RPS

REPORT & ACCOUNTS

Secure & Stable

ADDING VALUE

2017

RPS

Secure & Stable

ADDING VALUE

RPS has grown into one of the world's pre-eminent consultancies by underpinning our local connections with the resources and knowledge of an international business. We employ around 5,500 people across Europe, North America and Australia Asia Pacific.

CONTENTS

PERFORMANCE HIGHLIGHTS

FINANCIAL HIGHLIGHTS

- Fee income £562.3m (2016 £534.3m); 5% growth; 2% growth at constant currency
- PBTA £53.9m (2016 £50.7m); 6% growth; 3% growth at constant currency
- EPS (adjusted, basic) 17.13p (2016 16.60p); 3% growth; 3% growth at constant currency
- Goodwill impairment of £40.0m (2016 £nil) in Energy
- Statutory loss before tax £1.6m (2016 profit £32.8m)
- Strong cash conversion 91% (2016 117%)
- Year-end net bank borrowings £80.6m (2016 £83.4m); leverage 1.3x (2016 1.6x)
- Final dividend proposed 5.08p (2016: 5.08p) making full year dividend 9.88p (2016: 9.74p).

BUSINESS HIGHLIGHTS

- Conditions in markets, other than Energy, generally positive
- Energy trading improved in the second half but was not as good as expected despite the increased oil price
- Profit growth achieved in all four business segments
- Appointment of new Chief Executive. Initial review of Group strategy concluded
- Renewed emphasis to be placed on organic growth supported by targeted acquisitions
- Five strategic priorities established to support future growth

	2017	2016
REVENUE (£m)	630.6	594.5
FEE INCOME[(1)] (£m)	562.3	534.3
PBTA [(1)] (£m)	53.9	50.7
STATUTORY (LOSS)/ PROFIT BEFORE TAX (£m)	(1.6)	32.8
ADJUSTED EARNINGS PER SHARE (basic)[(1)] (p)	17.13	16.60
TOTAL DIVIDEND PER SHARE (p)	9.88	9.74

(1) Alternative Performance Measures are used consistently throughout the Report and Accounts. These include PBTA, fee income, items prefaced "adjusted" such as adjusted EPS, segment profit, underlying profit, underlying operating profit, amounts labelled "at constant currency", EBITDAS, conversion of profit into cash, net bank borrowings and leverage. For further details of their purpose, definition and reconciliation for the equivalent statutory measures see note 3 to the financial statements.

CHAIRMAN'S STATEMENT

A year of transition in which steady improvement in trading performance has been combined with progress in developing Group strategy.

KEN LEVER CHAIRMAN

PERFORMANCE

During 2017 RPS Group Plc ('the Group') has steadily built on the recovery of trading profits and cash flow which commenced in the final quarter of 2016.

Fundamentally the Group's markets in the various regions are driven by the impact of population growth on infrastructure, the built and natural environment and the needs for energy and water. The rate of growth can vary in the short term and across the markets and geographic regions in which the Group operates. The reduction in the market for energy services due to the decline in the oil price significantly impacted the Group's financial performance in 2015 and 2016. This market has remained subdued despite the overall improvement of the price of oil, but the Group's other markets have generally remained robust.

Overall, excluding the impact of the costs associated with the Board and management changes as well as goodwill impairment in the Group's Energy business, the Group has seen steady growth in revenue and profit. The performance of the Energy business remained challenging in a subdued market and so the Board made the prudent decision to impair goodwill. The Group retains a strong competitive position in the market for energy services which should enable a resumption of revenue and profit growth as and when this market recovers.

The performance of the Group in 2017 is described in more detail in the Chief Executive's and Financial Reviews on pages 20 to 25.

TRANSITION AND STRATEGY

It has been a year of transition for the executive leadership of the Group. John Douglas has now settled in as the Group's Chief Executive following Alan Hearne's retirement. Alan was the Chief Executive of the Group at the time of the initial stock market listing in 1987 and had contributed significantly to the growth and development of the Group since that time.

Following his appointment, John has devoted his time to initial familiarisation with the Group's activities including consideration of the strategy for the Group. Although the strategy process remains work in progress, five strategic priorities have been established which are described in greater detail in the strategy statement on pages 10 and 11. Overall the Group will seek to achieve revenue and profit growth through a combination of carefully targeted bolt-on acquisitions in our chosen markets and an increased emphasis on top line organic growth driven by a greater focus on business development activities and our people. The revenue and profit growth will be supported by greater central leadership of human resources and marketing and communication activities.

It has also been a year of transition for the Board. In addition to the appointment of a new Chief Executive, the Board has been joined by Allison Bainbridge as Chair of the Audit Committee and Liz Peace, following the rotation off the Board of John Bennett and Louise Charlton. We plan to appoint one further non-executive director during the first half of 2018. On behalf of the Board I would like to thank John and Louise for their commitment, energy and enthusiasm during their time with the Group.

SHARE PRICE AND DIVIDEND

The share price increased from 225p at the start of 2017 to close the year at 272p. This was a strong reversal of the downward trend experienced in 2016 primarily driven by the stock market's recognition of the stabilisation of the Energy business and improving cash flow. The share price has, however, fallen back significantly since the year-end.

The Board increased the dividend at the interim results announcement by 3 per cent and is proposing an unchanged final dividend of 5.08p per share. Overall total shareholder return was 26.9 per cent for the year.

PEOPLE

As a services and consulting group, the ongoing growth, development and success of RPS is very much driven by the significant contribution made by our consultants, operatives and support employees. The increased focus we are placing on our people is described elsewhere in this report. The Board is extremely grateful for their continuing commitment, dedication and support.

KEN LEVER
Chairman

1 March 2018

RPS GROUP HEAD OFFICE, ABINGDON

BUSINESS MODEL

The impact of population growth on infrastructure, the built and natural environment and the need for energy remain as strong drivers of our business.

JOHN DOUGLAS CHIEF EXECUTIVE
& KEN LEVER CHAIRMAN

The primary objective of the Group is to deliver value for shareholders by growing profit and generating cash. The key components of the business model through which we achieve this are described below. The strategy through which the Group will develop its business is described overleaf.

WHAT WE DO

RPS is an international consultancy providing professional services to clients in the built and natural environment and the oil and gas markets. As a planning, environmental, design and project management consultancy we assist clients in the resolution of technical issues, compliance with regulatory obligations and the management of projects.

