's comparator groups. The results of benchmarking will, however only be one of a number factors taken into account by the Remuneration Committee and which will include: • the individual performance and experience of the Executive Director; • pay and conditions for employees across the Group; • the general performance of the Company; and • the economic environment.	The Committee's overall policy is to set total on target reward at up to median level compared with the Company's comparator groups. Salaries are set as part of this policy and to achieve this objective. The Company is required to provide a basic salary at this level in order to be competitive and to maintain its ability to recruit and retain executive directors. The Remuneration Committee policy in relation to salary is: • up to median salary on appointment depending on the experience and background of the new Executive Director; • on promotion up to the median salary for the new role.	There are no performance conditions attached to the payment of salary although there are a number of performance based factors both at the individual and Company level that influence the level of salaries provided to Executive Directors.	Salaries were increased by 2% as at 1 January 2015 and are now • A. Hearne - £581,400 • P. Williams - £428,400 • G. Young - £288,600
Benefits	The Committee's policy is to provide a benefits package with a value up to median level within the comparator group and in line with market practice. The Executive Directors receive the following benefits: • healthcare; • life assurance and dependents' pensions; • disability schemes; and • company car or car allowance.	Cost of the benefits provided	n/a	No change.

Element	Operation of Element	Potential Value	Performance Metrics	Changes in Implementation for 2015
Pension	It is the Committee's policy to provide pension benefits in line with market practice. Other than basic salary, no element of the Directors' remuneration is pensionable.	The Executive Directors are eligible to participate in defined contribution pension schemes, or receive a salary supplement or a combination of the two. The maximum is 25% of salary. Salary supplements are not included in base salary to calculate other benefits and incentive opportunities.	n/a	No change.
Bonus Plan	The Executive Directors are entitled to participate in the Bonus Plan. At the end of the financial year any bonus earned through the satisfaction of the performance conditions will be paid as follows:- • part as a cash bonus; and • part as a deferred bonus in shares which will vest subject to continued employment at the end of a two year vesting period and provided the forfeiture threshold is met for each year of the deferral.	Maximum is 200% of salary.	The Bonus Plan currently has two performance conditions:- • the primary performance condition which is PBTA; and • a secondary performance condition which is cash conversion.	The part of the bonus earned and deferred in shares will increase from 33% to 50% for the 2015 financial year. The Committee has decided to incorporate clawback and malus provisions in respect of new awards made from 2015 onwards.

3. Bonus payments for year under review

The bonus payment included within the single figure of total remuneration has been calculated as set out in the following tables. These show the performance conditions for 2014, their level of satisfaction and the corresponding level of bonus earned by each of the Executive Directors.

Profit & contribution thresholds for year under review

Level	Forfeiture Threshold	Level 1	Level 2	Actual
PBTA Threshold	£63m	£63m	£72m	£66.1m
PBTA is net of all bonus costs including the bonus costs under the Plan for this financial year				
Company Contribution Percentage to Bonus Pool	–	zero	3%	1.11%
Bonus Pool Deduction Percentage	15%			

In the event that the PBTA is below £63m there would be a reduction in the value of shares deferred under the plan equal to 15% of the difference between £63m and the actual PBTA for the year.

Cash collection targets for year under review

Level	Forfeiture Threshold	Threshold	Maximum	Bonus	Actual
Cash Collection Percentage	80%	90%	110%	1% of salary for each percentage point above 90%	89%
Additional Bonus earned (%age of Salary)	zero	zero	20%		–

A deduction of 1% of the profit contribution would be made for each percentile by which conversion of profit to cash is below 80% subject to a lower threshold of 75%.

3. Bonus payments for year under review continued

Contributions to participant's plan accounts for year under review

Executive	Percentage of PBTA Bonus Pool Allocated	Value of PBTA Based Contribution
Alan Hearne	49.5%	£364,000
Phil Williams	32.0%	£235,000
Gary Young	18.5%	£136,000

As indicated above no contribution was made in respect of the cash collection target.

Bonus payments & awards for year under review

Executive	Total Value of Company Contribution to Participant's Plan Account	Element A Paid	Element B Awarded
Alan Hearne	£364,000	£243,000	£121,000
Phil Williams	£235,000	£157,000	£78,000
Gary Young	£136,000	£91,000	£45,000

Notes:

1. Element A is paid following the year end and the sign–off of the level of satisfaction of the performance conditions.
2. Element B is awarded following the year end and the sign–off of the level of satisfaction of the performance conditions.
3. Element B is awarded in the form of deferred shares with a risk of performance based forfeiture over the two year period of deferral and in accordance with the Regulations is not included in the bonus total.

4. Benefits for the year under review

The value for benefits shown in the single figure of total remuneration is comprised of a company car or company car allowance and private medical insurance.

