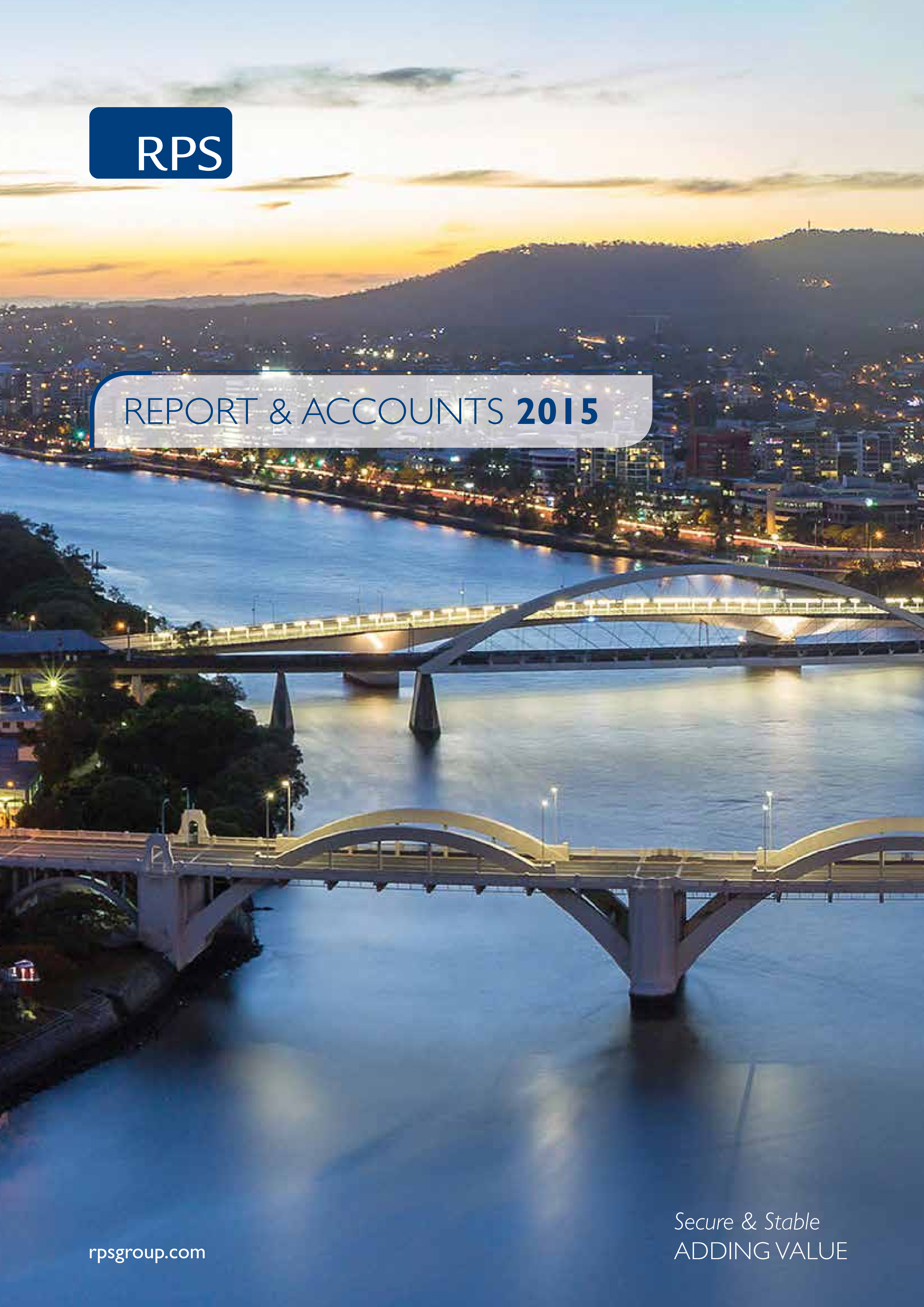

RPS

REPORT & ACCOUNTS **2015**

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Strategic Report

Management & Governance

Accounts

Strategy

RPS is a consultancy focused on providing its clients high quality and added value advice. Our businesses are based primarily in Europe, North America and Australia, although we undertake projects in many other parts of the world. We have developed a range of skills and services which enable us to provide independent advice upon:

- the development and management of the built and natural environment;
- the exploration and production of oil and gas and other natural resources; and
- the development of infrastructure to enable the world's population to have access to, in particular, appropriate transport, water and power resources.

Our experience of trading for over 40 years had enabled us to develop a clear understanding of how to manage technical consultancy businesses successfully. Our key objectives are to:

- build on our existing reputation in being recognised as a market leader in a wide range of markets;
- focus on delivering value added services which generate good fee levels and margins;
- grow our existing businesses organically;
- attract and retain staff capable of attracting projects from our clients and managing them successfully;
- 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
- manage our cash and balance sheet prudently, whilst continuing to provide a growing dividend to shareholders.

The Group's businesses continually focus on understanding how their markets are developing and shifting their activities and marketing accordingly. However, the Board believes there are long term fundamentals underpinning our business. These are:

- long term demand for improvement to and extension of the urban fabric of towns and cities;
- long term demand for oil and gas and other sources of energy/power;
- long term demand for urban, inter urban, transport, water energy/power and communications infrastructure;
- the increasing importance of environmental and climate change issues.

Our significant market profile and presence in the markets related to these opportunities enables us to benefit from them.

Business Model

The Group operates in a wide range of markets and offers a broad range of services. However, the approach to metrics which enable our businesses to be managed effectively apply across the Group as a whole. As a result we operate and measure our businesses with a common set of systems focused around annual targets developed from an understanding of market conditions (top down), together with the return expected from the staff complement and overhead structure we employ (bottom up). Most individual offices are separate profit centres with their own targets; larger offices may contain more than one profit centre. Offices are grouped functionally or geographically for management and marketing purposes. Those groupings then form part of the four reported Group segments. Each segment has a Board responsible for its operation and performance.

Marketing and business development are devolved to these segment Boards although the Board maintains a Group website and Business Information Unit. IT is managed centrally, with support from local staff around the Group as necessary.

Achieving organic growth is a key requirement of each business. The deliverability of this, however, is influenced significantly by economic and market conditions.

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 an important element of our strategy. We endeavour to 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 2015 we successfully completed acquisitions in Australia, USA and Norway. Over the long term we will seek 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.

Increasing Group scale and diversity by means of acquisitions leads to greater resilience in the Group's performance, as demonstrated when the Global Financial Crisis began in 2007 and, in 2015, through the major downturn in the mining and oil and gas industries.

As a result of developing the Group over four decades we now have important strong core competences throughout the business:

- managing complex, intellectual consultancy businesses;
- identifying high value, premium margin markets;
- developing and operating businesses internationally;
- recruiting and retaining high quality staff;
- maintaining good client relationships:
- maintaining strong cash flow; and
- identifying, delivering and successfully integrating "bolt on" acquisitions.

Shareholder Value

The Group's intense focus on converting profit into cash has enabled us to provide our shareholders with significant and predictable returns for over 20 years. In each of the last 22 years we have increased the dividend payable to our shareholders by 15%.

Since the Group's IPO in July 1987 we have raised only £60 million from our shareholders and distributed £145 million in dividends including the recommended 2015 final dividend. Our last fund raising, of £40 million, was in 2001; since then we have paid £140 million in dividends. This has been achieved at the same time as investing in acquisitions and keeping debt at modest levels. We have not diluted the equity base of the business by using shares to make acquisitions.

Group Activities and Management

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

The advice we provide to our clients upon the built and natural environment ('BNE') includes urban planning, urban design and regeneration, environmental assessment and management, transport and infrastructure, architecture and landscape, project management support, 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 BNE services are provided on a regional basis from offices in Europe, Australia and North America. All BNE activities in Europe are managed by a single Board with the exception of those in Norway which, at present, are managed separately. Following the recent acquisition of the Metier business in Norway its activities are being integrated with those of our existing business in that country. Our regional BNE business in North America is managed by a single Board. We present the results of the European and North American businesses as separate reporting segments. 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 a single reporting segment covering all of our operations in Australia Asia Pacific ('AAP').

We also provide advice to our clients upon the exploration and production of oil, gas and other natural resources. This involves supplying technical, commercial and training experts in the fields of geoscience, engineering, health, safety and environment. This advice 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, Singapore and Malaysia and undertakes projects in many other countries. Separate Boards are responsible for the management of our Energy related activities in Europe, the Middle East and Africa ('EAME') and those in North America respectively, with their combined results being presented as a single accounting segment. As noted above our Energy activities within AAP are managed and reported together with the BNE business in that region.

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.

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

2015 Results

Summary of results

The Group's results for the year to 31 December 2015 are summarised in the table below:

	2015	2014	2014 (constant currency)
Business performance			
Revenue (£m)	567.0	572.1	554.7
Fee income (£m)	506.1	505.0	489.6
PBTA(1) (£m)	51.8	66.1	65.0
Adjusted earnings per share(2) (basic) (p)	16.57	22.04	21.67
Total dividend per share (p)	9.74	8.47	8.47
Statutory reporting			
Profit before tax (£m)	9.9	46.3	45.7
Earnings per share (basic) (p)	3.11	15.20	15.03

Notes

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

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

PBTA for the full year was £51.8 million (2014: £66.1 million; £65.0 million on a constant currency basis). This reduction was caused by a significant downturn in our Energy business, resulting from the substantial global contraction in expenditure by our oil and gas clients, responding to a collapse in the oil price. In addition, a provision for doubtful debts totalling £7.0 million was made at the year end in respect of this business, due to the non-payment of debts due from a small number of clients. Primarily as a result of significantly reduced Energy earnings in the UK, the Group tax charge on PBTA increased to 29.6% (2014: 26.9%). Adjusted basic earnings per share were 16.57 pence (2014: 22.04 pence; 21.67 pence on a constant currency basis).

We have taken a non-cash impairment charge against the book value of certain intangible assets held on the balance sheet of £20.0 million as a result of the reduced level of activity from oil and gas clients. This reduced PBT for the full year which, as a result, was £9.9 million (2014: £46.3 million; £45.7 million on a constant currency basis).

The contribution of the Group's four segments was:

Segment Profit* (£m)	2015	2014	2014 (constant currency)
Built and Natural Environment: Europe	30.3	24.9	23.7
: North America	10.6	9.1	9.5
Energy	10.9	35.0	35.5
Australia Asia Pacific ("AAP")	12.1	8.2	7.3
Total	63.9	77.2	75.9

*after reorganisation costs.

During the year we experienced a significant change in the mix of our business. Energy contributed 45% of segment profit in 2014. This reduced to 17% in 2015 as a result of the downturn in the oil and gas sector and growth in our other businesses. BNE:Europe, which now includes Norway, has become the Group's largest business (having grown organically and by acquisition) contributing 47% of segment profit.

Following the acquisition of Everything Infrastructure Group Pty Ltd ("EIG") (October 2015) our non resources businesses in AAP now contribute about 80% of the annualised AAP profit. When we created this segment in 2013 this contribution was about 25%. Both our BNE businesses remain exposed to oil and gas client projects. The oil and gas component in Europe is small (about 5%) and primarily focussed in Norway. In North America the exposure is greater (about 40%); we have in place a strategy to diversify this business further, as has been achieved in AAP. Both, however, remain exposed to further deterioration in the resources market.

In recent years our acquisitions in both Norway and Australia have been directed towards project management consultancy, particularly in respect of large scale infrastructure projects. We see this as an important new activity for the Group; it also reduces our dependency on the resources sectors.

The Group's key performance indicators are shown below:

	2015	2014	2014 (constant currency)
Fee income (£m)	506.1	505.0	489.6
PBTA (£m)	51.8	66.1	65.0
Conversion of profit to cash (%)[1]	140.7	89.0	89.0
Net debt (£m)	78.8	73.2	73.2

Notes

(1) 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 excellent. Net cash from operating activities was £75.1 million (2014: £44.0 million). There was a reduction in working capital of £26.8 million (2014: absorption £8.5 million) in part due to the collection of some older debts. Our year end net bank borrowings were £78.8 million (2014: £73.2 million) after paying out £20.0 million in dividends (2014: £17.4 million) and £51.9 million (2014: £64.7 million) in respect of initial and deferred payments for acquisitions, net of acquired cash and debt. Net bank borrowings include £53.1 million of US private placement notes, due for repayment in 2021. In July 2015, we arranged a £150 million committed revolving credit facility with Lloyds Bank Plc and HSBC Bank Plc. This is available until July 2020 and had headroom of about £107.1 million at the year end.

As a result of the downturn in the Energy business and its reduced prospects for 2016, we have taken a non-cash impairment charge of £16.6 million against the value of intangible assets on the balance sheet. We have also taken impairment charges in respect of intangible assets of £2.9 million in BNE: North America and £0.5 million in AAP, both in relation to businesses with exposure to the oil and gas sector.

The Board is recommending a final dividend of 5.08 pence per share payable on 20 May 2016 to shareholders on the register on 22 April 2016. If approved, the total dividend for the full year would be 9.74 pence per share, an increase of 15% (2014: 8.47 pence per share). The Board intends to continue to grow the dividend in a manner which reflects the performance and needs of the business.

Markets and Trading

Built and Natural Environment (BNE)

BNE: Europe

Within this business we provide a wide range of consultancy services to many aspects of the property and infrastructure sectors. It had a successful year achieving growth in fee income, profit and margin. This segment now includes the Group's Norwegian business, reported last year in Energy. The process of integrating OEC (acquired September 2013) with Metier AS (acquired May 2015) to form Norway's leading project management consultancy has progressed encouragingly.

	2015	2014	2014 (constant currency)
Fee income (£m)	222.4	186.3	177.3
Segment profit* (£m)	30.3	24.9	23.7
Margin %	13.6	13.4	13.3

*after reorganisation costs: 2015 £0.5m; 2014 £0.3m.

The acquisitions made in 2014 (Clear and CgMs) have been integrated successfully and assisted the growth of the UK water and planning and development businesses respectively. Those activities which assist clients develop new capital projects, particularly our planning and development business in the UK, continued to benefit both from improving market conditions and client confidence. Those exposed to operational environments, such as providing environment management advice, continued to need to offer an efficient, cost effective service to assist clients in managing tight budgets. However, our water business in the UK, achieved this and, in consequence, performed particularly well in the period.

Our business in Norway has a modest direct exposure to the oil and gas market. The other parts of the business traded well, including Metier AS.

We currently anticipate this segment of the Group should show further growth this year.

BNE: North America

This business evolved from our North American Energy business and, as a result, still has significant exposure to the provision of environmental services to the oil and gas sector. This has held back progress throughout the year as those clients reduced and delayed expenditure, although both fee income and profit grew helped by the contribution from acquisitions.

The acquisition of Klotz Associates Inc. (February 2015) and Iris Environmental (October 2015) continued the process of diversifying into more traditional planning and environmental consultancy activities. These businesses, in conjunction with GaiaTech (acquired in 2014), have enabled the North American business as a whole to secure year on year growth. Once they have been fully integrated we intend to develop further our planning and environmental capability with additional acquisitions.

	2015	2014	2014 (constant currency)
Fee income (£m)	58.7	41.3	43.4
Segment profit* (£m)	10.6	9.1	9.5
Margin %	18.0	22.0	21.9

*after reorganisation costs: 2015 £0.2m; 2014 £nil.

We currently anticipate further growth in this business in 2016, although this is likely to be driven largely by the recent acquisitions.

Energy

We provide internationally recognised services to the oil and gas industry from bases in the UK, USA and Canada. These act as regional centres for projects undertaken in many other countries. The business undertakes projects globally and manages its resources internationally.

During the course of the year, our experienced management team had to respond to a significant reduction in our clients' spend and the uncertainty about whether and when specific projects might commence. In these circumstances, the maintenance of a margin well into double figures, before doubtful debt provisions totalling £7.0 million made at the year end, confirms both the quality of this business and its management, as well as the added value it provides to our clients.