Within the built and natural environment markets we provide a broad range of services:

- Planning and environment – this includes planning, urban design and regeneration, environmental assessment, transport, landscape architecture, archaeology and surveying.
- Infrastructure and design – this incorporates civil and mechanical engineering design, architecture, water network management and engineering support services.
- Health, safety and risk management – this covers asbestos management, health and safety, environmental risk and management, occupational health, occupational hygiene, laboratory services, safety cases.

Services provided to the oil and gas markets include reserves evaluation, operational support, geoscience, engineering, training, health and safety, and oceanography.

An important part of our offering is a full range of project management services to help clients successfully execute their projects in a wide range of sectors including infrastructure, buildings and construction, defence, oil and gas.

We focus on providing cost effective and value added solutions. We employ professionals across a wide range of technical disciplines which enables us to service a broad range of clients, small and large, private and public in many different sectors. The majority of our work is undertaken at a local level, although in some cases, the breadth of our international expertise can be brought to bear on specific projects to provide comprehensive solutions.

The foregoing represents a broad summary. The types of projects that the Group undertakes are more fully described on our website at www.rpsgroup.com.

DRIVERS OF OUR BUSINESS

The demand for our services is underpinned by population and economic growth as well as a background of increasingly complex legislation and regulation. These are long term drivers that contribute to:

- the continuing need for sustainable development of land and buildings;
- the expanding need to provide adequate infrastructure such as airports, power stations, public transport, water treatment plants and to deliver energy to market;
- the requirement to secure adequate supplies of energy and other natural resources; and
- the need to manage environmental and health and safety risks, including climate change.

PROFESSIONAL STAFF

RPS solves clients' problems and adds value to their activities. We generate income by selling the specialist skills and output of our professional teams to clients to resolve their technical problems. The ability to deliver this breadth of specialist technical expertise and services is therefore dependent on the skills of the professionals we employ. The recruitment, retention and motivation of high calibre employees are therefore crucial elements of our business.

The Group's principal cost is the people it employs and the matching of this cost to the workload within its various business units is also a key component of operations. This is coupled with the careful management of projects to ensure that the Group's profitability is matched by strong cash flow.

MANAGEMENT

The Group Board has overall responsibility for the stewardship of the Group. At the operational level, the Group Chief Executive has overall responsibility for the executive management of the Group and is supported by the Group Leadership Team. This team may change in line with developing strategy but currently comprises the Group Chief Executive, the Group Finance Director, the Group Marketing Director and the Group's four principal business leaders.

During the first half of the year RPS operated with three regional segments for management and financial reporting purposes. Operations in Europe, North America and Australia Asia Pacific were each managed by a separate local board. During the latter part of the year and consistent with emerging strategy the links between the Group's Energy businesses in Europe and North America were progressively strengthened and information was presented to the Group Board on these businesses in total. In line with this, the results of the Group's Energy business in 2017 has been reported as a separate segment. The restatement of the 2017 half year results is presented in note 4 to the Financial Statements.

The structures through which the Group is managed and reported are kept under review and may change as the Group grows and in line with its developing strategy.

GROUP STRATEGY

RPS has established five strategic priorities to support our ambition of delivering long term shareholder value. Future growth will be driven by an increased focus on organic performance coupled with targeted acquisitions.

HISTORY

The Group has a strong record of delivering shareholder value over a long period, driven by service and geographical expansion supported by corporate acquisitions.

This progress has been periodically interrupted by significant downturns in certain markets caused by macro events such as the global financial crisis, the collapse in the Australian resource markets and the recent oil price slump. Due, however, to the wide diversity of sectors and geographies in which the Group operates, together with strong cash generation which has enabled acquisitions to be made, performance has proved relatively resilient.

REVIEW PROCESS

Following the appointment of a new Chief Executive and other recent changes at Board level a review of the Group's strategic priorities has been undertaken. This process was conducted by the Group Leadership Team led by the Chief Executive, following which recommendations were reviewed and endorsed by the Group Board.

AMBITION

The Group joined the FTSE 250 index in 2006, although following the downturn in the oil and gas industry, which in 2014 accounted for c. 40% of group turnover, was relegated from this index in May 2015. Whilst changes in key markets may always present a challenge, the Board and the Group Leadership Team believe that, with correct focus in key areas and with the underlying drivers described in the Group's Business Model remaining strong, the Group can enter a renewed period of growth. Against that backdrop the Group has established a target of achieving a sustainable return to the FTSE 250.

STRATEGIC PRIORITIES

The pursuit of this target will see an increased focus on improvement in the Group's organic performance, whilst carefully targeted acquisitions will support this ambition. In that context five strategic priorities as set out below have been identified.

To be rated by our people as a great place to work

The Group's Business Model recognises that the skills of the people it employs are fundamental to its success, whilst their recruitment and retention is identified as a principal risk. The Group has therefore set the objective of being rated by its people as a great place to do great work. This will be achieved by improving practices across a range of areas including career development, training, performance appraisal, reward and communication. Change will ensure consistent practice throughout the Group and in the context of a clearly articulated sense of the Group's identity, vision and values. This process is to be led by a soon to be recruited Group Director of People who will join the Group Leadership Team.

To develop a clearly recognised and respected international brand

The Group operates mainly under a single RPS brand identity, but recognises the need to present itself to markets and the Group's stakeholders, including its people, in a more coherent and consistent manner incorporating a clear sense of identity, vision and behaviours. This will provide a better understanding of the Group in the markets in which it operates that will in turn enhance its overall standing, improve market penetration and enable delivery of a wider range of services to clients.

The Group has therefore set the objective of developing a clearly recognised and respected international brand. The initial phases of this work involve achieving a better overall understanding of the means by which markets are currently penetrated and the Group's competitive advantages. It also requires internal and external research to test current perceptions. From this work it is envisaged that a Group wide 'go to market' approach can be established. This process is being led by a recently appointed Group Marketing Director who has joined the Group Leadership Team.

To develop internationally connected services

The Group has wide ranging expertise which, with the notable exception of the oil and gas business, are mostly engaged at local or national level to serve local or national markets. The potential to leverage Group-wide capabilities which can be harnessed to serve markets across a range of jurisdictions has accordingly remained relatively undeveloped. The Group has therefore set the objective of establishing an internationally connected approach to the development and delivery of services in relevant markets and sectors. To achieve this, a process to identify pertinent capabilities and markets sectors is underway, from which specific market sector and client growth initiatives will be produced and implemented.

To substantially increase the scale of our operations in North America

The USA is world's largest economy with strong underlying demand for the services that RPS can provide. Whilst RPS was established in the region in 2003 and has a strong understanding of the commercial environment, the size of its business is, due in part to the recent collapse in the oil sector, relatively modest. Against this backdrop the Group has set the objective of increasing the scale of its operations relevant to emerging market opportunities within North America.