5. Long term incentives

There were no payments of multi-year performance awards made in the year under review.

6. Incentive grants to executive directors made during the year

The following table sets out the details of the incentive grants that will be made to the Executive Directors under the RPS Group Plc Bonus Plan in respect of 2014.

Executive Director	Award	%age of Salary Awarded	Nature of Interest	Face Value of Award	Performance Conditions
Alan Hearne	Bonus Plan Element B	21%	Nil Cost Shares	£121,000	Forfeiture Threshold
Phil Williams	Bonus Plan Element B	19%	Nil Cost Shares	£78,000	Forfeiture Threshold
Gary Young	Bonus Plan Element B	16%	Nil Cost Shares	£45,000	Forfeiture Threshold

An Element B award of shares equal to the face value shown above will be made under the Bonus Plan shortly after publication of the Company's results for the year–ended 31 December 2014 and based upon the market price of the Company's shares at that time. This award will be held conditionally, subject to the rules of the Bonus Plan and the performance conditions described in the Policy Report above.

The following table sets out the number and value of matching and dividend shares that were awarded to the Executive Directors under the all employee Share Incentive Plan during 2014.

Executive Director	Number of shares	Value of shares £
Alan Hearne	900	1,882
Phil Williams	822	1,718
Gary Young	1,007	2,106

7. Payments to past directors

There were no payments made to past Directors of the Company in respect of the year under review.

8. Payment for loss of office

There were no payments for loss of office made to Directors of the Company in respect of the year under review.

9. Total shareholding of directors

The table below shows the total shareholding for each Director.

Director	Unconditional Shares		Conditional Shares under Executive Bonus Plan		Conditional Matching Shares under the SIP		Total Shares	
Executive	Shares held at 31/12/14	Shares held at 25/02/15	Shares held at 31/12/14	Shares held at 25/02/15	Shares held at 31/12/14	Shares held at 25/02/15	Number at 31/12/14	Number at 25/02/15
Executive								
Alan Hearne	116,454	116,515	42,202	42,202	3,231	3,295	161,887	162,012
Phil Williams	325,339	325,400	28,334	28,334	3,231	3,295	356,904	357,029
Gary Young	101,384	101,445	16,528	16,528	3,231	3,295	121,143	121,268
Non–Executive								
Brook Land	30,000	30,000	–	–	–	–	30,000	30,000
John Bennett	–	–	–	–	–	–	–	–
Louise Charlton	–	–	–	–	–	–	–	–
Robert Miller–Bakewell	5,000	5,000	–	–	–	–	5,000	5,000
Tracey Graham	5,000	5,000	–	–	–	–	5,000	5,000
Andrew Page	–	–	–	–	–	–	–	–

Unconditional shares include shares acquired under the Share Incentive Plan being partnership and dividend shares held as well as matching shares that have been held for longer than three years and are no longer conditional.

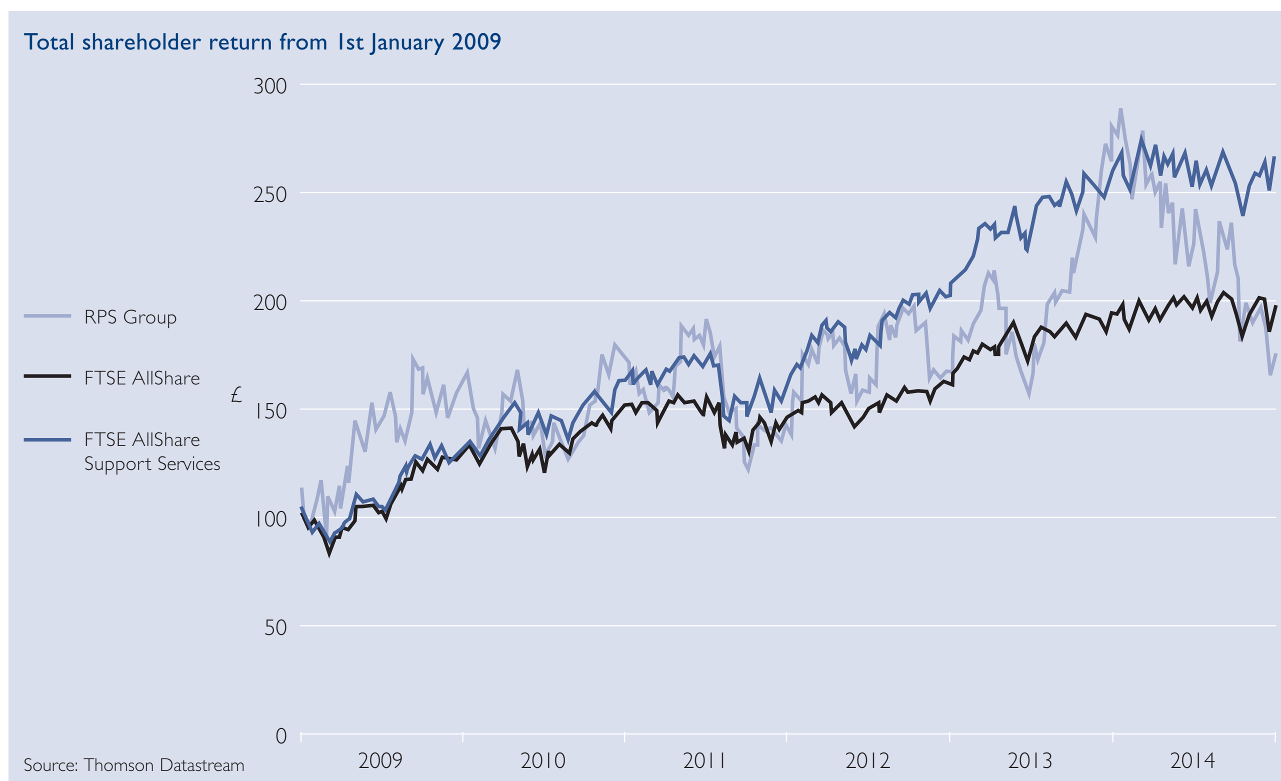
The table below shows the shareholding guideline for each Executive Director and the extent to which that guideline was met at 31 December 2014.