	2015	2014	2014 (constant currency)
Fee income (£m)	123.0	175.5	177.5
Segment profit* (£m)	10.9	35.0	35.5
Margin %	8.9	19.9	20.0

*after reorganisation costs: 2015 £0.9m; 2014 £0.2m.

Our Energy activities can be broadly divided into 2 components: consultancy and operations. Consultancy provides a broad range of advisory and training services and includes the asset evaluation work and training we undertake for clients. It is predominantly an employee based business. The operations business provides technical support to clients in their day to day exploration and production activities. It generates income primarily with the use of sub-consultants. The performance of the business can be seen in the declining trend of fee income for both components:

(£m)	2014			2015		
	H1	H2	Total	H1	H2	Total
Consultancy	34.5	34.0	68.5	26.5	23.3	49.8
Operations	54.3	52.7	107.0	40.8	32.4	73.2
Total	88.8	86.7	175.5	67.3	55.7	123.0

In response, the operating costs of the business have been reduced by about £36 million on an annualised basis since the beginning of 2015. This includes about £25 million for the year on year reduction in the cost of sub-consultants, almost entirely related to the operations business.

The oil price remains volatile and expenditure by our clients is likely to reduce materially again this year. In consequence, further cost saving measures are being taken. The costs of these will be incurred in the first half, with the benefit of the consequent savings arising largely in the second half. As a result the first half is likely to produce a reduced performance compared with the same period in 2015. Assuming reasonably stable market conditions, the second half should show an improvement over the first half. However, our current expectation is that the full year Energy result for 2016 is likely to show a further decline in both fee income and profit.

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 help counter the impact of the slowdown in the resources sector by focusing more upon the buoyant infrastructure sector. This strategy is proving successful. The business grew its profit significantly in 2015 and improved its margin, primarily as a result of this repositioning strategy and, in particular, the acquisition of Point the project management consultancy (September 2014).

	2015	2014	2014 (constant currency)
Fee income (£m)	104.2	103.6	93.1
Segment profit* (£m)	12.1	8.2	7.3
Margin %	11.6	7.9	7.8

*after reorganisation costs: 2015 £0.4m; 2014 £1.4m.

Following elections in New South Wales, Victoria and Queensland in the first half of 2015, the pace of investment in infrastructure has increased and we are assisting clients develop a number of high profile projects. We also have involvement in a number of large projects for various departments of the Federal Government. Such projects are likely to remain important to the Australian economy, although the reduction in levels of tax revenue from the resources sector is focusing attention on those able to deliver value for money.

In order to expand this increasingly important component of our business we acquired EIG, a project management business with a strong involvement in the infrastructure market. (October 2015). We see considerable opportunity in infrastructure related markets and are now well positioned to take advantage of this.

Overall, we are currently expecting an improved performance in 2016, although a further contraction in the remaining resources element of the business is, again, likely to moderate the organic growth achievable.

Group Prospects and Strategy

The acquisitions made in 2015 are integrating well and will make an important contribution this year. The Board is currently expecting a further reduction in Energy profit in 2016. The other three segments are expected to grow.

Our strategy of building multi-disciplinary businesses in each of the regions in which we operate continues to be attractive. Our flexible business model, diversity of operations and experienced management enabled us to withstand a substantial contraction in Energy during the year, as well as delivering strong cash flow. We intend to maintain this strategy, securing organic growth where possible and containing costs where not, whilst continuing to seek further acquisition opportunities.

Risk Management

The Group supplies a wide range of consultancy 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 systems of planning, budgeting, performance review and internal control assist with this process.

The management of risk is not separated from the business and is treated as an integral part of our culture and the way we operate. Our operating Boards consider the risks to which they are exposed and their mitigation on a continuous basis and at each of their regular meetings. Against the background of reporting from this level, the Group Executive Committee oversees the operational management of the principal risks to which the Group as a whole is exposed. In turn the Group Board receives regular reporting from the Executive Committee in relation to principal risks and their mitigation. In considering and challenging this information the Group Board has undertaken a robust assessment of the principal risks facing the Group including those that would threaten its business model, future performance, solvency or liquidity.

Economic Environment

The history of the Group demonstrates that by far the greatest negative impact on performance results from external events, normally related to significant economic changes. This was well demonstrated following the "global financial crisis" in 2008 and the international recessions which followed it and currently by the effect of the collapsing oil price and the volume of work available to our Energy businesses. Adverse economic changes may cause clients to cancel, postpone or reduce projects as well as increasing risks associated with the recovery of debt and work-in-progress.

Although these macro-economic changes are beyond our control our exposure to a wide range of markets and geographies serves to mitigate overall risk. Economic conditions in our various markets are closely reviewed in order that pre-emptive action can, as far as possible, be taken as circumstances change. Our contracted order book is monitored regularly in comparison to the productive capacity of our fee earning staff and necessary actions are taken to reduce costs as and when required.

Retention of Key Personnel

Internally, experience shows that the biggest risk we face is from losing the personnel who are responsible for managing both client relationships and teams of staff. 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, affect our ability to meet our clients' expectations and correspondingly to maintain and develop our business. In addition a failure to anticipate management succession issues adequately may lead to discontinuity in the Group's operations and a corresponding diminution in performance.

As described on pages 13 and 14 the Group maintains competitive remuneration and incentive structures which are reviewed and adjusted on a regular basis. It also maintains an environment that is supportive of professional development through training and career opportunity. Board level succession planning remains under review by the Nomination Committee.

Business Acquisitions

The development of the Group's business continues to be supported by acquisitions. The risks here can be of a different nature as was demonstrated in 2015. Acquisitions in the oil and gas sector which had performed well following integration into the Group suffered the effect of the contraction of expenditure by oil gas clients. As this is expected to continue impairments have had to be made to related assets held on the balance sheet. Additionally 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 designed to prevent this. This will include an assessment of the ability to integrate the acquired business within the Group and its control environment. It cannot, however, identify macro events which occur some years later. The integration of the acquisitions made in 2014 has been successful and work in relation to those made during 2015 is proceeding well.

The other principal risks faced by the Group, as listed below, are of significantly less importance in terms of the scale of impact they might have on profit.

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.

As previously highlighted our operations in Kurdistan and Iraq have been affected by conflict in the Middle Eastern region, whilst sanctions imposed on the Russian Federation have had an impact on our business in that part of the world. Uncertainties associated with the outcome of the UK general election have, however, been resolved helpfully since the last time of reporting.

The significant majority of the Group's services are provided in relatively stable and predictable liberal democracies. This coupled with the range of markets and geographies that we serve operates to limit the impact of adverse political developments in particular countries. In so far as changes can be foreseen, measures can be taken to match costs to anticipated workload.

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. No events of this type have materially affected us in 2015 and the risks associated with the Ebola virus that were identified at last time of reporting have since receded.

Whilst it is impossible to predict events of this type, the wide range of geographies and markets that we serve should 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 suffered a number of 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.

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 potential liabilities and reputational damage.

Detailed health and safety policies and procedures are in place throughout the Group which are designed to identify and mitigate risk. These are subject to regular review to ensure that any emerging risks are identified and managed. Policies and procedures incorporate a structured reporting process which aims to ensure that when incidents do occur they are properly investigated and appropriate corrective action taken. The Group's approach to the management of health and safety is described in more detail on pages 15 and 16.

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.

Claims and 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 claims against the Group. Notwithstanding this, from time to time the group receives claims from clients against which appropriate professional indemnity insurance is maintained. The Board reviews claims of significance on a regular basis and is satisfied that adequate financial provision has been made in respect of any uninsured liabilities.

Compliance

The Group is subject to a range of taxation and legal requirements across the various jurisdictions in which it operates. A failure to comply with these obligations could give rise to regulatory intervention, financial penalty 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.

Funding

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

The Group's principal bank facility was renegotiated and renewed in July 2015. This now consists of a total committed sum of £150m for a five year period jointly funded by HSBC and Lloyds. The long term private shelf facility with Prudential Investment Management Inc. in the sum of $150m remains in place and against which sums of £30m and US$34.1m, repayable in September 2021, have been drawn.

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.

Long Term Viability Statement

In accordance with the requirements of the UK Governance Code the Board has assessed the long term viability of the Company. This was done over a three year period taking account of the above risks as well as the Company's current position, its strategy and the Board's risk appetite. A three year period was chosen as a realistic term over which to assess viability. The Board considered cash flow models based upon a range of assumptions relating to trading performance, expenditure on acquisitions and other outflows including those associated with the principal risks the Group faces; this included severe but reasonable scenarios. These models took account of the possible scale of downturn in the Group's Energy business over the three year period. Based on this assessment the directors have a reasonable expectation that the Company will continue in operation and be able to meet its liabilities as they fall due over the period to 31 December 2018.

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	2015	2014 restated
Average number of employees		
Built and Natural Environment – Europe	3,045	2,572
Built and Natural Environment – North America	445	352
Energy	521	613
Australia Asia Pacific	926	882
Central	117	111
Group total	5,054	4,530
Employment statistics		
Days absent (%)	3	2
Average length of service (years)	7	6
Working part time (%)	11	11
Retention rate (%)*	83	81
Female	1,516	1,621
Male	3,538	2,909
Female (%)	30	35
Male (%)	70	65
Age profile	%	%
Employees aged under 25	8	7
Employees aged 25-29	14	15
Employees aged 30-49	54	55
Employees aged 50+	24	23

* Excluding redundancies.

The recruitment, retention and motivation of high calibre employees is of strategic importance for the Group and as highlighted above represents an area of principal risk. Each of the Group's businesses therefore maintains appropriate and flexible 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' projects These arrangements may differ according to the nature of the specific business but work within an overall framework that is overseen at Group level. Human resource professionals are employed throughout the Group to support the objectives of each business and ensure that best practice is followed wherever possible. 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. 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. We operate largely in sectors which are male dominated. Our ability, therefore, to recruit female fee earning staff is severely curtailed by the employment applications we receive. We do not envisage this changing in the short or medium term and intend to maintain a policy of employing the best available staff regardless of gender.

Building an environment in which employees feel engaged with their business and the Group as a whole is of great importance and in particular to ensure the successful integration of newly acquired businesses. The Group intranet is used as a means to communicate developments and achievements from within the group as well as policies and procedures. Corporate newsletters also facilitate this flow of information. New employees receive an induction and 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 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 personally 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 professional and technical areas in which the Group is engaged this involves supporting training schemes and continuing professional development across a range of disciplines both 'in-house' and through professional bodies. Within the 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 Australia our Infrastructure Solutions business operates a Manager Development Programme aimed at developing broad based project management, business and leadership skills. Our global Energy business also provides training to the oil and gas sector through RPS Training and which also assists in providing technical training within the Group. In addition our project management business in Norway provides both classroom based and e-learning training in all aspects of project management. During 2015 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.

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 seeks to achieve attractive levels of return for its shareholders whilst balancing this objective with a recognition of its obligations to its employees, clients and society in general. The Board takes account of any significant environmental, social and governance ('ESG') matters in assessing the risks that the Group faces. The Executive Committee supports the Board in exercising general oversight in relation to ESG matters including the assessment of the opportunities to which such issues give rise. Within this framework the Group has adopted a general approach and specific policies in relation to its employees and their health and safety, the standards through which it conducts business, the environment and the wider community. These are outlined below as well as elsewhere within this report and are detailed more fully on the Company's website. 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. It also the Board's view that the challenges, risks and opportunities created by ESG issues as outlined herein 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 acts of 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.

Employment

The policies adopted by the Group in relation to employees are described on pages 13 and 14 of this report. The risks associated with failures in this area as well as in relation to the management of health and safety are described in the Risk Management section on page 11.

Health and Safety

The health and safety of employees and others it may affect is of paramount importance to the Group and it remains 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. 40% (2014: 30%) 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. The reportable accident rate in the year was 2.2 accidents per 1,000 employees (2014: 2.0). Accidents that do occur most commonly relate to field staff and involve manual handling activities, slips and falls.

Reportable Accident Rates

Group	2015	2014
Reportable injuries	12	11
Reportable injuries incident rate per 1,000 employees	2.2	2.0

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 2015 the Group and its staff gave or raised £873,000 in charitable contributions (2014: £882,000). Taking into account the £221,000 (2014: £175,000) spent on academic bursaries and educational initiatives, the total contribution of the Group and its employees to the communities in which it operates was £1,094,000 (2014: £1,057,000).

At Group level the work of Tree Aid has continued to be the main area of focus. 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 made a direct contribution of £104,000 towards projects in Ghana in 2015. In addition the company's employees have through their own fund-raising and volunteering contributed a value of approximately £18,000 to Tree Aid. This has continued to include a number of our specialists providing technical support across a number of disciplines on a 'pro bono' basis. The Group is pleased to have continued this association and that its employees have contributed in such a direct and positive way.

Environmental Management and Climate Change

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 its trading. Whilst given the nature of its activities the Group's own impact on the environment is comparatively modest, policies, standards and targets are in place which aim to minimise this impact wherever 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. It 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 Group endeavours to:

- comply with all relevant national and regional legislation as a minimum standard;
- comply with relevant codes of practice and other requirements such as those specified by regulators and our clients;
- employ practical energy efficiency and waste minimisation measures; and
- provide an inter-office IT network together with communications and video conferencing technology that reduces business travel.

To achieve these objectives appropriate training is provided where required 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 2015 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 2015 we have followed the 2015 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.

	2015	2014
Scope 1: Direct emissions	8,122	6,881
Scope 2: Indirect emissions	4,516	4,724
Total	12,638	11,605

The increase in Scope 1 emissions is largely attributable to a significant growth in the UK based RPS Water business and a corresponding growth in the size of its vehicle fleet.

The Group has set a target to reduce per capita office energy consumption by 2.5% on a five year rolling average basis. Using this approach the five year rolling average up to 2014 was 3.56 MWh per capita which decreased to 3.5 MWh per capita for the five year rolling average to 2015. Although a decrease of 1.1% was achieved this was below the target 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

3 March 2016

The Board

Brook Land
Non-Executive Chairman

Aged 66. 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 63. 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 and 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 56. 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 63. 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 63. 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 Chairman of the Nomination Committee and the Remuneration Committee, a member of the Audit Committee and Senior Independent Director.

Louise Charlton
Independent Non-Executive Director

Aged 55. 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.

Andrew Page
Independent Non-Executive Director

Aged 57. 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 as Senior Vice President with InterContinental Hotels and as Senior Independent Director of Arena Leisure plc. Andrew qualified as a Chartered Accountant with KPMG and then spent several years with Kleinwort Benson's Corporate Finance division. He is currently Chairman of Northgate plc, and Senior Independent Director of Carpetright plc as well as being a director of The Schroder UK Mid Cap Fund plc and The JP Morgan Emerging Markets Investment Trust plc. Andrew is Chairman of the Audit Committee and a member of the Remuneration Committee.

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 2015.

Directors

The Directors of the Company as at 31 December 2015 were those listed on page 18. John Bennett retired as a Director on 1 May 2015 and Tracey Graham resigned on 3 September 2015; there were no other changes to the Board during the year. The Directors' interests in the share capital of the Company are as shown in the Annual Report on Remuneration on page 86.

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 5.08p (2014: 4.42p) per share. This together with the interim dividend of 4.66p (2014: 4.05p) per share paid on 15 October 2015 gives a total dividend of 9.74p (2014: 8.47p) per share for the year ended 31 December 2015.

Strategic Report

The Group's Strategic Report can be found on pages 3 to 17 and includes information as to the likely future development of the Group. Financial key performance indicators can be found on page 7. 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 Report 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 Report includes information as to likely future developments in the business of the Group. Nothing in the Strategic Report 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 Group's subsidiary undertakings are listed in note 6 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 1 March 2016.