In pursuing this ambition focus will be placed on current core service offerings. Whilst as part of general Group strategy emphasis will be placed on organic growth, an expansion of the scale envisaged will only be achieved with the benefit of carefully targeted acquisitions. Development will be targeted in Texas, California and the Boston-Chicago corridor, being areas in which RPS is already established and where economic fundamentals are strong. In recognising the likely priority of acquisitions in this region the Group does not preclude the making of acquisitions in other territories.

To revitalise our international oil and gas business

The Group's oil and gas business operates on an international basis with seamless sharing of clients and resources. Notwithstanding the regionalisation of the Group at the start of 2017, which has now been reversed, the four main operational centres in London, Houston, Calgary and Perth maintained strong marketing and operational links. The substantial and sustained downturn in global oil and gas prices has, however, seen fees from this area of the Group's business decline from £176m in 2014 to £65m in 2017. This has in turn required a substantial downsizing of operations and, regrettably, reduction in headcount.

It appears that the industry is through the worst of the downturn and the Group is firmly of the view that demand for hydrocarbon products will remain substantial for the foreseeable future. In addition the characteristics of markets may change, with a likely shift to lower risk and lower cost exploration and production, greater emphasis on unconventional oil and gas and advanced technology. The Group has, however, retained the core capabilities to continue to service changing hydrocarbon markets as well as emerging alternatives. The revitalisation of the Group's international oil and gas business has therefore been established as a strategic priority. An exercise is being undertaken to evaluate available skills, emerging technologies and client views to ensure that capabilities are harnessed to best effect.

LEADERSHIP

The Group Leadership Team will drive these priorities and work on the further development of strategy. The Group's overall strategy will remain subject to Board oversight and approval and ongoing progress will be reported to shareholders.

RISK AND RISK MANAGEMENT

The continued management of the risks to which RPS is exposed will be integral to delivery of performance and strategic priorities.

RISK MANAGEMENT

The Group's business model and the nature of the activities that it undertakes are described on pages 8 and 9. This gives rise to a range of risks consistent with a commercial organisation of its type and which require identification and management. The Group's formal system of Risk Management and Internal Control is described on page 35 and is a key component in this area. Given the nature of the Group's activities, however, the effective management of risk requires collective responsibility and engagement across the business. The management of risk is not therefore separated from the business and is treated as an integral part of our culture and the way we operate.

Our operational Boards consider the risks to which their component businesses are exposed and their mitigation on an ongoing basis and at each of their regular meetings. A structured reporting framework is in place to support this activity. This rates and analyses key risks to provide clear understanding and enable identification of mitigating actions. Against the background of reporting from this level, the Group Leadership Team oversees the operational management of the key risks to which the Group as a whole is exposed. Reporting to the Group Board incorporates the principal risks to which the Group is exposed and the specific manifestation of those risks from time to time. In considering and challenging this information the Group Board undertakes robust assessment of the principal risks facing the Group including those that would threaten its business model, future performance, solvency or liquidity. This process is integral to consideration of the Group's Long Term Viability Statement which is shown below.

PRINCIPAL RISKS

The principal risks to which the Group is exposed as well as the measures to taken to achieve their mitigation and in each case any change that has happened in the year are detailed in the table below.

RISK	EXPOSURE	MITIGATION	CHANGE IN THE YEAR
Economic Environment	Changes in the economic environment have historically proved to be the greatest risk to which the Group is exposed. The global financial crisis of 2008 and ensuing recession as well as the collapse of oil prices in 2015/16 both had substantive impact on parts of the Group. Adverse economic changes may cause clients to cancel, postpone or downsize projects as well as increasing risk associated with recovery of debts and work-in-progress.	Exposure to a wide range of markets and geographies serves to mitigate overall risk. As far as practicable, economic conditions affecting our markets are monitored in order that swift action can be taken. The contracted order book is monitored relative to the productive capacity of fee earning staff and actions taken to match costs with anticipated workload.	There was no overall change in the year. There appears to be some recovery and sign of stability in global oil prices, and correspondingly profits in our Energy business seen to have stabilised. Global economic conditions have, however, been broadly favourable for our other businesses. The economic risks associated with Brexit have had no material impact on the Group to date, although our businesses in the UK and Europe may be affected by this process.

RISK	EXPOSURE	MITIGATION	CHANGE IN THE YEAR
Recruitment and Retention of Staff	The Group's ability to manage and service its clients is dependent upon the skills of well-qualified and professional employees. A failure to recruit and retain employees of appropriate calibre will therefore affect our ability to meet client expectations and develop the business. Linked to this a failure to adequately consider management succession may lead to discontinuity in operations.	As outlined on pages 16 to 18 the Group's businesses seek to provide an attractive benefit structure and to operate an open culture which is supportive of professional and career development. As a key plank of strategy the Group has set itself a strategic objective of being recognised by its people as a great place to do great work. This will focus on an improvement in the key areas indicated on pages 17 and 18 which, if successfully implemented, should serve to mitigate overall risk in this area.	There was no overall change in the year. The competition for talent in a number of the Group's markets has remained intense. Initiatives taken to mitigate risks in this area will therefore be of continuing importance.
Political Events	The changes and uncertainties arising from political events may have an impact upon the markets in which we operate and the plans of our clients. This may cause the cancellation, postponement or downsizing of projects.	The substantial majority of the Group's services are provided in relatively stable and predictable liberal democracies. In addition the factors serving to mitigate economic risks also operate in this area whereby the wide range of markets and geographies in which we operate serves to reduce the impact of political change in any particular region. As far as is practicable, risks in this area are monitored and plans adjusted accordingly.	Overall risk increased in the year. The UK's anticipated departure from the European Union continues to constitute a significant risk and uncertainty. Whilst markets in the UK have remained relatively strong and the weakness of sterling has continued to be of benefit, the longer term impact upon the UK and other European markets is unknown. The 2017 general election and resulting hung parliament has added to this uncertainty. A degree of uncertainty also remains with regard the direction of the Trump administration and its related impact on US and global markets.
Business Acquisitions	Whilst the Group has not completed any acquisitions this year, they will continue to be an important element in support of our strategy. A failure to understand the market conditions affecting an acquired business, to identify acquired liabilities, or to retain and motivate key employees within acquired business can all result in a business failing to deliver anticipated profit and cash flow.	The Group's strategy will in general dictate that acquisitions are only made in market areas with which senior management are familiar. Detailed commercial, financial and legal due diligence is undertaken prior to completing any acquisition and clear corporate integration plans are agreed.	There was no change in overall risk in the year. The Group retains considerable acquisition experience and as activity in this area resumes, risks are unlikely to change materially.