	Guideline % salary	Value of shareholding required £	Value of unconditional shares £	Value of conditional shares £	Value to be awarded £	Total £
Alan Hearne	150	855,500	239,000	100,000	121,000	460,000
Phil Williams	100	420,000	677,000	69,000	78,000	824,000
Gary Young	100	283,000	204,000	49,000	45,000	298,000

The value shown for conditional and unconditional shares is based upon the Company's share price as at 31 December 2014.
The value of shares to be awarded relates to the conditional shares that will be awarded under the RPS Group Plc Bonus Plan shortly after announcement of the Company's results for the year ended 31 December 2014 as detailed in note 3 above.

10. Total Shareholder Return Performance

The Company has selected the FTSE All Share and the FTSE All Share Support Services as the broad equity market indices against which to compare the Company's total shareholder return performance as the Company has been a constituent member of these indices throughout the six year period.



11. CEO Remuneration

Element	2009	2010	2011	2012	2013	2014
Total Remuneration (single figure for the Year - £000s)	636	608	793	1,650	883	922
Annual Bonus (%age of Maximum Opportunity)	zero	46%	54%	77%	47%	32%
Long–Term Incentives (%age of Maximum Number of Shares capable of vesting)	100%	zero	13%	100%	zero	zero

It should be noted that the single figure for 2012 includes the payment of deferred balances under the previous bonus banking plan from 2010 and 2011. These balances were earned during these years but subject to deferral until the end of 2012 and at risk of performance based forfeiture.

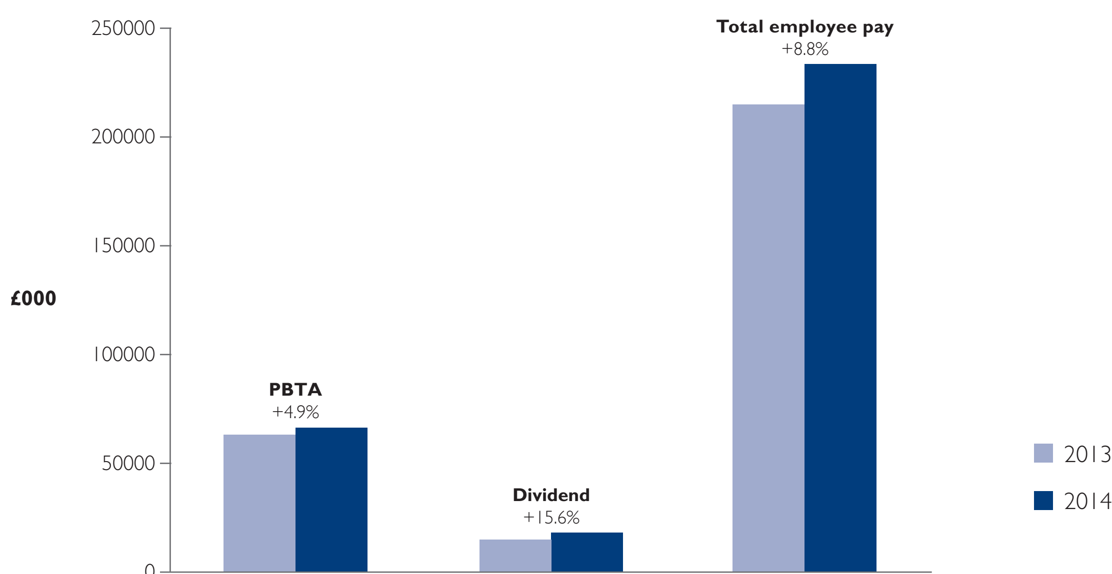
12. Percentage Change in Remuneration of CEO

The following table shows the percentage change in the CEO's salary, benefits and annual bonus between financial years compared to the percentage change for all employees.