	No. of shares	Percentage
Aberforth Partners	17,956,375	8.08
Schroder Investment Management	17,445,965	7.85
UBS Global Investment Management	12,284,548	5.53
Newton Investment Management	9,108,803	4.10
Montanaro Investment Managers	7,750,000	3.49

Going concern

The Group's business activities, a review of the 2015 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 a diverse range of businesses in a spread of geographies which serve to limit the overall impact of adverse conditions in any particular market. In this regard and notwithstanding the possible scale of the downturn in the Group's Energy business, the Group continues to enjoy strong cash flow and operates well within the financial covenants applying to its main bank facility. The Group's bank facilities were renewed during 2015 and will not expire until July 2020.

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. The Group's Long Term Viability Statement is shown on page 12.

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 auditor is 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 auditor is 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 and note 30 to the Consolidated Financial Statements.

Post balance sheet events

There are no significant post balance sheet events to report.

Takeover Directive

The following additional information is provided for shareholders pursuant to the requirement of the Takeover Directive.

As at 31 December 2015 the Company's issued share capital consisted of 222,234,251 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 86. 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 26 April 2016. 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 Auditor.

By order of the Board

Nicholas Rowe
Secretary

3 March 2016

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 the role and effectiveness of the Board during 2015. This is the first year in respect of which we have reported under the revised version of the UK Governance Code ('the Code') as published in September 2014. In June 2015 the Company ceased to be a member of the FTSE 250, following which some restructuring took place and our complement of Non-Executive Directors reduced by one. We have, however, remained in full compliance with the Code throughout the year and now satisfy its requirements as applicable to smaller market capitalisation companies. Notwithstanding this change, the processes and disciplines to which our Board adheres, as well as its generally open and co-operative style have remained unchanged. The Group has faced significant challenges particularly in relation to the market conditions that have led to a significant downturn in our Energy business. I believe that the Board remains well equipped to face these challenges, as well as the other key issues and risks that we face.

Notwithstanding the reduction in our complement, I believe that the Board possesses an appropriate balance of skills and experience drawn from the corporate, City and professional worlds. The Chairmanship of both our Audit and Remuneration Committees has changed during the year, but in each case has brought fresh thought and approach. In particular, the common Chairmanship of our Nomination and Remuneration Committees is assisting with the succession process to which I refer below. All of our Committees operate with independence and with the benefit of professional advice where required and report on a regular basis to the Board as a whole.

Our Nomination Committee led by our Senior Independent Director has continued to develop our succession planning. This is well advanced as far as the Group Board is concerned, but also extends to our next tier of senior management. The revised segment Boards have been in operation throughout 2015.

Dr Phil Williams who heads up our energy business intends to retire by 30 September 2016. Since the acquisition of Hydrosearch in 2003, Phil has spearheaded the dynamic growth of our energy business as well as having Board level responsibility for other activities. RPS owes a very great deal to Phil; his experience and unflappability will be much missed by us all when he finally steps down. I would like to thank Phil publicly for his hard work in developing the RPS energy business over the last twelve years.

During the year the Board has devoted attention to developing our corporate management structure to make it more robust and flexible. Following Phil's retirement the Chief Executive, Dr Alan Hearne, will take over his Board responsibilities in conjunction with an enlarged Executive Committee which will include the regional business leaders. We believe that this will strengthen Group decision making. As previously reported Alan has indicated his intention to remain in office until at least the end of 2017. I am satisfied that we now have the plans in place to deal with senior management succession in the future.

In recognition of the increasing overlap between the Remuneration and Nomination Committees, we decided to move to a single Chairman of these committees. Robert Miller-Bakewell, the Senior Independent Director, has taken on these roles. This summer we will consult shareholders on the executive remuneration package for 2017 onwards.

During the year we undertook our normal annual performance review. This consisted of a questionnaire encompassing key areas of the effectiveness of our Board and its Committees which our directors completed. Although no major issues arose, one or two detailed areas were identified for attention. As a small market capitalisation company we are no longer required to undertake an externally facilitated review every three years and I anticipate that we will utilise our internal review system again in 2016, when an external review would otherwise have been due.

In line with additional obligations now imposed by the Code, but also as a means to enhance our performance, the Audit Committee and Board have overseen the development and formalisation of the way in which we review and report risks and internal control issues within the Group. These issues have always been on the Board's agenda but are now considered more regularly and in a more structured manner. We also continue to prioritise health and safety issues and review this topic at every Board meeting.

Robert Miller-Bakewell's second three year term as a Non-Executive Director will expire in April 2016 and I am pleased to report that he has agreed to serve another three year term. As Senior Independent Director as well as being Chairman of the Nomination and Remuneration Committees, Robert has a key role in the management transition to which I refer above.

In accordance with best practice, all our directors, including myself, offer themselves for re-election at every AGM. As previously announced Andrew Page has informed the Company he is not seeking re-election and will leave the Board at this AGM.

We are a people based business and notwithstanding the challenges we have faced in parts of the Group, our employees continue to respond very well. I am pleased to thank all of them for their important contributions to RPS Group.

Brook Land
Chairman

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. In May 2015 the Company ceased to be a member of the FTSE 250 Index and since that time has complied with the provisions of the Code as applicable to a small market capitalisation company. Corporate governance has previously been considered by a separate Corporate Governance Committee, but the activities of this Committee have now been absorbed by the other Board Committees with the Board as a whole maintaining an overall responsibility for this subject.

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 Directors, three Non-Executive Directors and the Chairman. John Bennett retired as a Non-Executive Director in May 2015 and Tracey Graham ceased to be a Non-Executive Director in September 2015. 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 and 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 and Nomination 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
Brook Land	7	–	–	2
Alan Hearne	8	–	–	–
Gary Young	8	–	–	–
Phil Williams	8	–	–	–
John Bennett	4*	3*	2*	–
Louise Charlton	7	–	4	2
Robert Miller-Bakewell	8	4	2*	2
Tracey Graham	5*	4*	2*	–
Andrew Page	8	5	4	–
Number of meetings held	8	5	4	2

* served for part year only

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 the Chief Executive, the Finance Director and the Company Secretary. These regular 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 Committee, which consists of the three Executive Directors supported by the Company Secretary, meets at least once a month and has overall responsibility for all operational matters within the Group, subject to those matters that remain reserved for the Board. As outlined on page 22, during 2016 the Executive Committee will be enlarged to include the regional business leaders. 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. During 2015 directors were asked to complete a review relating to the general operation and effectiveness of the Board and its Committees, following which results were reviewed with the Chairman. No major issues arose. 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 periodically 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 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. An 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 33 and the statement of the Directors in respect of going concern appears on page 20. The long term viability statement is set out on page 12.

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 'Guidance on Risk Management , Internal Control and Related Financial and Business Reporting''. 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. This subject is kept under ongoing review and the Board receives and considers regular reports relating to the Group's system of risk management and internal control. In addition a detailed review of the Group's system of internal control and risk management was undertaken by the Audit Committee during the year, the outcome of which was reported to and discussed with the Board. The Audit Committee and the Board were satisfied that the systems in place remained appropriate and effective.

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 at key centres within the Group to ensure that policies and procedures are being followed as well as to identify any control weaknesses or failings.

Capital investment: The Group has clearly defined guidelines for capital expenditure. These include detailed appraisal and review procedures as well as 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.

Delegated Authorities: A system of delegated authorities, whereby the incurring of expenditure and assumption of contractual commitment can only be approved by specified individuals and within pre-defined limits, is in place throughout the Group.

Review and reporting: Internal controls and in particular any failures are reported to and reviewed at Group and operating Board meetings in order that changes to systems can be implemented where required. In addition the Audit Committee maintains a brief to keep the overall systems of internal control under review.

Audit Committee

The Audit Committee comprises two Independent Non-Executive Directors; Andrew Page and Robert Miller-Bakewell. John Bennett and Tracey Graham both ceased to be Committee members upon leaving the Group. 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 both members of the Committee have experience that is relevant to the role, during the year under review Andrew Page, who is a Chartered Accountant, was the member of the Committee specifically identified as having recent and relevant financial experience.

At its annual planning meeting in September the Committee reviews and approves plans with the Auditors including the locations to be audited as well as the scope and 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 category of assets, which comprises goodwill and other intangible assets is by far the largest on the Group balance sheet. It therefore receives careful attention from the Committee which needs to be satisfied that its carrying value is appropriate. As part of its year end procedures the Group Finance function performed a detailed impairment review of other intangible assets based upon approved targets. A number of businesses that hold other intangible assets have been affected by the downturn in oil and gas markets which has in turn reduced their prospects. This review indicated that impairments totalling £20.0m were necessary. The Audit Committee considered papers prepared by the Group Finance Director that included details of the testing undertaken and the assumptions used. The Committee agreed that it was appropriate to provide this impairment charge. The Audit Committee also received reports from the Group Finance Director on the appropriateness of cash generating units for the purposes of goodwill impairment testing and on the goodwill impairment testing undertaken. The modelling performed was based on approved targets and indicated that no impairment of goodwill was required. The report explained the cash flow modelling undertaken, the assumptions used and the conclusions reached. The Committee agreed that no impairment of goodwill was necessary.

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 presented the valuation process and judgements made to the Committee. 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: The risk that trade debtors and accrued income may not be collected and therefore may be overstated in the accounts is considered by the Board at its regular meetings when it reviews business performance. The reports prepared for those meetings contain age profile information on debtors and accrued income by segment and consider specific issues in more detail as necessary. During the second half of the year in particular it became apparent that certain Energy clients were missing payment promises and that exposure to them was increasing. The Group Finance Director prepared a paper for the Audit Committee in September that considered the recoverability of trade debtors and accrued income. No provision was considered appropriate at that time, although the difficulty of collecting from some clients was noted. The situation did not improve by the year-end or thereafter. Following the year-end The Group Finance Director prepared reports for the Board and Audit Committee that considered the recoverability of trade debtors and accrued income at the year-end. The Board and Committee confirmed it appropriate to impair the carrying value of trade debtors in the Energy segment by £7.0m as at the year-end. Attempts to recover the debts will continue.

Following the review conducted by the Audit Committee and its own consideration, the Board was able to conclude that the Report and Accounts for 2015, taken as a whole, is fair, balanced and understandable as well as providing 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 was 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. The Company's policy is that Group auditors should remain in office for no more than ten 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 50. Certain limited scope compliance 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. 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. In conjunction with this exercise the Committee also reviewed the possible need to establish an internal audit function. In considering this point the Committee was cognisant of the detailed review work undertaken by members of the Group Finance Department whilst visiting various parts of the Group's operations and that the volume of such work increased during the year. Taking account of this and its general level of confidence in the Group's systems of internal control it concluded that the establishment of an internal audit department was not appropriate at this time but that this will be kept under regular review.

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. At the start of the year Robert Miller-Bakewell assumed the Chairmanship of the Committee in place of Brook Land. 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 Nomination Committee led by its Chairman who is also Senior Independent Director has responsibility for the succession process referred to in the Chairman's Introductory Statement on page 22 and has a detailed plan in place to deliver this.

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 following changes to the structure of the Board during the year this target is not at present being met.

Robert Miller Bakewell's second three year term will expire in April 2016 and following careful review by the Committee and the Board it was concluded that, subject to shareholder approval, his tenure as Non-Executive Director should be extended for a further three year period.

Remuneration Committee

The membership and activities of the Remuneration Committee are described in the Remuneration Committee Report on pages 28 and 29 together with the accompanying notes on pages 83 to 89.

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 2015, 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 29 and notes 1 to 13 on pages 83 to 89 incorporates the remuneration disclosures required in respect of the year.

The Company's Directors' Remuneration Policy (the "Policy") was approved by shareholders at the 2014 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 83 and 84. The full Policy was set out in the 2013 Report and Accounts, a copy of which is available on the Company's website.

Strategy, Performance and Remuneration outcomes for 2015

The Company's strategy is set out in detail on pages 3 and 4 of the Strategic Report. The success of this strategy is partly measured by reference to the Company's key performance indicators as detailed on page 7. The key performance indicators include PBTA and conversion of profit to cash. The RPS Group Plc Bonus Plan (the 'Plan') has continued to be the only incentive arrangement for the Executive Directors in respect of which for 2015, the main financial performance condition was PBTA and the secondary conditions were cash conversion and personal objectives. No bonus can be earned under the Plan unless a minimum PBTA threshold is achieved.

Notwithstanding good performance in relation to conversion of profit to cash and the achievement of a number of personal objectives, as the PBTA for the year at £51.8 was below the minimum PBTA threshold of £63m set for the Plan in 2015, no bonus was payable in respect of the year. The forfeiture threshold, which is the level of Group PBTA below which some or all of the awards previously deferred in the form of shares under the Plan may be forfeited was set at £59m for 2015. At the level of reported PBTA for the year and as more fully detailed in note 3 to the Annual Report on Remuneration, all of those deferred share awards will be forfeited.

Other Remuneration Decisions

The Executive Directors' salaries were all increased by 2% with effect from 1 January 2015. The more significant difference between the base salaries paid in 2014 and 2015 as shown in the table on page 29, reflect the fact that increases in base salaries awarded during 2014 were implemented with effect from 1 July in that year. In respect of 2016, the Executive Directors' salaries will be unchanged.

It is our intention to consult with shareholders with regard a new remuneration policy to take effect in 2017 and seek formal approval for such a policy during the course of this year.

Robert Miller-Bakewell

Chair of the Remuneration Committee
3 March 2016

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		Pensions		All Employee Share Plan		Total	
Year	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Executive														
Alan Hearne	**581**	526	**19**	19	**–**	243	**–**	–	**145**	132	**3**	2	**748**	922
Phil Williams	**428**	392	**16**	16	**–**	157	**–**	–	**75**	69	**3**	2	**522**	636
Gary Young	**289**	264	**16**	16	**–**	91	**–**	–	**43**	40	**3**	2	**351**	413
Non–Executive														
Brook Land	**136**	130	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**136**	130
John Bennett †	**18**	53	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**18**	53
Louise Charlton	**43**	41	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**43**	41
Robert Miller–Bakewell *	**64**	63	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**64**	63
Tracey Graham †	**36**	51	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**36**	51
Andrew Page	**50**	13	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**50**	13
Total	**1,645**	1,533	**51**	51	**–**	491	**–**	–	**263**	241	**9**	6	**1,968**	2,322

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

†The fees payable to John Bennett and Tracey Graham in 2015 were for part of the year only.

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
2014	2,322	66,100	3.5
2015	1,968	51,800	3.8

The additional information that is required under the Regulations which form part of the annual report for the year ended 31 December 2015 has been included in notes 1 to 13 on pages 83 to 89. This additional information is unaudited with the exception of notes 3 to 7.

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 2015 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, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; 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 the 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. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Going concern and the directors' assessment of the principal risks that would threaten the solvency or liquidity of the group

As required by the Listing Rules we have reviewed the directors' statement regarding the appropriateness of the going concern basis of accounting contained within the directors report on page 20 and the directors' statement on the longer-term viability of the group contained within the strategic report on page 12.

We have nothing material to add or draw attention to in relation to:

- the directors' confirmation on page 10 that they have carried out a robust assessment of the principal risks facing the group, including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures on pages 10-12 that describe those risks and explain how they are being managed or mitigated;
- the directors' statement in the directors report about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the group's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- the director's explanation on page 12 as to how they have assessed the prospects of the group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We agree with the directors' adoption of the going concern basis of accounting and we did not identify any such material uncertainties. 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.

Independence

We are required to comply with the Financial Reporting Council's Ethical Standards for Auditors and we confirm that we are independent of the group and we have fulfilled our other ethical responsibilities in accordance with those standards. We also confirm we have not provided any of the prohibited non-audit services referred to in those standards.