RISK	EXPOSURE	MITIGATION	CHANGE IN THE YEAR
Health and Safety	The Group has a legal and moral obligation to ensure the safety of its employees and others whom its activities may affect. A failure to discharge these obligations could expose individuals to risk of injury or other harm as well as leaving the Group liable to related damages, regulatory penalty and reputational harm.	Detailed health and safety policies and procedures are in place throughout the Group and focus on the differing and emerging risks within the Group's various businesses. A structured reporting process is in place to ensure that any incidents are identified and appropriate action taken to investigate and mitigate future risk. The Group's approach to health and safety is described more fully in the Corporate Social Responsibility report on page 18.	There was no overall change during the year. The scope of the Group's activities and the risks they present has not changed in any significant way.
Regulatory and Compliance	The Group is subject to a range of legal, taxation and regulatory requirements at corporate level and within each of the jurisdictions within which it operates and does business. A failure to comply with these obligations could give rise to financial penalty, regulatory intervention and reputational damage.	Whilst the Group is subject to the corporate law and regulation affecting most groups of its size and complexity, the activities that the Group undertakes are, in general, not subject to industry specific regulation. Overseas projects that may carry elevated risk are scrutinised on a case by case basis. The Group has appropriate internal controls to support regulatory compliance and employs suitably qualified professionals to monitor and manage regulation within its various jurisdictions.	There was no overall change during the year. Whilst the detail of applicable law and regulation will continue to evolve there have been no changes anticipated within the Group's current jurisdictions which are likely to have any material effect upon overall risks in this area. The range of jurisdictions in which project work is undertaken may change, although will remain subject to scrutiny as highlighted above.
Service Failures	A failure to deliver our services in accordance with contractual obligations may lead to compensatory claims against the Group and damage to reputation as well as possible loss of future work.	The Group operates quality control systems many of which are externally accredited and which are designed to mitigate the risk of failures. In addition the Group operates contract management systems to ensure that contractual risks are identified, risk assessed and as far as practicable mitigated. The Group maintains professional indemnity insurance throughout the large majority of its businesses at a level commensurate with risks. Subject to applicable policy limits and excesses this will indemnify the Group against claims in the large majority of situations.	There was no overall change in the year. The nature of Group's activities and the environments in which they are conducted have not changed materially.

RISK	EXPOSURE	MITIGATION	CHANGE IN THE YEAR
Financial Risks	An inability to secure adequate funding for the Group will limit the ability to invest in growth. In addition a failure to manage risks related to foreign exchange, interest rates, credit and liquidity could lead to a significant deterioration in the Group's financial position.	The Group has in place a multi-currency revolving credit facility of £150m provided by Lloyds and HSBC and which expires in 2020. The Group has also issued seven year US private placement notes of US$34m and £30m repayable in 2021 under a facility provided by Prudential Management Inc. Funding and investment requirements are monitored by the Group Finance function which also oversees the management of financial risks on a prudent basis and as more fully described in note 27 to the financial statements on page 98.	There was no overall change in the year. The Group has an adequate committed facility until 2020 and will continue to manage financial risks on a prudent basis. Renewal of the Group's revolving credit facility will need to be considered in the medium term, although at present this seems unlikely to present undue difficulty.
Information Technology and Security Risks	A prolonged lack of availability of critical IT systems could cause significant discontinuity in operations. A cyber-related attack on our systems could lead to infection by viruses, loss of personal data and sensitive data, theft or fraud. Either eventuality could lead to operational disruption, affecting our ability to deliver client services, leading to financial loss and reputational damage.	The Group continues to manage its IT systems on a centralised basis with annual planning which incorporates measures designed to maximise reliability and resilience as well as disaster planning. Systems are reviewed and upgraded on a rolling basis. The Group employs a Security Officer and policies, procedures and security measures are reviewed and enhanced on a regular basis. A number of additional policies and procedures were put in place during the year aimed at higher risk users and finance staff.	There was no overall change in the year. The ongoing programme of systems development should serve to improve the resilience and reliability of systems. Notwithstanding additional measures highlighted above the level of threat from cyber-attacks of an increasingly sophisticated nature is unlikely to diminish.

LONG TERM VIABILITY

In accordance with the requirements of the UK Governance Code the Board has assessed the long term viability of the Group. This was done over a three year period to March 2021 taking account of the above risks as well as the Group's current position, its strategy and the Board's risk appetite. A three year period was chosen as it covers the period supported by strategic review work undertaken, giving greater certainty over the forecasting assumptions used. The Board considered cash flow models over that period 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 modelling included severe but reasonable scenarios. Based on this assessment the Directors have a reasonable expectation that the Group will continue in operation and be able to meet its liabilities as they fall due over the period to March 2021. In making this statement the Directors have also made the key assumption that the Group's revolving credit facility, that expires in July 2020, will be renewed in all plausible market conditions.

CORPORATE SOCIAL RESPONSIBILITY

In pursuing its strategic priorities RPS will balance achievement of attractive returns for shareholders with obligations to its people, its clients and society in general.

OVERVIEW

The Group's corporate governance policies are described in detail on pages 32 to 56 and provide a framework within which it seeks to achieve attractive levels of return for its shareholders whilst recognising 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 Group Leadership Team supports the Board in exercising general oversight in relation to ESG matters including the assessment of the opportunities to which such issues give rise.

As a leading consultancy in the areas of the environment, infrastructure development and energy RPS makes an important contribution to society's economic, social and environmental fabric. In addition, and within the framework outlined above, 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 the Annual 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 is 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.

PEOPLE

Overview

Recruitment, retention and motivation of employees is of vital importance for a professional services organisation and is identified as one of the Group's principal risks. The Group Leadership team, working through the Group's businesses, has therefore assumed responsibility to maintain and develop employment practices to address this area. At Group Board level the Chief Executive retains overall responsibility for employment policy and ensures that key issues are reported for consideration as required.

Our approach to people centres on recruiting, developing and retaining highly qualified professional staff from a wide range of disciplines across multiple sectors. Given the number of markets and jurisdictions in which the Group operates these issues have to be addressed with reasonable flexibility. The Group has, however, recognised the key importance of this area and, as detailed in the Group Strategy on pages 10 and 11, has set the strategic priority of being rated by its people as 'a great place to do great work'. The key components of this initiative are described under 'Looking Forward in 2018' below, but will entail stronger central leadership in this area and more consistent approaches to the application of good practice across the Group as a whole.