Element	Percentage Change from 2013 Financial Year to 2014 Financial Year	
	CEO	Employees
Salary	14.5%	2.1%
Taxable Benefits	-5%	1%
Annual Bonus	-15%	-30%

13. Relative Importance of Spend on Pay

The chart below shows the total remuneration paid to or receivable by all employees of the Company and total distributions to shareholders by way of dividends for the current and previous financial years:



Profit before tax and amortisation is a key performance indicator for the Group and the principal performance measure used under the RPS Plc Bonus Plan.

14. Implementation of Policy

Remuneration policy in 2015 will be operated in accordance with the Company's stated policies. The changes made to the Executive Directors' salaries as at 1 January 2015 are set out in note 2 above.

The Committee and its Advisors

Role of the Remuneration Committee ("Committee")

The Committee is responsible for setting policies relating to remuneration for the Executive Directors as well as determining their specific remuneration packages. It also monitors the level and structure of remuneration for the Group's senior management as well as overseeing the operation of the Group's share plans. The Committee's agreed terms of reference are available on the Company's website and on request from the Company Secretary.

The Board determines the remuneration of the Non–Executive Directors. No director plays a part in any decision about their own remuneration.

14. Implementation of Policy continued

Committee members

The members of the Committee are Tracey Graham (Chairman), John Bennett, Louise Charlton and Andrew Page all of whom are independent Non–Executive Directors. Andrew Page joined the Committee in September 2014. The Chief Executive of the Company attends meetings by invitation and where this is pertinent to the matters under discussion, but is never present when his own remuneration is under discussion. Representatives of PricewaterhouseCoopers LLP ('PwC') also attend some meetings of the Committee. The Company Secretary acts as secretary to the Committee.

None of the members of the Committee has any personal financial interest (other than as shareholders), or conflicts of interests arising from other directorships or day–to–day involvement in running the business of the Company.

Further information on meetings and attendance by the Committee members is disclosed in the Corporate Governance report on page 23.

15. External advice

During 2014 the Committee received external advice in relation to executive remuneration from PwC, with whom it agreed the fees for such work.

During the year PwC advised the Committee in relation to the operation of the Bonus Plan as well as in relation to a benchmarking report in respect of the Executive Directors, preparation of the Remuneration Committee report, taxation of incentive plans and general governance matters relating to remuneration. The total fees paid to PwC in the year amounted to £77,000. This fee was comprised of an annual retainer to cover certain standard advice and payment for additional services in respect of which fees were agreed on a case by case basis. No contingent fee arrangements were operated. The Committee has satisfied itself that the advice received from PwC was objective and independent. PwC provides no other services to the Group as well as being a signatory to and following the provisions of the Remuneration Consultants Code.

16. Statement of Shareholder voting

The Remuneration Policy Report and Annual Report for 2013 were both approved at the Company's 2014 Annual General Meeting. The voting for each resolution is shown below.

Annual Report	Number of Votes Cast	% of Votes Cast
Votes for	157,548,323	89.73
Votes against	18,028,309	10.27
Total	175,576,632	100
Witheld	1,991,697	

Policy Statement	Number of Votes Cast	% of Votes Cast
Votes for	166,067,608	94.6
Votes against	9,490,604	5.4
Total	175,558,212	100
Witheld	2,010,117	

Given the strength of voting for these resolutions the Committee concluded that no action to amend remuneration policy was required.

Five Year Summary

£000s	2014	2013	2012	2011	2010
Revenue	572,126	567,614	555,863	528,710	461,830
Fee income	504,959	492,121	478,835	452,729	393,262
PBTA	66,114	63,032	60,099	50,812	47,993
Net bank debt	(73,180)	(32,368)	(13,501)	(23,523)	(31,537)
Net assets	384,677	372,038	373,814	364,450	344,993
Adjusted cash generated from operating activities	70,772	72,030	76,045	71,053	57,874
Average number of employees	4,530	4,306	4,507	4,686	4,422
Dividend per share	8.47	7.36p	6.40p	5.56p	4.83p
Adjusted basic EPS	22.04p	20.22p	19.48p	16.68p	15.79p
Adjusted diluted EPS	21.92p	20.14p	19.36p	16.56p	15.69p

The Five Year Summary does not form part of the audited financial statements.

Cover image: Eucalyptus bark at Barrington Tops National Park, Australia.

RPS has been working on Groundwater Impact Assessments at Barrington Tops National Park, New South Wales.

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