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below 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 contracts open at year end. There is significant management judgement in determining the revenue to be recognised and in particular in estimating the stage of completion of, and the costs to complete, open contracts at the balance sheet date. The Group's revenue recognition policy is disclosed in note 1(c) and is also 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 for all full scope components. We tested in detail a sample of contracts, by comparing them to the signed contract terms, agreeing inputs to the related time records, and understanding and challenging the estimated costs to complete. Based on our findings from this, we recalculated the stage of completion to determine the revenue recognised for these contracts.
Accounting for acquisitions There were four acquisitions in the year with a total consideration of £61.3m. Details of the acquisitions are disclosed in note 28 to the accounts. The Audit Committee has included their assessment of this risk on page 26 and it is also 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 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, 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's review of the accounting for acquisitions, by reviewing management's papers which set out their approach to determining the fair value of the acquired businesses. 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 determine whether they represent consideration rather than remuneration.
Assessment of the carrying value of goodwill and intangible assets At 31 December 2015, the net book value of goodwill and intangible assets was £415m (2014: £405m) after impairments. The associated disclosure is included in note 11 and the accounting policy is disclosed in note 1(e). The Audit Committee has included their assessment of this risk on page 25 and it is also 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, the number of judgements involved in assessing impairment, and the continuing challenging economic conditions particularly in those businesses with significant exposure to the oil and gas market. 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. The Group determined that, as a result of current trading conditions, particularly in the Energy segment, that an impairment of £20m was required largely in respect of customer relationship intangible assets at 31 December 2015.	Our audit work assessed the adequacy of the design and implementation of controls over management's review of the goodwill and intangible asset impairment process. Our work focused on challenging management's assumptions including specifically the determination of cash-generating units, the forecast cash flow projections for each cash-generating unit and the discount rates. We considered management's revenue forecasts in the light of current trading conditions. We compared management's forecasts against current and historical results with particular focus on the oil and gas sector. We used our valuation specialists to calculate an acceptable range of discount rates both for CGUs and for individual intangible assets and compared our range with that determined by management. We examined the short term growth rates by using market data and a review of historical 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 and considered the adequacy of the associated disclosure of both the approach to the impairment review and the resulting impairment charge.

Recoverability of trade receivables and accrued income	
At 31 December 2015 trade receivables were £113m (2014: £131m) net of the provision for impairment. At 31 December 2015 accrued income was £29m (2014: £26m) net of the provision for impairment. The trade receivables provision for impairment was £10.9m (2014: £4.5m) and the accrued income provision for impairment was £3.6m (2014: £4.1m). 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. In 2015, there has been an increase to the provision of £7m in the Energy business, due to the risk of bad debts from oil and gas clients. The Audit Committee has included their assessment of this risk on page 26.	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 assumptions used in management's calculations and the appropriateness of judgements on the completeness of the provisions against trade receivables and accrued income by reviewing cash received post year end on a sample of customer debts and the overall ageing analysis for trade receivables and accrued income by entity and customer. In additions, we challenged specific balances which were significantly past-due but not impaired and reviewed for cash received post year end.

The description of risks above should be read in conjunction with the significant issues considered by the Audit Committee discussed on pages 25-26.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these 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 £2.5m (2014: £3.3m), which is 5% (2014: 5%) of profit before tax, amortisation and impairment of acquired intangible assets and transaction related costs (PBTA) and below 1% (2014: 1%) of equity. This has reduced year on year due to the reduction in underlying results. We chose this measure as it is the Group's key profit performance indicator.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £125,000 (2014: £66,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. This is a change from the prior year where we said we would report all misstatements above £66,000 following us reassessing what we consider to be clearly inconsequential. 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 and work on the business units at 7 locations (2014: 7). Within the 7 locations, 24 (2014:22) business units were subject to a full audit, whilst the remaining 12 (2014: 13) 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, incorporating those covered by specified audit procedures, account for 92% (2014: 94%) of the group's net assets, 93% (2014: 93%) of the group's revenue and 93% (2014: 92%) of the group's profit before tax, amortisation and transaction-related costs. 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 at the 7 locations was executed at levels of materiality applicable to each individual entity which were lower than group materiality and ranged from £0.1 to £1.25m (2014: £0.1m to £1.4m).

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 a 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 part of the Corporate Governance Statement relating to the company's compliance with certain 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). 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

3 March 2016

Consolidated Income Statement

£000s	Note	Year ended 31 Dec 2015	Year ended 31 Dec 2014
Revenue	3	566,972	572,126
Recharged expenses	3	(60,862)	(67,167)
Fee income	3	506,110	504,959
Operating profit before amortisation and impairment of acquired intangibles and transaction related costs	1(g),3,4,5	56,845	70,244
Amortisation and impairment of acquired intangibles and transaction related costs	1(g),4	(41,940)	(19,842)
Operating profit		14,905	50,402
Finance costs	6	(5,232)	(4,242)
Finance income	6	182	112
Profit before tax, amortisation and impairment of acquired intangibles and transaction related costs		51,795	66,114
Profit before tax		9,855	46,272
Tax expense	9	(3,013)	(12,925)
Profit for the year attributable to equity holders of the parent		6,842	33,347
Basic earnings per share (pence)	10	3.11	15.20
Diluted earnings per share (pence)	10	3.09	15.12
Adjusted basic earnings per share (pence)	10	16.57	22.04
Adjusted diluted earnings per share (pence)	10	16.47	21.92

Consolidated Statement of Comprehensive Income

£000s	Year ended 31 Dec 2015	Year ended 31 Dec 2014
Profit for the year	6,842	33,347
Actuarial gains and losses on remeasurement of defined benefit pension scheme	234	(601)
Tax on remeasurement of defined benefit provision liability	(63)	112
Exchange differences*	(9,181)	(4,602)
Total recognised comprehensive (loss)/income for the year attributable to equity holders of the parent	(2,168)	28,256

*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 2015	As at 31 Dec 2014
Assets			
Non-current assets:			
Intangible assets	11	416,658	404,996
Property, plant and equipment	12	26,504	27,371
Deferred tax asset	20	4,281	4,043
		447,443	436,410
Current assets:			
Trade and other receivables	14	157,430	170,905
Cash at bank		17,801	17,521
		175,231	188,426
Liabilities			
Current liabilities:			
Borrowings	16	525	542
Deferred consideration	18	20,383	17,170
Trade and other payables	15	112,309	101,825
Corporation tax liabilities		4,014	2,213
Provisions	19	1,161	1,206
		138,392	122,956
Net current assets		36,839	65,470
Non-current liabilities:			
Borrowings	16	96,055	90,159
Deferred consideration	18	9,890	9,540
Other payables		2,162	2,734
Deferred tax liability	20	10,043	12,874
Provisions	19	1,642	1,896
		119,792	117,203
Net assets		364,490	384,677
Equity			
Share capital	21	6,667	6,640
Share premium		112,026	110,100
Other reserves	22	1,149	11,551
Retained earnings		244,648	256,386
Total shareholders' equity		364,490	384,677

These financial statements were approved and authorised for issue by the Board on 3 March 2016.

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 2015	Year ended 31 Dec 2014
Adjusted cash generated from operations	26	92,628	70,772
Deferred consideration treated as remuneration		–	(3,635)
Cash generated from operations		92,628	67,137
Interest paid		(6,021)	(3,771)
Interest received		182	112
Income taxes paid		(11,737)	(19,503)
Net cash from operating activities		75,052	43,975
Cash flows from investing activities:			
Purchases of subsidiaries net of cash acquired	28	(35,354)	(36,959)
Deferred consideration		(16,568)	(19,722)
Purchase of property, plant and equipment		(7,963)	(7,698)
Sale of property, plant and equipment		465	471
Net cash used in investing activities		(59,420)	(63,908)
Cash flows from financing activities:			
Proceeds from issue of share capital		–	1
Proceeds from bank borrowings		4,831	36,406
Payment of finance lease liabilities		(66)	(645)
Dividends paid	23	(19,973)	(17,379)
Payment of pre-acquisition dividend		(169)	–
Net cash generated in financing activities		(15,377)	18,383
Net increase /(decrease) in cash and cash equivalents		255	(1,550)
Cash and cash equivalents at beginning of year		17,046	17,791
Effect of exchange rate fluctuations		21	805
Cash and cash equivalents at end of year	26	17,322	17,046
Cash and cash equivalents comprise:			
Cash at bank		17,801	17,521
Bank overdraft		(479)	(475)
Cash and cash equivalents at end of year	26	17,322	17,046

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 2014	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
Changes in equity during 2015:					
Total comprehensive loss	–	–	7,013	(9,181)	(2,168)
Issue of new ordinary shares	27	1,926	(730)	(1,221)	2
Share based payment expense	–	–	1,889	–	1,889
Tax recognised directly in equity	–	–	63	–	63
Dividends paid	–	–	(19,973)	–	(19,973)
At 31 December 2015	6,667	112,026	244,648	1,149	364,490

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 2015 comprise the Company and its subsidiaries (together referred to as the "Group").

The consolidated financial statements were authorised for issuance on 3 March 2016.

(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 2015.

During the year, the Group has applied IAS 19 (as amended in 2014) "Employee Benefits" and IAS 27 (as amended in 2014) "Separate Financial Statements". 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.

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	5 to 10 years
Trade names	1 to 5 years
Order backlog	1 to 6 years
Software	5 to 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 and impairment of acquired intangibles and transaction related costs", "Profit before tax, amortisation and impairment 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 and impairment 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), impairment of acquired intangibles, 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 2015.
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 2015 can be found in note 11 along with the judgements applied.
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.

(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.

2. Other accounting policies continued

(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):

- IAS 12 (amended) "Recognition of Deferred Tax Asset for Unrealised Losses""
- IFRS 16 "Leases"
- IFRS 10 (amended), IFRS 12 (amended) and IAS 28 "Investment Entities: Applying the Consolidation Exception"
- IAS 1 (amended) "Disclosure Initiatives"
- Annual improvements to IFRSs: 2012-2014 Cycle
- IFRS 9 "Financial Instruments"
- IFRS 15 "Revenue from Contracts"
- IAS 16 (amended) and IAS 38 (amended) "Depreciation and Amortisation"
- IFRS 11 (amended) "Joint Operations"

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. The Group is undertaking a detailed review of the potential impact of IFRS 15. At this stage we do not believe this standard will significantly affect the Group's revenue recognition.

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 2014 were restated following the transfer of the Group's Norwegian business into the BNE Europe segment from the Energy segment as noted in the Group's April Trading Update.

The business segments of the Group are as follows:

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.

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.

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 they predominantly relate to the stewardship of the Group. They include the costs of the main board, and the Group finance and marketing functions and related IT costs. 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 31 December 2015

£000s	Fees	Expenses	Intersegment revenue	External revenue
BNE - Europe	222,437	30,503	(808)	252,132
BNE - North America	58,672	7,713	(343)	66,042
Energy	122,971	13,931	(938)	135,964
AAP	104,153	9,045	(364)	112,834
Group eliminations	(2,123)	(330)	2,453	–
Total	506,110	60,862	–	566,972

£000s	Underlying profit	Reorganisation costs	Segment profit
BNE - Europe	30,871	(549)	30,322
BNE - North America	10,741	(166)	10,575
Energy	11,810	(904)	10,906
AAP	12,539	(409)	12,130
	65,961	(2,028)	63,933

Segment results for the year ended 31 December 2014 (restated)

£000s	Fees	Expenses	Intersegment revenue	External revenue
BNE - Europe	186,288	22,274	(817)	207,745
BNE - North America	41,322	5,916	(639)	46,599
Energy	175,504	28,953	(680)	203,777
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
BNE - Europe	25,170	(253)	24,917
BNE - North America	9,112	–	9,112
Energy	35,131	(167)	34,964
AAP	9,639	(1,419)	8,220
Total	79,052	(1,839)	77,213

Group Reconciliation

£000s	Year ended 31 Dec 2015	Year ended 31 Dec 2014
Revenue	566,972	572,126
Recharged expenses	(60,862)	(67,167)
Fees	506,110	504,959
Underlying profit	65,961	79,052
Reorganisation costs	(2,028)	(1,839)
Segment profit	63,933	77,213
Unallocated expenses	(7,088)	(6,969)
Operating profit before amortisation and impairment of acquired intangibles and transaction related costs	56,845	70,244
Amortisation and impairment of acquired intangibles and transaction related costs	(41,940)	(19,842)
Operating profit	14,905	50,402
Net finance costs	(5,050)	(4,130)
Profit before tax	9,855	46,272

	Carrying amount of segment assets		Segment depreciation and amortisation	
£000s	Year ended 31 Dec 2015	Year ended 31 Dec 2014 (restated)	Year ended 31 Dec 2015	Year ended 31 Dec 2014 (restated)
BNE - Europe	298,159	247,633	8,848	7,812
BNE - North America	74,821	52,276	6,355	3,540
Energy	114,440	190,203	5,219	6,690
AAP	131,009	126,890	7,354	7,231
Unallocated	4,245	7,834	816	790
Group total	622,674	624,836	28,592	26,063

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 2015	Year ended 31 Dec 2014	Year ended 31 Dec 2015	Year ended 31 Dec 2014
UK	231,094	247,516	198,876	212,045
Australia	106,167	106,786	97,317	96,909
USA	102,290	91,783	93,180	83,987
Norway	48,587	30,082	47,255	29,543
Netherlands	28,955	31,600	24,231	27,190
Ireland	23,766	24,518	20,186	20,502
Canada	18,516	31,413	17,637	26,922
Other	7,597	8,428	7,428	7,861
Total	566,972	572,126	506,110	504,959

	Carrying amount of non current assets	
£000s	As at 31 Dec 2015	As at 31 Dec 2014
UK	190,772	200,775
Australia	96,477	92,113
USA	56,684	47,071
Ireland	36,169	37,701
Norway	38,741	22,272
Canada	11,628	18,284
Netherlands	16,960	18,155
Other	12	39
Total	447,443	436,410

4. Amortisation and impairment of acquired intangibles and transaction related costs

£000s	Year ended 31 Dec 2015	Year ended 31 Dec 2014
Amortisation of acquired intangibles	20,491	17,605
Impairment of acquired intangibles	20,040	–
Contingent deferred consideration treated as remuneration	–	1,077
Adjustments to consideration payable	249	–
Transaction costs	1,160	1,160
	41,940	19,842

The impairment of acquired intangibles arose in the following segments as a result of reduced prospects of businesses with exposure to the oil and gas sector:

£000s	Year ended 31 Dec 2015	Year ended 31 Dec 2014
Energy	16,612	–
BNE - North America	2,927	–
AAP	501	–
Total	20,040	–

The charge is in respect of customer relations, intellectual property, software and brand. We have used the higher of the value in use or fair value less costs to sell to estimate the recoverable amounts of the assets. Where these assets are domiciled in the UK or Australia, fair value less costs to sell gives a higher recoverable amount. Our FVLCTS model is based on discounted cash flows and the key inputs are the Group's targets for 2016, the estimated remaining lives of the assets and the discount rates applied (which are in the range 16% -18% depending on the asset and territory). Where the assets are domiciled in the USA or Canada, value in use gives a higher recoverable amount. The discount rates used for these tests was 12%.