Employee Profile

As indicated in the table below, presented in line with current segmentation, average staff numbers in 2017 showed an increase of 5% compared with 2016.

Investing in Our People

The training and development of our staff is of great importance and we continued to invest in this area during 2017. In Australia Asia Pacific, we ran our highly successful in-house seven module

GROUP EMPLOYEES

AVERAGE NUMBER OF EMPLOYEES	**2017**	2016
Built and Natural Environment – Europe	**3,583**	3,266
Built and Natural Environment – North America	**396**	425
Australia Asia Pacific	**975**	970
Energy	**310**	364
Central	**76**	74
Group total	**5,340**	5,099

Consultancy School programme and a Management Development Programme. The latter enables newly promoted managers to work on pro-bono projects with external clients to develop skills as managers of highly qualified staff. We continued the technical development of our staff in all geographies. In Norway, our Metier business operates a highly acclaimed Academy, offering high quality training to clients and also uses this facility to train our own Norwegian staff. In our UK Design & Development business, we have invested in a leading edge 3-D modelling tool, Building Information Modelling (BIM), and are training architects and engineers in how to use it to efficiently plan, design and construct buildings and infrastructure.

Communication and Engagement

Building an environment in which employees feel valued and engaged with their business and the Group as a whole are key elements in support of our strategy for growth. Following his in-depth induction, which involved visiting and meeting people in all business areas, John Douglas utilises a system to engage with the Group's senior business leaders through global conferencing. He also communicates directly to all RPS colleagues. Feedback from staff has been highly positive and more regular engagement of this sort is therefore planned as well as the continued use of the Group Intranet as a means to communicate the Group's achievements and policies.

Employee Benefits

Whilst certain elements of employee benefits such as pension and welfare schemes are set at a national level, salary and incentive structures are required to operate with a reasonable degree of flexibility to reflect diversity of geographies and sectors. All, however, aim to provide packages which are competitive and incentivising. Share plans are operated at Group level which, notwithstanding local arrangements, endeavour to foster a common interest in the success of the Group as a whole. Share purchase plans are open to the overwhelming majority of employees and enable the purchase of shares in the Company with benefit of a matching contribution from the Company. A performance share plan is operated for more senior employees and offers the potential to build a personally significant interest in the Company over a number of years.

Diversity

The Group values diversity generally and is committed to the creation of an environment in which people are treated fairly and equally regardless of age, gender, race, sexual orientation, disability, religion or beliefs.

During 2017 progress was made in the appointment of women at senior level. Allison Bainbridge and Liz Peace both joined the Board thus meeting the Group's target of 25% female representation at this level. In addition following the appointment of John Douglas and a review of resource required to support future growth Chantalle Meijer was appointed to the Group Leadership Team as Group Marketing Director and is the first woman appointed at this level. These appointments are important signals within the business and we will develop ways to increase diversity more generally within RPS.

The table below shows gender profile at a number of levels within the Group.

LEADERSHIP LEVEL	Male	Female	Total	% Female
Board Directors	4	2	6	33%
Group Leadership Team	6	1	7	14%
Directors of Consolidated Entities*	31	2	33	6%
All Employees	3,684	1,656	5,340	31%

* legal corporate entities included within the Group consolidation

Looking Forward in 2018

The Group works on important and interesting projects with high quality clients, offering consultancy and services in a wide range of geographies and sectors. Fundamental to our success is our ability to attract, develop and retain high quality individuals who choose to develop long term careers with us. To reflect its importance, one of our agreed strategic priorities will be for RPS to be rated by our employees as 'a great place to do great work'.

To enable the achievement of this, we will be appointing a Group People Director, a new position reporting to the Group Chief Executive. He or she will lead an annual People Plan, of which the following key deliverables will form part:

- introducing a common approach to performance across all businesses, setting stretching goals and having high quality appraisal discussions;
- conducting our first global employee survey, seeking feedback to inform our people and brand strategy work;
- a review of talent and succession planning, focussed in its first year on the global senior leadership group;
- networking technical development programmes between geographies and piloting management development programmes in our Australian business;
- reviewing reward and incentive schemes, specifically moving to a philosophy of pay for performance and rewarding sustained growth; and

- further engaging with staff, developing a cadence of communications, to keep colleagues up to date on business performance, achievements and progress.

The Group is embarking on a major investment programme for staff and in the HR function to support its plan. Return on this investment will be measured through a number of indicators including staff retention and attraction rates for high calibre recruits.

HEALTH AND SAFETY

We have a moral and legal responsibility to safeguard our employees and others affected by our operations and services. Health and Safety is also recognized as one the Group's principal risks. Whilst the Group sets an overall policy for management of Health and Safety, operational responsibility lies within the Group's operating businesses which are closest to and best positioned to manage their risks. The nature of risks is dependent on the activities of particular businesses and health and safety systems vary accordingly to ensure that key areas are addressed. All, however, have in common clear policies and procedures and appropriate risk assessment techniques backed by training and clear communication. Training is focused not only on specific hazards but also the wider obligations of management. These activities are overseen by appropriately qualified and experienced health and safety advisers and systems are subject to regular audit both internally and by external agencies. Where accidents, near-misses or dangerous occurrences occur these are investigated in order that they are fully understood and appropriate action can be taken to minimise risk of occurrence.

Health and Safety performance is monitored at business and segment Board level. This incorporates analysis of incidents, dangerous occurrences and near-misses in order that appropriate remedial action can be taken where required. For its part the Group Board receives a regular report which incorporates these elements and any emerging issues. Any material issues or concerns identified at Group level are considered by the Chief Executive and Company Secretary to ensure that appropriate steps are taken as required.

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. 66% (2016: 61%) of employees across the Group work in offices that now have third party accreditation to the OHSAS 18001 standard.

The reportable accident rate in the year was 2.1 accidents per 1,000 employees (2016: 1.8). Accidents that do occur most commonly relate to field staff and involve manual handling activities, slips and falls.

REPORTABLE ACCIDENT RATES

GROUP	2017	2016
Reportable injuries	**12**	10
Reportable injuries incident rate per 1,000 employees	**2.1**	1.8

BUSINESS RELATIONSHIPS

The Group looks to conduct business relationships in a transparent and fair manner and correspondingly expects its employees to behave in a fashion consistent with these values. The standards expected are specified in codes of conduct to which employees are required to adhere. Employees are 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 are expected to avoid any personal or professional interests that could conflict with their responsibilities to the Group and, should such a situation arise, are expected to report it promptly. The Group has a clearly stated and zero tolerance policy in relation to acts of bribery and corruption and supports the UN Global Compact and the UN Convention on Anti-Corruption. No incidents of bribery or corruption have been identified within the Group's operations.