5. Operating profit - by nature of expense

£000s	Year ended 31 Dec 2015	Year ended 31 Dec 2014
Revenue	566,972	572,126
Staff costs (see note 7)	(248,296)	(233,169)
Subconsultant costs	(127,660)	(129,483)
Other employment related costs	(18,621)	(16,815)
Depreciation of owned assets	(8,086)	(8,396)
Depreciation of assets held under finance leases	(15)	(62)
(Loss)/profit on disposal of fixed assets	(151)	249
Operating lease rentals payable - property	(12,339)	(11,990)
Operating lease rentals payable - equipment and motor vehicles	(4,636)	(4,386)
Travel costs	(12,411)	(12,560)
Office costs	(18,101)	(17,582)
Amortisation of acquired intangibles	(20,491)	(17,605)
Impairment of acquired intangibles	(20,040)	–
Adjustments to consideration payable	(249)	–
Bad debt provision	(8,329)	(807)
Other transaction related costs	(1,160)	(2,237)
Other costs	(51,482)	(66,881)
Operating profit	14,905	50,402

6. Net financing costs

£000s	Year ended 31 Dec 2015	Year ended 31 Dec 2014
Finance costs:		
Interest on loans, overdraft and finance leases	(4,146)	(3,107)
Interest payable on deferred consideration	(1,086)	(1,135)
	(5,232)	(4,242)
Finance income:		
Deposit interest receivable	182	112
Net financing costs	(5,050)	(4,130)

7. Employee benefit expense

£000s	Year ended 31 Dec 2015	Year ended 31 Dec 2014
Wages and salaries	214,977	201,592
Social security costs	20,847	18,981
Pension costs - defined contribution plans	10,303	10,281
Pension costs - defined benefits plans	280	288
Share based payment expense - equity settled	1,889	2,027
	248,296	233,169

Average number of employees (including Executive Directors) was:		
Fee earning staff	4,094	3,573
Support staff	960	957
	5,054	4,530

In addition to statutory staff costs, contingent deferred consideration treated as remuneration amounts to £nil (2014: £1,077,000).

The Group considers the Directors to be the key management personnel and details of directors' remuneration are included in the Remuneration Committee Report from page 28. The share based payment credit in respect of key management personnel was £245,000 (2014: charge of £167,000).

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 2015	Year ended 31 Dec 2014
Statutory audit of the Company's annual accounts	50	47
Statutory audit of the Group's subsidiaries	461	372
Total audit fees	511	419
Interim review	27	27
Other services	27	–
Total assurance services	565	446
Tax compliance services	61	104
Tax advisory services	–	6
Services in relation to taxation	61	110
Other services	4	24
Total fees	630	580

9. Income taxes

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

£000s	Year ended 31 Dec 2015	Year ended 31 Dec 2014
Current tax:		
UK Corporation tax	1,656	5,359
Overseas tax	11,300	11,564
Adjustments in respect of prior years	(364)	230
	12,592	17,153
Deferred tax:		
Origination and reversal of timing differences	(9,332)	(3,276)
Effect of change in tax rate	(826)	–
Adjustments in respect of prior years	579	(952)
	(9,579)	(4,228)
Total tax charge to income for the year	3,013	12,925

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

Current tax	–	–
Deferred tax charge/(credit) in other comprehensive income	63	(112)
Deferred tax (credit)/charge in equity for the year	(63)	352

The effective tax rate for the year on profit before tax is 30.6% (2014: 27.9%). The effective tax rate for the year on profit before tax, amortisation and impairment of acquired intangibles and transaction related costs is 29.6% (2014: 26.9%) as shown in the table below:

£000s	Year ended 31 Dec 2015	Year ended 31 Dec 2014
Total tax expense in Income Statement	3,013	12,925
Add back:		
Tax on amortisation and impairment of acquired intangibles and transaction related costs	12,304	4,838
Adjusted tax charge on the profit for the year	15,317	17,763
Profit before tax, amortisation and impairment of acquired intangibles and transaction related costs	51,795	66,114
Adjusted effective tax rate	29.6%	26.9%

The UK rate of corporate tax was reduced from 21% to 20% from 1 April 2015. The UK tax rate for the group's UK companies is 20.25% (2014: 21.5%) representing the weighted average annual corporate tax rate for the full financial year.

The actual tax expense for 2015 is different from 20.25% (2014: 21.5%) of profit before tax for the reasons set out in the following reconciliation:

£000s	Year ended 31 Dec 2015	Year ended 31 Dec 2014
Profit before tax	9,855	46,272
Tax at the standard rate of 20.25% (2014: 21.5%)	1,996	9,948
Effect of:		
Overseas tax rates	1,370	3,534
Non deductible acquisition consideration treated as remuneration	–	247
Expenses not deductible for tax purposes	1,156	673
Non taxable income	(768)	(755)
Effect of change in tax rates	(769)	–
Adjustments in respect of prior years	28	(722)
Total tax charge on the profit for the period	3,013	12,925

At Summer Budget 2015, the government announced legislation setting the corporation tax main rate at 19% for the year starting April 2017, 2018 and 2019 and at 18% for the year starting April 2020. 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.

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 2015	Year ended 31 Dec 2014
Profit attributable to ordinary shareholders	6,842	33,347
Weighted average number of ordinary shares for the purposes of basic earnings per share	220,166	219,399
Effect of employee share schemes	1,269	1,135
Weighted average number of ordinary shares for the purposes of diluted earnings per share	221,435	220,534
Basic earnings per share (pence)	3.11	15.20
Diluted earnings per share (pence)	3.09	15.12

The directors consider that earnings per share before amortisation and impairment 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 2015	Year ended 31 Dec 2014
Profit attributable to ordinary shareholders	6,842	33,347
Amortisation and impairment of acquired intangibles and transaction related costs (note 4)	41,940	19,842
Tax on amortisation and impairment of acquired intangibles and transaction related costs (note 9)	(12,304)	(4,838)
Adjusted profit attributable to ordinary shareholders	36,478	48,351
Adjusted basic earnings per share (pence)	16.57	22.04
Adjusted diluted earnings per share (pence)	16.47	21.92

11. Intangible assets

£000s	Intellectual property rights	Customer relationships	Order backlog	Trade names	Non compete agreements	Software	Goodwill	Total
Cost:								
At 1 January 2015	3,128	105,660	14,661	6,328	560	1,592	346,896	478,825
Additions	–	13,990	3,689	2,347	–	1,362	40,580	61,968
Adjustments to prior year estimates	–	–	–	–	–	–	92	92
Exchange differences	141	(2,142)	(469)	(274)	16	(136)	(7,844)	(10,708)
At 31 December 2015	3,269	117,508	17,881	8,401	576	2,818	379,724	530,177
Aggregate amortisation and impairment losses:								
At 1 January 2015	1,172	43,239	11,308	4,749	560	580	12,221	73,829
Amortisation	333	12,999	4,371	2,316	–	472	–	20,491
Impairment	1,672	18,077	–	181	–	110	–	20,040
Exchange differences	80	(566)	(210)	(150)	16	(11)	–	(841)
At 31 December 2015	3,257	73,749	15,469	7,096	576	1,151	12,221	113,519
Net book value at 31 December 2015	12	43,759	2,412	1,305	–	1,667	367,503	416,658

Intangible asset additions in 2015 have been recognised at their provisional fair values (see note 28).

Acquisitions in 2014 were originally stated at provisional values. These fair values have now been finalised.

£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

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. The carrying amount of goodwill has been allocated as follows:

11. Intangible assets continued

£000s	As at 31 Dec 2015	As at 31 Dec 2014
BNE: Europe (UK and Ireland)	149,116	150,725
BNE: Europe (Netherlands)	9,118	9,358
BNE: Europe (Norway)	27,361	15,277
BNE: North America	40,064	23,865
AAP	76,523	68,925
Energy (global)	65,321	66,525
	367,503	334,675

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 10.4% to 13.6% (2014: 10.6% to 12.3%).

Growth rates

The growth rates applied reflect management's judgement regarding the potential future performance of the business. These incorporate the effects of the decline in the Energy sector, 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 2017 to 2020. The average real growth rate used during this period is between 0% and 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 (2014: 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)	10.9%	3.0%	2.1%
AAP	13.6%	0.0%	2.5%
Energy (global)	12.3%	0.0%	2.2%

Summary of results

During the year, all goodwill was tested for impairment with no impairment charge resulting (2014: £nil).

The Energy CGU grouping has the lowest percentage headroom. An increase in the discount rate of 3%, a 2016 target miss of 23% or a reduction in the medium term growth rate of 10% would reduce the headroom to zero. The AAP CGU grouping has the next lowest percentage headroom. An increase in the discount rate of 3%, a 2016 target miss of 29% or a reduction in the medium term growth rate of 11% 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 1st January 2015	9,576	7,114	2,906	61,401	80,997
Additions	14	621	630	6,844	8,109
Disposals	(220)	(285)	(593)	(5,685)	(6,783)
Transfers	–	375	–	(375)	–
Additions through acquisition	–	64	17	632	713
Foreign exchange differences	(453)	(306)	(136)	(1,536)	(2,431)
At 31 December 2015	8,917	7,583	2,824	61,281	80,605
Depreciation:					
At 1st January 2015	2,600	3,735	1,661	45,630	53,626
Charge for the year	194	1,078	546	6,283	8,101
Disposals	(175)	(282)	(530)	(5,181)	(6,168)
Transfers	–	150	–	(150)	–
Foreign exchange differences	(105)	(180)	(70)	(1,103)	(1,458)
At 31 December 2015	2,514	4,501	1,607	45,479	54,101
Net book value at 31 December 2015	6,403	3,082	1,217	15,802	26,504

At 31 December 2015 the Group held under finance lease contracts equipment with a net book value of £27,000.

£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 £45,000.

13. Subsidiaries

A list of the Group's subsidiaries, including the name, country of incorporation and proportion of ownership interests is given in Note 6 to the Parent Company's financial statements on page 79.

14. Trade and other receivables

£000s	As at 31 Dec 2015	As at 31 Dec 2014
Trade receivables	123,593	135,563
Provision for impairment	(10,875)	(4,464)
Trade receivables net	112,718	131,099
Accrued income	32,105	30,481
Provision for impairment	(3,572)	(4,062)
Accrued income net	28,533	26,419
Prepayments	10,716	9,117
Other receivables	5,463	4,270
	157,430	170,905

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 2015	As at 31 Dec 2014
Not more than three months	11,407	14,140
More than three months	9,009	22,278
	20,416	36,418

Movements in impairment

£000s	Trade receivables	Accrued income	Total
As at 1 January 2015	4,464	4,062	8,526
Impairment charge	8,838	2,878	11,716
Receivables written off during the year as uncollectible	(2,081)	(1,681)	(3,762)
Recoveries	(509)	(1,711)	(2,220)
Additions through acquisitions	146	175	321
Exchange differences	17	(151)	(134)
As at 31 December 2015	10,875	3,572	14,447
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

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

£000s	31 Dec 2015	31 Dec 2014
UK Pound Sterling	50,107	58,788
US Dollar	40,455	42,952
Euro	23,538	30,019
Australian Dollar	24,578	24,767
Canadian Dollar	5,376	7,068
Norwegian Krone	11,598	5,107
Other	1,778	2,204
	157,430	170,905

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 2015	As at 31 Dec 2014
Trade payables	30,375	27,986
Accruals	36,781	32,647
Deferred income	20,597	17,543
Creditors for taxation and social security	15,695	15,705
Other payables	8,861	7,944
	112,309	101,825

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 2015	As at 31 Dec 2014
Bank loans	42,902	38,227
US loan notes	53,116	51,849
Bank overdraft	479	475
Finance lease creditor	83	150
	96,580	90,701

	as at 31 December 2015			as at 31 December 2014		
£000s	Bank loans, notes 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	479	46	525	475	67	542
In the second year	–	37	37	38,227	46	38,273
In the third to fifth years inclusive	42,902	–	42,902	–	37	37
Over five years	53,116	–	53,116	51,849	–	51,849
	96,497	83	96,580	90,551	150	90,701
Less amount due for settlement within 12 months	(479)	(46)	(525)	(475)	(67)	(542)
Amount due for settlement after 12 months	96,018	37	96,055	90,076	83	90,159

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

(i) An uncommitted £3,000,000 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 one principal bank loan: a revolving credit facility of £150,000,000 with Lloyds Bank plc, the Group's principal bank and HSBC Bank plc, expiring in 2020. 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 £42,902,000 (2014: £38,227,000) at 31 December 2015.

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

(iv) In addition, the Group has drawn 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 exists.

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	2015	2014
<1 year	2,849	3,029
1-2 years	2,849	40,789
>2 but <5 years	51,083	6,099
>5 years	54,667	55,398
	111,448	105,315

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:

	as at 31 December 2015			as at 31 December 2014		
£000s	Minimum lease payments	Less future interest charges	Present value of minimum lease payments	Minimum lease payments	Less future interest charges	Present value of minimum lease payments
Within one year	50	(4)	46	75	(8)	67
In two to five years	38	(1)	37	88	(5)	83
	88	(5)	83	163	(13)	150

For the year ended 31 December 2015, the average effective borrowing rate was 6.82%. 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 2015	As at 31 Dec 2014
Amount due within one year	20,383	17,170
Amount due between one and two years	9,708	9,540
Amount due between two and five years	182	–
Total deferred consideration payable	30,273	26,710

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 2015	102	823	2,177	3,102
Additional provision in the year	–	394	436	830
Utilised in year	(53)	(702)	(187)	(942)
Released	–	–	(140)	(140)
Arising on acquisition of subsidiary	–	–	33	33
Exchange difference	–	(29)	(51)	(80)
As at 31 December 2015	49	486	2,268	2,803

£000s	As at 31 Dec 2015	As at 31 Dec 2014
Due as follows:		
Within one year	1,161	1,206
After more than one year	1,642	1,896
	2,803	3,102

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	Employment benefits	Share based payments	Provisions and other timing differences	Total
At 1 January 2014	(738)	(13,239)	2,366	467	(483)	(11,627)
Credit/(charge) to income for the year	760	3,167	(59)	4	356	4,228
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
Credit/(charge) to income for the year	201	9,676	(166)	(230)	(728)	8,753
(Charge)/credit to income due to change in tax rate	(77)	990	(21)	16	(82)	826
(Charge)/credit to equity for the year	–	–	–	63	(63)	–
Owned by subsidiaries acquired	12	(6,993)	216	–	(620)	(7,385)
Exchange differences	(31)	1,003	(164)	–	67	875
At 31 December 2015	(168)	(7,195)	2,264	(33)	(630)	(5,762)
Disclosed within liabilities	678	(13,314)	2,235	(33)	391	(10,043)
Disclosed within assets	(846)	6,119	29	–	(1,021)	4,281

No deferred tax liability is recognised on temporary differences of £36,964,000 (2014: £40,428,000) related to the unremitted earnings of overseas subsidiaries as the Group is able to control the timing of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future. The temporary differences as at 31 December 2015 represent only the unremitted earnings of those overseas subsidiaries where remittance to the UK of these earnings 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 amount of tax that would be payable on the unremitted earnings is £7,370,000 (2014: £6,930,000).

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.

21. Share capital

	as at 31 December 2015		as at 31 December 2014	
	Authorised Number	Authorised £000s	Authorised Number	Authorised £000s
Ordinary shares of 3p each	240,000,000	7,200	240,000,000	7,200

Issued and fully paid	2015 Number	2015 £000s	2014 Number	2014 £000s
Ordinary shares of 3p each				
At 1 January	221,347,707	6,640	220,631,930	6,619
Issued under share option schemes	–	–	750	–
Issued under the Share Incentive Plan	552,368	17	546,329	5
Issued in respect of the Performance Share Plan	334,176	10	168,698	16
At 31 December	222,234,251	6,667	221,347,707	6,640

Number	As at 31 Dec 2015	As at 31 Dec 2014
Ordinary shares held by the ESOP Trust	2,211,269	2,104,690
Ordinary shares held by the SIP Trust	4,103,643	3,823,034

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

The table below shows options outstanding at 31 December 2015:

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 2014	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
Exchange differences	–	–	(9,181)	(9,181)
Issue of new shares	–	(1,221)	–	(1,221)
At 31 December 2015	21,256	(11,997)	(8,110)	1,149

23. Dividends

£000s	Year ended 31 Dec 2015	Year ended 31 Dec 2014
Amounts recognised as distributions to equity holders during the year:		
Final dividend for the year ended 31 December 2014 of 4.42p (2013: 3.84p) per share	9,668	8,453
Interim dividend for the year ended 31 December 2015 of 4.66p (2014: 4.05p) per share	10,305	8,926
	19,973	17,379
Proposed final dividend for the year ended 31 December 2015 of 5.08p (2014: 4.42p) per share	11,260	9,766

The proposed final dividend for the year ended 31 December 2015 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 2015 the Group's total remaining commitments as lessee under non-cancellable operating leases were as follows:

	as at 31 December 2015		as at 31 December 2014	
£000s	Property	Other	Property	Other
Within one year	10,500	2,102	11,872	2,807
In two to five years	19,148	3,189	23,470	3,338
After five years	4,268	6	4,498	6
	33,916	5,297	39,840	6,151

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 Committee Report contains details of Board emoluments.

26. Notes to the Consolidated Cash Flow Statement

£000s	Year ended 31 Dec 2015	Year ended 31 Dec 2014
Operating profit	14,905	50,402
Adjustments for:		
Depreciation	8,101	8,458
Amortisation of acquired intangible assets	20,491	17,605
Impairment of acquired intangibles	20,040	–
Consideration fair value adjustments	249	–
Contingent consideration treated as remuneration	–	1,077
Share based payment expense	1,889	2,027
Loss/(profit) on sale of property, plant and equipment	151	(249)
	65,826	79,320
Decrease in trade and other receivables	29,320	2,956
Decrease in trade and other payables	(2,518)	(11,504)
Adjusted cash generated from operations	92,628	70,772

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 2015.

£000s	At 31 Dec 2014	Cash flow	Acquisition	Foreign Exchange	At 31 Dec 2015
Cash at bank	17,521	(4,281)	4,553	8	17,801
Overdrafts	(475)	(17)	–	13	(479)
Cash and cash equivalents	17,046	(4,298)	4,553	21	17,322
Bank loans and notes	(90,076)	(4,831)	–	(1,111)	(96,018)
Finance lease creditor	(150)	66	–	1	(83)
	(73,180)	(9,063)	4,553	(1,089)	(78,779)

The cash balance at 31 December 2015 includes £3,640,000 (2014: £4,139,000) 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 2015	Year ended 31 Dec 2014
Depreciation	8,101	8,458
Amortisation of acquired intangibles	20,491	17,605
Impairment of acquired intangibles	20,040	–
Share based payment expense	1,889	2,027
	50,521	28,090

28. Acquisitions

During 2015 the Group completed four 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
Klotz Associates Inc.	13 February 2015	USA	100%	Water and transportation consultancy
Metier Holding AS	29 April 2015	Norway	100%	Project management and training services
Iris Environmental	14 October 2015	USA	100%	Environmental due dilligence
Everything Infrastructure Group Pty Ltd	28 October 2015	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	Klotz	Metier	Iris	EIG	Total
Intangible assets:					
Order book	1,767	1,122	–	800	3,689
Customer relations	3,423	4,945	2,495	3,127	13,990
Trade names	611	1,193	176	367	2,347
Software	–	1,362	–	–	1,362
PPE	63	449	53	148	713
Cash	1,354	817	1,355	1,027	4,553
Other assets	4,643	9,293	1,406	2,229	17,571
Other liabilities	(5,340)	(12,372)	(2,069)	(3,698)	(23,479)
Net assets acquired	6,521	6,809	3,416	4,000	20,746
Satisfied by:					
Initial cash consideration	11,106	14,384	5,277	9,140	39,907
Fair value of deferred consideration	4,490	7,795	3,369	5,765	21,419
Total consideration	15,596	22,179	8,646	14,905	61,326
Goodwill	9,075	15,370	5,230	10,905	40,580

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 £11,374,000. The breakdown between gross receivables and amounts estimated irrecoverable was as follows:

£000s	Gross receivables	Estimated irrecoverable	Fair value of assets acquired
Klotz	2,532	(99)	2,433
Metier	6,232	(116)	6,116
Iris	883	(126)	757
EIG	2,114	(46)	2,068
	11,761	(387)	11,374

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 £15,947,000. 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.

28. Acquisitions continued

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

£000s	Segment	Revenue	Fees	Operating Profit before Amortisation	Operating profit
Klotz	BNE: NA	17,493	17,439	3,035	822
Metier	BNE: Europe	23,102	22,580	1,950	(81)
Iris	BNE: NA	1,447	1,392	296	129
EIG	AAP	2,659	2,429	503	257
		44,701	43,840	5,784	1,127

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 £598,418,000 and £15,274,000 respectively.

A reconciliation of the goodwill movement in 2015 in respect of acquisitions made in 2014 and 2015 is given in the table below.

£000s	Goodwill at 1 January 2015	Additions through acquisition	Adjustments to prior year estimates	Foreign exchange movement	Goodwill at 31 December 2015
Whelans	741	–	55	(50)	746
Clear	3,240	–	(67)	–	3,173
GaiaTech	11,975	–	–	694	12,669
CgMs	7,623	–	(152)	–	7,471
Delphi	439	–	12	(48)	403
Point	8,946	–	244	(560)	8,630
Klotz	–	9,075	–	297	9,372
Metier	–	15,370	–	(1,708)	13,662
Iris	–	5,230	–	216	5,446
EIG	–	10,905	–	526	11,431

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

No negative goodwill was recognised in 2014 or 2015.

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 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 September 2015 for the two schemes by a qualified actuary.

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

	2015	2014
Discount rate	2.50%	3.00%
Expected rate of salary increase	2.50%	3.25%
Inflation	2.50%	3.00%

There are two defined benefit schemes in Norway; with the exception of the rates of pension increase in 2014 all principal assumptions are the same for both schemes. In 2015 both schemes have assumptions of 3.0% (2014: 3.0% and 0.1%).

The assumed life expectations on retirement at age 65 are:

Years	2015	2014
Retiring today:		
Males	21.8	21.8
Females	25.0	25.0

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	2015	2014
Current service cost	280	288
Net Interest Expense	25	27
Components of defined benefit costs recognised in profit or loss	305	315

The service charge for the year of £280,000 has been included in the income statement in administrative expenses. The net interest expense has been included within finance costs 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	2015	2014
Actuarial (gains)/losses arising from:		
Changes in financial assumptions	(205)	540
Movements in payroll tax	(29)	61
Remeasurement of the net defined benefit liability	(234)	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	2015	2014
Present value of defined benefit obligations	(3,553)	(4,158)
Fair value of plan assets	2,888	2,930
Net liability arising from the defined benefit obligations	(665)	(1,228)

29. Defined benefit pension scheme continued

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

£000s	2015	2014
Defined benefit obligation at 1 January	4,158	3,937
Current service cost	280	288
Interest cost	112	155
Remeasurement (gains)/losses:		
Actuarial gains arising from changes in demographic assumptions	(9)	(9)
Actuarial (gains) and losses arising from changes in financial assumptions	(405)	462
Exchange differences	(522)	(632)
Benefits paid	(61)	(43)
Defined benefit obligation at 31 December	3,553	4,158

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

	2015	2014
Plan assets at 1 January	2,930	2,931
Remeasurement gain/(losses):		
The return on plan assets (excluding amounts included in net interest expense)	87	128
Actuarial losses arising from changes in demographic assumptions	–	(73)
Actuarial losses arising from changes in financial assumptions	(181)	(12)
Exchange differences	(323)	(421)
Contributions from the employer	442	427
Benefits paid	(61)	(43)
Administration costs	(6)	(7)
Plan assets at 31 December	2,888	2,930

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

	2015	2014
Shares	9.8%	9.4%
Other investments	2.0%	3.9%
Short term bonds	35.4%	35.8%
Term bonds	38.0%	35.9%
Property	14.8%	15.0%
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 £150 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 300%. 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 2015	As at 31 Dec 2014
Cash	17,801	17,521
Trade and other receivables	146,714	157,518
Financial assets	164,515	175,039
Borrowings	96,580	90,701
Deferred consideration	30,273	26,710
Trade and other payables	80,982	74,413
Financial liabilities	207,835	191,824

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 2015	2014	Fixed rate 2015	2014	Non interest bearing 2015	2014	Total 2015	2014
Sterling	479	–	69,927	59,484	31,006	32,707	101,412	92,191
Euro	–	–	–	–	6,093	6,643	6,093	6,643
Australian Dollar	–	475	9,084	6,618	14,403	12,520	23,487	19,613
Canadian Dollar	–	–	868	4,056	4,849	5,970	5,717	10,026
US Dollar	–	–	31,261	30,784	13,761	11,837	45,022	42,621
Norwegian Krone	–	–	15,234	14,838	10,445	5,265	25,679	20,103
Other	–	–	–	–	425	627	425	627
At 31 December	479	475	126,374	115,780	80,982	75,569	207,835	191,824

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

£000s	Floating rate 2015	2014	Fixed rate 2015	2014	Non interest bearing 2015	2014	Total 2015	2014
Within one year	479	475	20,429	16,081	77,178	70,939	98,086	87,495
In one to two years	–	–	9,745	47,813	1,191	1,482	10,936	49,295
In two to five years	–	–	43,084	36	1,472	1,764	44,556	1,800
Over five years	–	–	53,116	51,850	1,141	1,384	54,257	53,234
	479	475	126,374	115,780	80,982	75,569	207,835	191,824

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

	Fixed and floating rate financial liabilities		Fixed rate financial liabilities	
	Weighted average interest rate % 2015	2014	Weighted average period for which rate is fixed – months 2015	2014
Sterling	2.7	3.3	36	44
Australian Dollar	3.9	4.2	14	14
Canadian Dollar	4.0	4.0	8	9
US Dollar	3.9	3.5	53	58
Norwegian Krone	3.1	3.8	6	4
	3.2	3.5	35	40

Cash balances at year end:

£000s	As at 31 Dec 2015	As at 31 Dec 2014
Sterling	161	1,654
Euro	1,189	733
US Dollar	5,391	4,015
Australian Dollar	2,968	2,245
Canadian Dollar	3,285	4,935
Norwegian Krone	3,273	2,608
Malaysian Ringgit	906	836
Other	628	495
	17,801	17,521

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 2020. The amount undrawn under this facility at 31 December 2015 was £107,098,000 (2014: £86,773,000).

The Group also has 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 £607,000. A 1.0% increase in interest rates would decrease Group profit before tax by £607,000.

(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 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. 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 2015	Year ended 31 Dec 2014
Share Incentive Plan ("SIP")	1,220	1,067
Performance Share Plan ("PSP")	918	787
Share Option Plan	–	10
Bonus Plan	(249)	163
	1,889	2,027

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

SIP

Year of grant	Number outstanding 31 Dec 2014	New grants	Releases	Forfeits	Number outstanding 31 Dec 2015	Vesting conditions
2012	400,986	–	(385,033)	(15,953)	–	3 years
2013	419,442	–	(24,285)	(30,797)	364,360	3 years
2014	494,934	–	(24,633)	(35,909)	434,392	3 years
2015	–	674,260	(12,618)	(24,243)	637,399	3 years
	1,315,362	674,260	(446,569)	(106,902)	1,436,151	

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	

PSP

Year of grant	Number outstanding 31 Dec 2014	New grants	Releases	Lapses	Number outstanding 31 Dec 2015	Vesting conditions
2006	2,148	–	(2,148)	–	–	2 or 3 years
2007	1,828	–	(1,828)	–	–	1, 2 or 3 years
2009	105,248	–	(10,777)	(9,444)	85,027	3 years
2011	88,112	–	(14,009)	(3,465)	70,638	3 years
2012	375,219	–	(287,811)	(1,276)	86,132	3 years
2013	325,706	–	(10,362)	(5,862)	309,482	3 years
2014	414,778	–	(6,187)	(2,110)	406,481	3 years
2015	–	523,380	(1,054)	(11,343)	510,983	1, 2 or 3 years
	1,313,039	523,380	(334,176)	(33,500)	1,468,743	

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	

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	188.20p - 342.69p
Weighted fair value	244.98p
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	228.55p
Holding period	1, 2 or 3 years
Expected dividend yield	0.99% - 3.92%

32. Events after the balance sheet date

There were no events arising after the balance sheet date requiring adjustment to the year end results or disclosure.

Parent Company Balance Sheet

£000s	Notes	As at 31 Dec 2015	As at 31 Dec 2014
Fixed assets:			
Intangible assets	4	448	514
Tangible assets	5	1,121	1,570
Investments	6	397,435	429,309
		399,004	431,393
Current assets:			
Debtors:			
Amounts due from subsidiary undertakings		59,077	61,121
Other debtors		1,916	1,771
Prepayments and accrued income		3,203	2,093
		64,196	64,985
Current liabilities:			
Creditors: amounts falling due within one year:			
Borrowings		179	527
Deferred consideration		–	1,779
Trade creditors		572	1,352
Amounts due to subsidiary undertakings		20,694	19,713
Other creditors		549	435
Accruals and deferred income		2,096	2,794
		24,090	26,600
Net current assets		40,106	38,385
Total assets less current liabilities		439,110	469,778
Borrowings	7	96,018	90,076
Provision for liabilities	8	257	231
Net assets		342,835	379,471
Capital and reserves			
Called up share capital	10	6,667	6,640
Share premium account	10	112,026	110,100
Profit and loss reserve	10	115,459	109,530
Merger reserve	10	21,256	21,256
Employee trust shares	10	(11,997)	(10,776)
Other reserve	10	99,424	142,721
Total shareholders' equity		342,835	379,471

These financial statements were approved and authorised for issue by the Board on 3 March 2016.

The notes on pages 76 to 82 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).

Parent Company Statement of Changes in Equity

£000s	Share capital	Share premium	Merger reserve	Employee trust shares	Profit and loss reserve	Other reserve	Total
At 1 January 2014	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 (note 11)	–	–	–	–	(17,379)	–	(17,379)
At 31 December 2014	6,640	110,100	21,256	(10,776)	109,530	142,721	379,471
Issue of new shares	27	1,926	–	(1,221)	(730)	–	2
Share-based payment expense	–	–	–	–	1,889	–	1,889
Retained profit for the year	–	–	–	–	24,743	–	24,743
Non-distributable loss	–	–	–	–	–	(43,297)	(43,297)
Dividend paid (note 11)	–	–	–	–	(19,973)	–	(19,973)
At 31 December 2015	6,667	112,026	21,256	(11,997)	115,459	99,424	342,835

The notes on pages 76 to 82 form part of these financial statements.

Notes to the Parent Company Financial Statements

1. Accounting policies

RPS Group Plc (the "Company") is a company domiciled in the UK under the Companies Act. The address of the registered office is given on page 21. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 3 to 17.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The prior year financial statements were reviewed for material adjustments on adoption of FRS 102 in the current year. For more information see note 14.

The functional and presentational currency of RPS Group Plc is considered to be pounds sterling.

RPS Group Plc meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. Exemptions have been taken in relation to share-based payments, financial instruments, presentation of a cash flow statement, intra-group transactions and remuneration of key management personnel.

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 and is written off on a straight line basis over its useful economic life of up to 20 years. Provision is made for any impairment.

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, net of depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value of each asset on a straight line basis over its expected useful lives as follows:

Alterations to leasehold premises	Life of lease
Fixtures, fittings, IT and equipment	3 to 8 years

All tangible fixed assets are expected to have nil residual value.

Operating leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Finance leases

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

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's employees may benefit from a Group operated share based payment arrangement. 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.

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 all 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.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, 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 measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Employee Share Ownership Plan (ESOP)

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.

i 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.

ii 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.

2. Key accounting estimates and judgements

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

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

1. Impairment of non-financial assets – when impairment reviews of goodwill and investments are undertaken, judgements are made with respect to the discount rates applicable to the cash generating units, along with the expected cash flows of those cash generating units and the growth rates applied to them.