The Group also supports the Universal Declaration of Human Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. The Group understands its responsibility to respect the human rights of the communities and workforces with whom it interacts and employees are expected to conduct themselves in a commensurate manner. In particular RPS supports the objectives of the Modern Slavery Act and will not tolerate modern slavery or human trafficking within its own supply chain. During the year the Group, having conducted a review of its supply chain, published its first modern slavery statement. As far as is reasonably ascertainable none of the Group's activities have directly or indirectly given rise to the abuse of human rights.

COMMUNITY INVOLVEMENT

Many of our locations across the world engage with their local communities through support of charitable organisations and initiatives. This consists of financial contributions or contributions in kind, provided directly by RPS or through the endeavors of employees. The estimated value of this contribution in 2017 was £973,000 (2016:£944,000).

Taking into account the £276,000 (2016: £368,000) spent on academic bursaries and educational initiatives, the total contribution of the Group and its employees to the communities in which it operates was £1,249,000 (2016: £1,312,000).

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. Having previously supported a project in Ghana, the Group is now supporting a project in Ethiopia. A total of c. £375,000 over a three year period has been committed to this project of which c. £66,000 was expended during 2017. The Group continues to be this charity's largest corporate sponsor and will continue to provide technical support through a number of its own specialists on a 'pro-bono' basis.

ENVIRONMENTAL MANAGEMENT AND CLIMATE CHANGE

As indicated above the Group's greatest contribution to the environment is 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. Whilst given the nature of its activities the Group's direct impact on the environment is comparatively modest, policies and standards are in place, which aim to minimise this impact wherever possible. These incorporate the following:

- compliance with all relevant national and regional legislation as a minimum standard;
- compliance with relevant codes of practice and other requirements such as those specified by regulators and our clients;
- employment of practical energy efficiency and waste minimisation measures;
- policies in relation to the purchase and use of vehicles to minimise environmental impact and
- provision of an inter-office IT network together with communications and video conferencing technology in order to reduce 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 2017 many of our offices continued to recycle waste paper, spent toner and ink cartridges, obsolete computer hardware, printers and mobile phones.

RPS is a participating member of the Carbon Disclosure Project to which it provides data on an annual basis.

GREENHOUSE GAS REPORTING

For the reporting year to 31 December 2017 the Group has used the 2017 UK Government Conversion Factors for Company Reporting and the International Energy Agency CO_2 Emissions from Fuel Combustion, OECD/IEA, Paris, 2017 guidance. 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 include any gas data and fuel use for company owned vehicles. Fugitive emissions from air conditioning are included where it is the Group's responsibility within tenanted buildings.
- Scope 2 – indirect energy emissions include purchased electricity throughout the company operations.

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

	2017	**2016**
Scope 1: Direct emissions	**9,435**	9,399
Scope 2: Indirect emissions	**3,655**	4,106
Total	**13,050**	13,505

The decrease in Scope 2 emissions is largely attributable to office rationalisations in parts of the world.

The Group has set a target to reduce per capita office energy consumption by 2.5% per annum on a five year rolling average basis. Using this approach the five year rolling average up to 2016 was 3.43 MWh per capita which decreased to 3.34 MWh per capita for the five year rolling average to 2017. This equates to a 2.6% reduction with the result that the Group's target was met.

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.

CHIEF EXECUTIVE'S REVIEW

2017 has been a year of steady progress for the Group in terms of overall trading performance and good progress in establishing strategic priorities. We intend to build on this to by improving our business and our offerings to clients in order to deliver long-term shareholder value.

JOHN DOUGLAS CHIEF EXECUTIVE

I am delighted to be presenting my first annual review, having joined in June last year and having taken over the Chief Executive role in September. These are a good set of results and I would like to thank all our people for the hard work that has made this possible.

My main role is to lead our 5,500 colleagues who deliver successful projects, great service and solutions to our clients. By doing this well we will generate growth and long-term shareholder value. Our people and our brand are our greatest assets and I intend to strengthen both in the coming years.

I have visited many offices throughout RPS and spoken to numerous colleagues. It is clear we have many talented, energetic and enthusiastic staff who do great work for our clients and want to see RPS develop into an even better business than it is today. The establishment of a close Group Leadership Team has given a stronger voice to business segments and service functions. This forum is in its early days but is already working well and bearing fruit. The strategic priorities we identify on pages 10 and 11 are each in process and gaining momentum.

PRIORITIES

Significant work has been undertaken in developing Group strategy. Our growth will be driven by an increased focus on organic performance coupled with targeted and complimentary acquisitions.

We intend to deliver long term shareholder value and have an ambition to return to the FTSE 250. We have set ourselves five strategic parameters in pursuit of this ambition.

A key priority is to be rated by our people as 'a great place to do great work.' Our staff turnover has been historically higher than we would like. We are therefore investing in our HR function, including the creation of a new role of Group People Director and will roll out best practices throughout the Group.

RPS offers a tremendous range of services and benefits would be derived from presenting the Group to our markets and internally in a more coherent, interconnected and consistent manner. We need to convey a clear sense of our identity and our behaviours. We have recently appointed a Group Marketing Director, a new role for the Group.

Better connectivity between our businesses drives revenue. A priority is the focus to improve that connectivity across sectors where we have deep expertise and capabilities.

The USA is our largest single market for the services we offer. We have had a strong North American business for some years but recognise that it can be better and stronger still. It is the intention to further increase our presence in North America by making carefully targeted acquisitions in sectors in which we have strength and familiarity.

Our final priority is to renew growth in our international oil and gas business in such RPS has a very strong reputation as an independent professional advisor and service provider. The collapse in the oil price has challenged our business in recent years but we intend to reinvigorate it and develop a leading, global and innovative energy business in oil and gas and the broader energy market.

BUSINESS PERFORMANCE

We delivered a strong set of results this year. We have grown our fee income to £562.3m (2016 £534.3m), PBTA to £53.9m (2016 £50.7m), delivered strong cash flow and reduced our leverage. The contribution of the Group's segments and unallocated costs was:

	2017	2016	2016 at constant currency
BNE Europe	**37.0**	35.1	35.7
BNE NA	**8.3**	7.9	8.3
Energy	**6.4**	5.4	5.4
AAP	**15.3**	14.2	15.1
Total segment profit	**67.0**	62.6	64.4
Unallocated costs	**(8.5)**	(6.7)	(6.7)
Underlying operating profit	**58.5**	55.9	57.7

Each segment grew or maintained profit at constant currency, whilst central unallocated costs increased, mainly due to board changes during the year.