3. 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 2015	Year ended 31 Dec 2014
Profit for the year attributable to the shareholders of the Parent Company, dealt with in the accounts of the Parent Company	24,743	8,969

The remuneration of the auditors for the statutory audit of the Company was £50,000 (2014: £47,000).

4. Intangible Assets

£000s	Goodwill
Cost	
At 1 January 2015 and at 31 December 2015	2,134
Amortisation	
At 1 January 2015	1,620
Charge for the year	66
At 31 December 2015	1,686
Net book value at 31 December 2015	448
Net book value at 31 December 2014	514

5. Tangible Assets

£000s	Alterations to leasehold premises	Fixtures, fittings, IT and equipment	Total
Cost or valuation			
At 1 January 2015	1,027	6,526	7,553
Additions	41	327	368
Disposals	–	(2)	(2)
At 31 December 2015	1,068	6,851	7,919
Depreciation			
At 1 January 2015	654	5,329	5,983
Provided for the year	206	610	816
Disposals	–	(1)	(1)
At 31 December 2015	860	5,938	6,798
Net book value at 31 December 2015	208	913	1,121
Net book value at 31 December 2014	373	1,197	1,570

6. Investments

£000s	2015	2014
Subsidiary undertakings		
Cost		
At 1 January	430,147	416,264
Additions	25,523	13,883
At 31 December 2015	455,670	430,147
Provisions		
At 1 January	838	838
Impairment	57,397	–
At 31 December 2015	58,235	838
Net book value at 31 December 2015	397,435	429,309

During 2015 £25,523,000 was invested in the USA sub group to fund the acquisition of Klotz Associates Inc. and Iris Environmental.

As a result of the downturn in the oil and gas sector, the Group's investment in its US business has been impaired by £57,397,000. £43,297,000 reverses part of the gain the Group generated on reorganisation in 2013 and has been booked against the non-distributable reserve. £14,100,000 has been booked to retained profit.

Subsidiary undertakings

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

The following were the 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
C & B Plant Pty Ltd	Australia	100% *
Conics (Brisbane) Pty Ltd	Australia	100% *
Conics (Brisbane) Unit Trust Ltd	Australia	100% *
Conics (Cairns) Pty Limited	Australia	100% *
Conics (Gold Coast) Pty Ltd	Australia	100% *
Conics (Mackay) Pty Ltd	Australia	100% *
Conics (Mining & Infrastructure) Pty Ltd	Australia	100% *
Conics (Sunshine Coast) Pty Ltd	Australia	100% *
Conics (Sunshine Coast) Unit Trust	Australia	100% *
Conics (Sydney) Pty Ltd	Australia	100% *
Conics (Townsville) Pty Ltd	Australia	100% *
Conics Positioning Pty Ltd	Australia	100% *
Conics Pty Ltd	Australia	100% *
ECL DM Pty Ltd	Australia	100% *
ECL Drilling Management Pty Limited	Australia	100% *
ECL Pty Ltd	Australia	100% *
EHA Pty Ltd	Australia	100% *
Everything Infrastructure Consulting Pty Ltd	Australia	100% *
Everything Infrastructure Group Pty Ltd	Australia	100% *
Everything Infrastructure Services Pty Ltd	Australia	100% *
Geo Mapping Technologies Pty Ltd	Australia	100% *
Intelligent Infrastructure Pty Ltd	Australia	100% *
Manidis Roberts Employee Benefits Pty Ltd	Australia	100% *
Massie Cosgrove Pty Ltd	Australia	100% *
Natural Solutions Environmental Consultants Pty Ltd	Australia	100% *
Newco (Brisbane) Pty Ltd	Australia	100% *
Newco (Sunshine Coast) Pty Ltd	Australia	100% *
Pioneer Surveys Pty Ltd	Australia	100% *
PMM Global Surveys Pty Ltd	Australia	100% *
PMM Holdings Pty Ltd	Australia	100% *
PMM Sydney Pty Ltd	Australia	100% *
Point Project Management Pty Ltd	Australia	100% *
RPS APASA Pty Ltd	Australia	100% *

	Country of registration and operation	Proportion of ordinary share capital held
RPS Aquaterra Pty Ltd	Australia	100% *
RPS Australia East Pty Ltd	Australia	100% *
RPS Consultants Pty Ltd	Australia	100% *
RPS ECOS Pty Ltd	Australia	100% *
RPS Energy Pty Ltd	Australia	100% *
RPS Energy Services Pty Ltd	Australia	100% *
RPS Environment and Planning Pty Ltd	Australia	100% *
RPS Harper Somers O'Sullivan Pty Ltd	Australia	100% *
RPS HSO Subco Pty Ltd	Australia	100% *
RPS Manidis Roberts Pty Ltd	Australia	100% *
RPS Metocean Pty Ltd	Australia	100% *
Rudall Blanchard Associates Pty Limited	Australia	100% *
Terranean Mapping Technologies Pty Ltd	Australia	100% *
Troy Ikoda Australasia Pty Ltd	Australia	100% *
Urban Blueprint Pty Ltd	Australia	100% *
Vivo Design Pty Ltd	Australia	100% *
Whelans Corporation Pty Limited	Australia	100% *
Whelans Insites Pty Limited	Australia	100% *
Petroleum Institute for Continuing Education Ltd	Canada	100% *
Boyd Exploration Consultants Ltd	Canada	100% *
HMA Land Services Ltd	Canada	100% *
Maverick Land Consultants 2012 Ltd	Canada	100% *
Roland Resources 2012 Inc	Canada	100% *
RPS Canada Ltd	Canada	100% *
RPS Energy Canada Ltd	Canada	100% *
Aquaterra International Ltd	England	100% *
Aquaterra UK Limited	England	100% *
Basicshare Limited	England	100%
Burks Green & Partners Limited	England	100% *
Cambrian Consultants America Limited	England	100% *
Cambrian Consultants Limited	England	100% *
Canadian GaiaTech, B.C. ULC	England	100% *
CgMs Holdings Limited	England	100% *

	Country of registration and operation	Proportion of ordinary share capital held
CgMs Limited	England	100%*
Clear Environmental Consultants Limited	England	100%*
ECL Group Limited	England	100%
ECL Resources Management Limited	England	100%*
ECL Technology Limited	England	100%*
Emulous Group Limited	England	100%
Emulous Ltd	England	100%
Energy Innovations Limited	England	100%*
Exploration Consultants Limited	England	100%*
Flow Control (Water Conservation) Limited	England	100%
Geocon Group Services Limited	England	100%
Geophysical Consultants Limited	England	100%*
Geophysical Safety Resources Limited	England	100%*
Hydrosearch Associates Limited	England	100%
Ichron Limited	England	100%*
Isochrone Holdings Limited	England	100%
Knowledge Reservoir (UK) Ltd	England	100%*
Martindale Holdings Limited	England	100%*
Nautilus (SEAA) Limited	England	100%*
Nautilus Limited	England	100%*
Net Admin Limited	England	100%*
Nigel Moor Associates plc	England	100%*
Oil Experience Limited	England	100%*
Paras Consulting Limited	England	100%*
Paras Limited	England	100%*
Probablistic Risk Assessments Limited	England	100%
Quad Engineering Limited	England	100%*
R W Gregory Limited	England	100%
RPS Business Healthcare Limited	England	100%
RPS Chapman Warren Limited	England	100%*
RPS Consultants Ltd	England	100%*
RPS Design Ltd	England	100%
RPS Ecoscope Limited	England	100%
RPS Energy Consultants Limited	England	100%
RPS Energy Limited	England	100%
RPS Energy Services Limited	England	100%
RPS Environmental Management Limited	England	100%
RPS Group US Holdings Limited	England	100%
RPS Health in Business Limited	England	100%*
RPS Laboratories Limited	England	100%
RPS Mountainheath Limited	England	100%*
RPS Planning & Development Limited	England	100%
RPS Timetrax Limited	England	100%*
RPS Trustees Limited	England	100%
RPS US Holdings Limited	England	100%*
RPS Utilities Limited	England	100%*
RPS Water Services Limited	England	100%
Rudall Blanchard Associates Group Limited	England	100%*
Rudall Blanchard Associates Limited	England	100%*
Safety and Reliability Consultants Limited	England	100%
Scott Pickford Limited	England	100%*
Sherwood House Properties Limited	England	100%*
SRC (Consultants) Limited	England	100%*
The Environmental Consultancy Ltd	England	100%
Town Planning Consultancy Limited	England	100%
TPK Consulting Limited	England	100%
Troy Ikoda Limited	England	100%*

	Country of registration and operation	Proportion of ordinary share capital held
Troy-Ikoda Management Limited	England	100%*
Utility Technical Services Limited	England	100%
WTW & Associates Limited	England	100%
X-IPEC Limited	England	100%*
Metier Academy GmbH	Germany	100%*
Geocon Asia Limited	Gibraltar	100%*
RPS Consulting Engineers Limited	Ireland	100%*
RPS Engineering Services Limited	Ireland	100%*
RPS Environmental Consultancy Limited	Ireland	100%
RPS Group Limited	Ireland	100%*
RPS MMA Limited	Ireland	100%*
RPS Planning & Environment Limited	Ireland	100%*
RPS Properties Limited	Ireland	100%*
Cambrian Consultants Asia Sdn. Bhd	Malaysia	100%*
Knowledge Reservoir Geoscience & Engineering Sdn. Bhd	Malaysia	100%*
RPS Consultants Sdn Bhd	Malaysia	100%*
Aquaterra East Asia LLC	Mongolia	100%*
RPS advies-en ingenieursbureau bv	Netherlands	100%*
RPS Analyse BV	Netherlands	100%*
RPS BV	Netherlands	100%
RPS Detachering BV	Netherlands	100%*
RPS Ireland Limited	Northern Ireland	100%*
Delphi AS	Norway	100%*
Knowledge Reservoir Holding AS	Norway	100%*
Metier AS	Norway	100%*
Metier Holding AS	Norway	100%*
Metier Trondheim AS	Norway	100%*
Metier Vest AS	Norway	100%*
OEC Gruppen AS	Norway	100%*
RPS Norway AS	Norway	100%*
Point Project Management (PNG) Ltd	Papua New Guinea	100%*
OceanFix International Limited	Scotland	100%*
RPS Occupational Health Limited	Scotland	100%*
Metier AB	Sweden	100%*
Metier Academy AB	Sweden	100%*
APA USA, Inc	USA	100%*
Applied Science Associates Inc.	USA	100%*
Cambrian Consultants America Inc.	USA	100%*
Espey Consultants, Inc.	USA	100%*
Evans Hamilton, Inc.	USA	100%*
GaiaTech Canada, LLC	USA	100%*
GaiaTech Holdings, Inc	USA	100%*
GaiaTech, Inc	USA	100%*
Houston Geoscan Inc	USA	100%*
Hydrosearch USA Inc	USA	100%*
Iris Environmental	USA	100%*
Klotz Associates Inc.	USA	100%*
Knowledge Reservoir Group Inc	USA	100%
Knowledge Reservoir, LLC	USA	100%*
Nautilus Holdings LLC	USA	100%*
Nautilus World LP	USA	100%*
Petroleum Institute for Continuing Education USA Inc	USA	100%*
RPS America Group Inc	USA	100%*
RPS Group, Inc.	USA	100%*
RPS JDC Inc.	USA	100%*
The Geocet Group LLC	USA	100%*
The Scotia Group Inc	USA	100%*

7. Borrowings

£000s	31 Dec 2015	31 Dec 2014
Bank loans	42,902	38,227
US loan notes	53,116	51,849
	96,018	90,076
Due as follows:		
After one year and within two years	–	38,227
After two years and within five years	42,902	–
Over five years	53,116	51,849
	96,018	90,076

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

8. Provision for liabilities

£000s	Property	Dilapidations	Total
As at 1 January 2015	74	157	231
Additional provision in the year	–	85	85
Utilised in the year	(26)	(33)	(59)
As at 31 December 2015	48	209	257

This provision is expected to be utilised as follows:

£000s	As at 31 Dec 2015	As at 31 Dec 2014
Within one year	172	107
After more than one year	85	124
	257	231

9. Deferred taxation

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

£000s	As at 31 Dec 2015	As at 31 Dec 2014
Net asset at beginning of year	228	140
(Charge)/credit to income for the year	(106)	88
Net asset at year end	122	228

The deferred taxation balances comprise:

£000s	As at 31 Dec 2015	As at 31 Dec 2014
Short term timing differences	(46)	60
Depreciation in excess of capital allowances	168	168
Deferred tax asset	122	228

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

10. Share capital and reserves

	Authorised		Allotted and fully paid	
	Number	Value £000s	Number	Value £000s
Ordinary shares of 3p each				
At 1 January 2015	240,000,000	7,200	220,631,931	6,619
At 31 December 2015	240,000,000	7,200	222,234,251	6,667

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

The Company's other 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 shares	Own shares held by the SIP and ESOP trusts.
Profit on loss reserve	Cumulative net gains and losses recognised in the profit and loss account and statement of changes in equity.
Other reserves	Non-distributable profit generated on Group reconstruction.

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

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings		Other	
£000s	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Within one year	535	923	79	85
Between one and five years	302	733	112	89
	837	1,656	191	174

13. Directors' interests in transactions

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

14. Explanation of transition to FRS 102

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The last financial statements under previous UK GAAP were for the year ended 31 December 2014 and the date of transition to FRS 102 was therefore 1 January 2014. As a consequence of adopting FRS 102, a number of accounting policies have changed to comply with that standard. None of the accounting policy changes are material.

There have been no changes to the Company's equity and assets as a result of this conversion.

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. 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

In line with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2013, the Directors' Remuneration Policy has not been presented in this report for approval by shareholders as it was approved at the Company's 2014 Annual General Meeting. For 2016, remuneration policy will be operated in accordance with this previously approved policy as summarised below. The full Directors' Remuneration Policy is available to view on the Company's website.

Executive Directors

The following table sets out the key elements of policy and any changes in its implementation for 2016:

Operation of Element	Maximum Opportunity	Performance Metrics	Changes in Implementation for 2016
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.	No changes are being made to salary levels for 2016. Salaries therefore remain as follows. • 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 dependants' pensions; • disability schemes; and • company car or car allowance.	The maximum potential value is the cost of the provision of these benefits.	There are no performance conditions attached to the payment of benefits.	No change for 2016.

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.	There are no performance conditions attached to the payment of pension.	No change for 2016.
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:- • one half as a cash bonus (Element A); and • one half as a deferred bonus in shares (Element B) which will vest subject to continued employment at the end of a two year vesting period, the operation of malus and clawback provisions and provided the forfeiture threshold is met for each year of the deferral.	Maximum is 200% of salary.	The Bonus Plan currently has three performance conditions:- • the primary performance condition which is PBTA; • a secondary performance condition which is cash conversion; and • a secondary performance condition which is linked to the achievement of personal objectives.	No change for 2016. The Remuneration Committee considers that disclosing precise targets of profit and strategic objectives, which are commercially sensitive, for the Bonus Plan in advance would not be in shareholder interests. Actual targets, performance achieved and awards made will be published at the end of the performance periods where possible without compromising confidential matters so that shareholders can fully assess the basis for any payouts.

Non-Executives Directors

It is the Company's policy to set fees at up to median level and at a level necessary to attract and retain experienced and skilled Non-Executive Directors.

Following review it was determined that no adjustment would be made to fees payable to Non-Executive Directors in 2016.

3. Single figure remuneration table – Notes for financial year ended 31 December 2015

Benefits and pension

The value for benefits for each Executive Director shown in the Single Figure Remuneration on page 29 is comprised of a company car or company car allowance and private medical insurance.

The Executive Directors are eligible to participate in defined contribution pension schemes, or receive a salary supplement or a combination of the two, the value of which has been shown in the Single Figure Remuneration for each.

Bonus Plan assessment for 2015

For 2015 the Maximum Annual Contributions under the Bonus Plan for Alan Hearne, Phil Williams and Gary Young were 200%, 175% and 150% of salary respectively. The maximum total contribution that can be earned by all participants under the Bonus Plan is limited to 3% of the Group's PBTA. For each Executive Director, performance was assessed against three measures: PBTA, cash collection and personal objectives. The bonus value included within the Single Figure Remuneration for 2015 has been calculated as set out below. This shows the performance targets for 2015, their level of satisfaction and the corresponding level of bonus earned by each of the Executive Directors. Under the operation of the Bonus Plan in 2015, the Threshold PBTA of £63m had to be achieved before participants were eligible to receive any bonus payment.

Performance measure		Threshold	Maximum	Actual
PBTA	**Target**	**£63m**	**£75m**	**£51.8m**
	Contribution as percentage of Maximum Opportunity	0%	70%	0%
Cash Collection	**Target**	**85%**	**110%**	**127%**
	Contribution as percentage of Maximum Opportunity	0%	20%	0%
Personal objectives	**Target**	See below	See below	See below
	Contribution as percentage of Maximum Opportunity	0%	10%	0%
Total Contribution as percentage of Maximum Opportunity		**0%**	**100%**	**0%**

Although the Threshold target in respect of cash collection was exceeded, as the Threshold PBTA target of £63m was not achieved, no contribution was earned in respect of this element. The personal objectives referred to above were specific to each Executive Director and related to the achievement of various corporate priorities. Although these objectives were met in full or in part, as the threshold PBTA target of £63m was not achieved, no contribution was earned in respect of this element.

In accordance with the performance assessment summarised above no bonus contribution was earned in respect of 2015. No discretion was exercised when determining the bonus outcomes.

In line with the operation of the Bonus Plan, each year the Committee sets a PBTA Forfeiture Threshold. If the PBTA Forfeiture Threshold is not met, the cumulative value of a Participants' unvested deferred share awards (Element B) is reduced by 15% of the difference between the actual PBTA for the Plan Year and the minimum Threshold PBTA. Any adjustment will be in proportion to the Participants' Maximum Annual Contribution payable as a proportion of the aggregate of all Participants Maximum Annual Contributions.

The PBTA Forfeiture Threshold for 2015 was set at £59m. At the level of the Group's reported PBTA and in accordance with the above mechanism the Remuneration Committee has determined that all conditional shares previously awarded in relation to the operation of the Bonus Plan in 2013 and 2014 and, as shown in the table below, will be forfeited as at 3 March 2016.

	Conditional Shares Outstanding
Alan Hearne	92,589
Phil Williams	60,759
Gary Young	35,251

4. Incentive grants to Executive Directors made during the financial year ending 31 December 2015

Bonus Plan awards

The following table sets out the details of the Element B incentive awards that were granted to the Executive Directors during 2015 under the RPS Group Plc Bonus Plan in respect of the 2014 Bonus Plan Year.

Executive Director	Award	% of Salary Awarded	Face Value of Awards	Number of Awards (Nil Cost Options)
Alan Hearne	2014 Bonus Plan Element B	21%	£121,352	50,187
Phil Williams	2014 Bonus Plan Element B	19%	£78,404	32,425
Gary Young	2014 Bonus Plan Element B	16%	£45,273	18,723

The number of shares awarded was calculated by reference to share price of 241.8p which the average over a 30 day period prior to the date of grant on 13 April 2015. Subject to the forfeiture conditions set in respect of the Plan all of these shares would have vested on at 13 April 2017. As noted above the Remuneration Committee has determined that all conditional shares awarded under the Plan are to be forfeited as at 3 March 2016.

Share Incentive Plan awards

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 2015.

Executive Director	Number of shares	Value of shares £
Alan Hearne	1,260	2,854
Phil Williams	1,160	2,624
Gary Young	1,399	3,175

Shares are valued by reference to their price as at date of award.

5. Payments to past directors

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

6. 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.

7. Total shareholding of directors

The table below shows the total shareholding for each Director.

	Unconditional shares		Conditional shares under Executive Bonus Plan		Conditional Matching shares under the SIP		Total	
	Shares held at 31/12/15	Shares held at 26/02/16	Shares held at 31/12/15	Shares held at 26/02/16	Shares held at 31/12/15	Shares held at 26/02/16	Shares held at 31/12/15	Shares held at 26/02/16
Executive Director								
Alan Hearne	119,867	119,990	92,589	92,589*	1,805	1,822	214,261	214,401
Phil Williams	288,652	288,776	60,759	60,759*	1,805	1,823	351,216	351,358
Gary Young	104,936	105,060	35,251	35,251*	1,805	1,823	141,992	142,134
Non-Executive Director								
Brook Land	30,000	30,000	–	–	–	–	30,000	30,000
Louise Charlton	–	–	–	–	–	–	–	–
Robert Miller–Bakewell	5,000	5,000	–	–	–	–	5,000	5,000
Andrew Page	–	–	–	–	–	–	–	–

Unconditional shares include shares held directly or indirectly by connected persons. They also 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 therefore 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 2015.

	Guideline % salary	Value of shareholding required £	Value of unconditional shares £	Value of conditional shares £	Total (unconditional & conditional shares) £
Alan Hearne	150	872,100	284,085	223,713*	507,798
Phil Williams	100	428,400	684,105	148,277*	832,382
Gary Young	100	288,600	248,698	87,823*	336,521

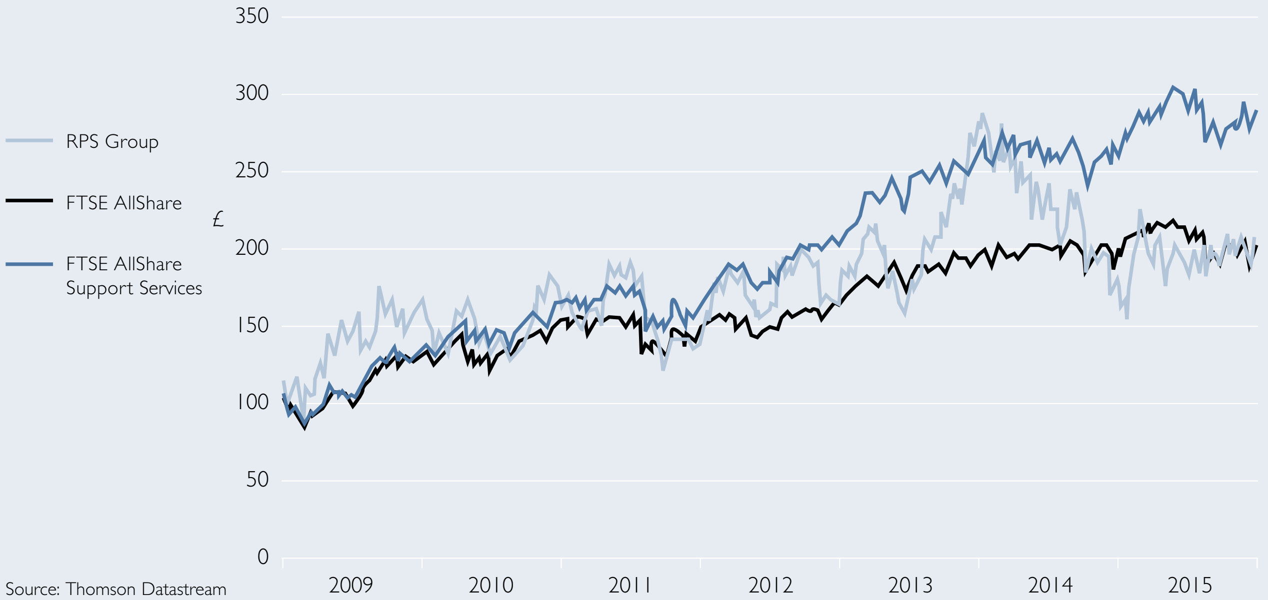
The value shown for conditional and unconditional shares is based upon the Company's share price as at 31 December 2015.

*As noted above the Remuneration Committee has determined that the conditional shares held through the Bonus Plan will be forfeited as at 3 March 2016 in accordance with the forfeiture conditions in operation for 2015.

8. 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 seven year period.

Total shareholder return from 1 January 2009



Source: Thomson Datastream

9. CEO Remuneration

Element	2009	2010	2011	2012	2013	2014	2015
Total Remuneration (single figure for the Year - £000s)	636	608	793	1,650	883	922	748
Annual Bonus (%age of Maximum Opportunity)	zero	46%	54%	77%	47%	32%	zero
Long–Term Incentives (%age of Maximum Number of Shares capable of vesting)	100%	zero	13%	100%	zero	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.

10. Percentage Change in Remuneration of CEO

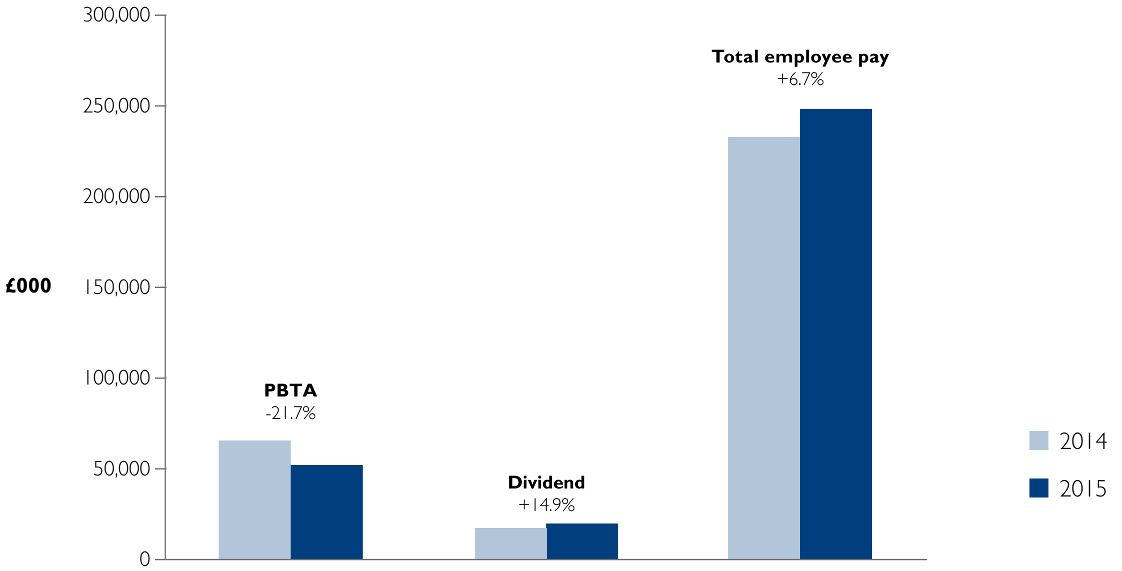
The following table shows the percentage change in the CEO's salary, benefits and annual bonus between financial years compared to the percentage change for all employees.

Element	Percentage Change from 2014 Financial Year to 2015 Financial Year	
	CEO	Employees
Salary	10.4%	2.8%
Taxable Benefits	0%	1.0%
Annual Bonus	-100%	-50%

The percentage increase for the CEO principally reflects the salary increase awarded in respect of 2014 having been implemented as at 1 July in that year.

11. 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.

12. 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.

Committee members

The current members of the Committee are Robert Miller-Bakewell (Chairman), Louise Charlton and Andrew Page all of whom are independent Non–Executive Directors. During the year Robert Miller-Bakewell joined the Committee and Tracey Graham and John Bennett both ceased to be members. 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.

External advice

During 2015 the Committee received external advice in relation to executive remuneration from PwC. PwC are members of the Remuneration Consultants Group and, as such, voluntarily operate under the code of conduct in relation to executive remuneration consulting in the UK. PwC also undertook some limited tax advisory work for the Company during the year. The Committee reviewed the nature of the services provided and was satisfied that no conflict of interest exists or existed in the provision of these services and that the advice the Remuneration Committee received was objective and independent.

The total fees paid to PwC in the year for services to the Committee amounted to £79,000. 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.

13. Statement of Shareholder voting

The Remuneration Committee's Annual Report for 2014 was approved at the Company's 2015 Annual General Meeting. The voting for this resolution is shown below.

Annual Report	Number of Votes Cast	% of Votes Cast
Votes for	98,865,069	74.61
Votes against	33,636,502	25.39
Total	132,501,571	100
Witheld	37,276,913	–

The Committee understands that the lack of support offered by some shareholders in respect of this resolution related to salary increases awarded to Executive Directors for that year. The Committee considered this position and maintained its view that the salary increases were appropriate. As this matter related to the implementation of the Committee's policy rather than the policy itself, the Committee concluded that it would not make any changes to policy in respect of 2015.

The Company's remuneration policy was last submitted to shareholders at the 2014 Annual General Meeting at which the voting was as shown below:

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	–

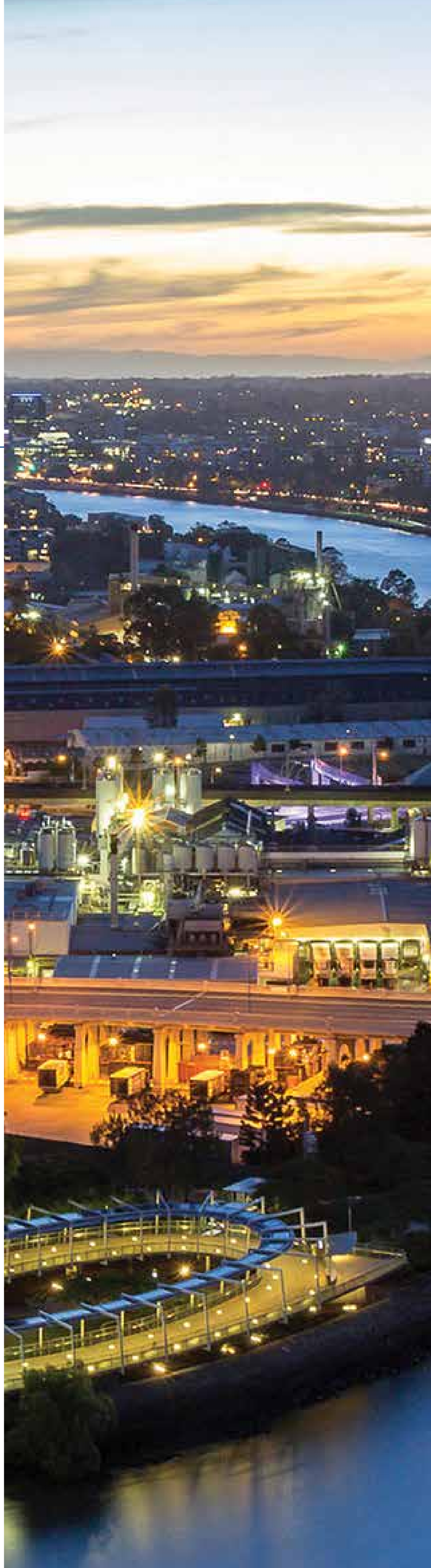
Five Year Summary

£000s	2015	2014	2013	2012	2011
Revenue	556,972	572,126	567,614	555,863	528,710
Fee income	506,110	504,959	492,121	478,835	452,729
PBTA	51,795	66,114	63,032	60,099	50,812
Net bank debt	(78,779)	(73,180)	(32,368)	(13,501)	(23,523)
Net assets	364,490	384,677	372,038	373,814	364,450
Adjusted cash generated from operating activities	92,628	70,772	72,030	76,045	71,053
Average number of employees	5,054	4,530	4,306	4,507	4,686
Dividend per share	9.74p	8.47p	7.36p	6.40p	5.56p
Adjusted basic EPS	16.57p	22.04p	20.22p	19.48p	16.68p
Adjusted diluted EPS	16.47p	21.92p	20.14p	19.36p	16.56p

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

Cover Image: Brisbane, Queensland, Australia

RPS is working on Brisbane's largest urban regeneration project.



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