Built and Natural Environment - Europe

	2017	2016	2016 at constant currency
Fee income (£m)	**287.6**	269.0	275.0
Segment profit * (£m)	**37.0**	35.1	35.7
Margin (%)	**12.9**	13.1	13.0

* after reorganisation costs: 2017 £nil, 2016 £0.5m

Market conditions were generally good for all our businesses. Our planning and development businesses in UK and Ireland benefited both from good market conditions and client confidence in respect of both private sector development as well as public infrastructure projects. However, this business suffered from a troubled engineering design project. This project incurred a loss of £2.1m in the year. Our water business, which has a strong market presence, traded particularly well in what is the mid period of the current Asset Management Plan regulatory cycle. Our other operationally focussed businesses, in the Netherlands and our environmental risk and management businesses in the UK also traded well.

In Norway we have two leading project management businesses. In total they grew year-on-year and have progressed their integration that impacted results in the second half of the year.

The UK decision to leave the EU could cause disruption to activities if clients change their investment plans. We are seeing little sign of this yet. Subject to market conditions remaining supportive, this business is capable of further growth in 2018.

Built and Natural Environment - North America

	2017	2016	2016 at constant currency
Fee income (£m)	**76.2**	65.4	67.9
Segment profit * (£m)	**8.3**	7.9	8.3
Margin (%)	**10.9**	12.0	12.2

* after reorganisation costs: 2017 £0.2m, 2016 £0.3m

The strong economic fundamentals of the US market supported fee growth in our infrastructure and our environmental risk business. Our ocean science business, which is oil and gas exposed, benefited from an increase in activity in the second half. However, margins remain under duress from increased cost pressure in all our markets and were adversely impacted by Hurricane Harvey that led to some lost productivity in our businesses in Texas. Generally good market conditions will be supportive in 2018 although the costs of investing in people will temper growth.

Energy

	2017	2016	2016 at constant currency
Fee income (£m)	**65.4**	71.5	72.7
Segment profit * (£m)	**6.4**	5.4	5.4
Margin (%)	**9.7**	7.5	7.4

* after reorganisation costs: 2017 £0.4m, 2016 £3.6m

We provide internationally recognised consultancy services to the oil and gas industry from bases in the UK, US and Canada.

We continued to match our costs to our workload whilst retaining multi-disciplinary capability. In 2017 we reversed £1.8m of debtor provisions (2016 £4.2m).

Although fees declined in 2017 our profits appear to have stabilised. Nevertheless, our Energy business performed less well than we expected at the start of the year and as previously mentioned the Board concluded that an impairment of its goodwill was appropriate. Energy has been a significant contributor to Group performance since we entered the market in 2003. We remain committed to the oil and gas market and have a strategic aim of revitalising our Energy business in oil and gas and in the broader energy market.

Markets remained difficult throughout the year although the rise in oil price in the second half of the year suggests that activity levels in our key upstream sectors may not decline any further and some fee growth is possible. A similar level of provision reversals is unlikely and therefore profit growth is uncertain.

Australia Asia Pacific

	2017	2016	2016 at constant currency
Fee income (£m)	**135.0**	130.1	138.7
Segment profit * (£m)	**15.3**	14.2	15.1
Margin (%)	**11.3**	10.9	10.9

* after reorganisation costs: 2017 £0.6m, 2016 £1.2m

The reduction in fees on a constant currency basis was due mainly to a reduced level of activity at our oil and gas related businesses in Western Australia. Government infrastructure and land development markets were buoyant and provided good workload for most of our East coast businesses. Our project management business performed well benefiting from an active Australian defence sector. In the second half we provided £0.6m in respect of a loss making "gain share/pain share" project. The energy and resources sectors, mainly serviced by our west coast businesses, continued to struggle.

Market conditions in non-resource markets are generally good in our east coast businesses. However, our smaller west coast businesses face weak resource markets. Overall, this business is capable of further growth in 2018.

GROUP PROSPECTS

2017 has been a year of steady progress for the Group in terms of overall trading performance and good progress in establishing strategic priorities. The Board anticipates further growth in 2018. Trading conditions in our markets other than energy are generally good. Our investment in strategic priorities will drive performance in 2019 and beyond. Our strong cash flow and reduced leverage will enable us to make carefully targeted acquisitions to deepen the services we offer clients. The new strategic priorities provide a foundation to build on our strong existing platform and deliver long term shareholder value.

JOHN DOUGLAS

Chief Executive

1 March 2018

FINANCE REVIEW

The Group delivered a good trading performance in 2017 with PBTA of £53.9m showing a 6% increase over last year.

GARY YOUNG FINANCE DIRECTOR

PERFORMANCE SUMMARY

We have had a good year and I am pleased with the progress made. Our PBTA was £53.9m, an increase of 6% over last year (2016: £50.7m), on fee income that increased by 5% to £562.3m (2016; £534.3m). After taking into account a goodwill impairment charge of £40.0m (2016: £nil) in respect of our Energy business, amortisation of acquired intangibles and loss on disposal, we realised a loss before tax of £1.6m (2016: profit £32.8m). We believe that PBTA and underlying operating profit are more representative measures of performance than statutory measures as the inclusion of amortisation and impairment of intangible assets and transaction related costs ("A") may give a distorted view of performance.

The Group's results for the year are summarised in the table below:

	2017	2016	2016 (constant currency)
KEY FINANCIAL PERFORMANCE METRICS			
Revenue	**£630.6m**	£594.5m	£614.8m
Fee income	**£562.3m**	£534.3m	£552.5m
Underlying operating profit	**£58.5m**	£55.9m	£57.7m
Underlying operating margin	**10.4%**	10.5%	10.4%
PBTA	**£53.9m**	£50.7m	£52.4m
Adjusted basic earnings per share	**17.13p**	16.60p	16.58p
Amortisation and impairment of intangible assets and transaction related costs	**£55.5m**	£17.9m	£18.7m
STATUTORY REPORTING			
Operating profit	**£2.9m**	£38.0m	£38.9m
PBT	**£(1.6)m**	£32.8m	£33.7m
Statutory basic earnings per share	**(7.52)p**	11.35p	11.29p

Underlying operating profit was £58.5m (2016 £55.9m) at a similar margin on fees of 10.4% (2016 10.5%). Each of our businesses performed well during the year and grew segment profit. Unallocated expenses were £8.5m, substantially higher than in 2016 (£6.7m) due to costs associated with board changes in the year.

NET FINANCE COSTS

Net finance costs were £4.5m (2016 £5.2m). The year on year decrease was primarily the result of less interest on deferred consideration that reduced significantly during the year.

TAX

The effective tax rate for the year on profit before tax, amortisation of acquired intangibles and transaction related costs is 29.6% (2016: 27.7%). The increase is due to a lower level of tax relief available on intercompany funding provided to the US from the UK.

The income tax expense for the year was £15.1m (2016: £7.7m) on a loss before tax of £1.6m (2016: profit £32.8m). The loss before tax was significantly distorted by the impairment of goodwill which was not deductible for tax purposes. When the impact of this is excluded the rate was 39.2% (2016: 23.6%).

Significant changes to tax rules have been made in the US which came into effect on 1 January 2018. The main changes of relevance to us are the reduction in the Federal tax rate from 35% to 21%, the requirement to pay a one-off repatriation tax of between 8%-15.5% of undistributed profits in US foreign subsidiaries and the introduction of a restriction in the amount of interest expense relief available. The impacts in 2017 are a c. £2.4m charge relating to the reduction in the Federal tax rate which reduced US deferred assets mainly relating to future goodwill deductions and a c. £0.2m charge relating to the repatriation tax. On an ongoing basis, all other things being equal, the net impact of the tax changes in the US will be a small reduction in the effective tax rate.

EPS

Adjusted basic EPS was 17.13p, an increase of 3% over last year (2016 16.60p). Adjusted diluted EPS was 17.01p (2016 16.51p). The Board consider that adjusted EPS, which is statutory EPS excluding the amortisation and impairment of intangible assets and transaction related costs and the tax thereon, provides a more useful indication of performance and trends over time. Statutory basic EPS was (7.52)p (2016 11.35p).

AMORTISATION AND IMPAIRMENT OF INTANGIBLE ASSETS AND TRANSACTION RELATED COSTS

Amortisation and impairment of intangible assets and transaction related costs totalled £55.5m (2016 £17.9m). Included in this total is goodwill impairment of £40.0m (2016 £nil), in respect of our Energy businesses in EAME and North America amortisation of acquired intangibles £12.8m (2016 £17.5m), loss on disposal of business £2.7m (2016 £nil) and other items £nil (2016 £0.4m).

The goodwill impairment charge of £40.0m relates to the impairment of our oil and gas exposed energy businesses in Europe and North America. They performed close to budget during the first half of 2017 and whilst trading improved in the second half it was less good than expected despite the increased oil price. The Board has reviewed the prospects for the oil industry and the potential demand for our services and considers them to be lower than at the last review. Accordingly, our impairment review at the year-end incorporated a lower forecast for cash generation than at the last review, which has resulted in the goodwill impairment.

Since 2003, when we made our first acquisition, we have acquired Energy businesses for total consideration of c £130m, generated segment profit in excess of £300m and significant post tax cash flows. Energy acquisitions were the first investments RPS made in Australia and North America and provided the platform for expansion into the built and natural environment markets in those regions.

We remain committed to the oil and gas sector and we have a strategic objective to develop a leading, global and innovative oil and gas business.

The loss on disposal relates to the sale just before the year end of our pipeline approval business in Canada. Proceeds were £0.2m and the largest component of the loss being a provision for an onerous property lease of £2.4m.

FOREIGN EXCHANGE

Approximately 67% of underlying operating profit was derived from operations other than in UK, mainly in Australia, US, Norway, Netherlands, Ireland and Canada. The Group's consolidated results are therefore significantly exposed to the effect of exchange rates when translating the results of non-UK operations into sterling.

The results in 2017 benefited from favourable currency movements on the conversion of overseas results. PBTA in 2017 would have been £2.2m lower had 2016 exchange rates been repeated in 2017. The PBTA in 2016 would have been £1.7m higher than reported if 2017 exchange rates have prevailed in 2016. Statutory profit in 2016 would have been £0.9m higher than reported if 2017 exchange rates prevailed in 2016.

BORROWINGS AND CASH FLOW

Net bank borrowings at the year-end were £80.6m (31 Dec 2016 £83.4m). Net cash from operating activities remained strong at £43.7m (2016 £62.3m) albeit down on the previous year. This reduction was largely the result of a working capital increase in the year of £6.1m compared to a decrease of £11.5m in 2016. The Group continues to focus on its management of working capital, and our conversion of profit into cash was good at 91% (2016: 117%).

Net cash used in investing activities was £21.1m (2016 £38.1m), mainly comprising expenditure on deferred consideration for acquisitions of £12.9m (2016 £23.7m), net capital expenditure of £8.4m (2016 £7.9m) and new acquisitions in the year £nil (2016 £6.6m). The amount paid in respect of dividends was £22.0m (2016 £22.5m).

Deferred consideration outstanding at the year-end was £1.8m (31 December 2016 £15.0m), the lowest for many years. Our leverage (being net bank debt plus deferred consideration expressed as a ratio of adjusted EBITDA) calculated in accordance with our bank's financial covenants was 1.3x at the year end, down from 1.6x at the end of 2016.

BANK FACILITIES

The Group's main bank facility is a committed multi-currency revolving credit facility totalling £150m which expires in July 2020. £41.4m was drawn at the year-end resulting in headroom of £108.6m. The margin payable on the drawn funds is variable dependent on the leverage of the Group which is tested at 31 December and 30 June. The loans drawn at the year-end have tenors of up to one month.

The Group issued 7 year US private placement notes of $34.1m and £30.0m in September 2014. They are non-amortising and carry fixed interest of 3.84% pa and 3.98% pa respectively. These notes represent the Group's core debt.

DIVIDENDS

The total (paid and proposed) dividend for the year is 9.88p per ordinary share (2016 9.74p) and amounts to £22.1m. The proposed final dividend of 5.08p (2016 5.08p) will be paid on 18 May 2018 to shareholders on the register of members at the close of business on 20 April 2018 subject to approval at the Annual General Meeting on 1 May 2018.

CAPITAL STRUCTURE

As at 31 December 2017 the Group had shareholders' funds of £369.8m (2016 £411.3m). The Company had shareholders' funds of £283.6m (2016 £331.7m) and 224.8m fully paid ordinary shares in issue at 31 December 2017 (2016 223.4m).

CAPITAL ALLOCATION POLICY

We intend to create long term shareholder value by growing organically and through prudent, selective acquisition in due course. To support organic growth we plan to re-invest capital in our business. We are currently modernising and improving our HR and marketing functions as described further in the strategy section.

We intend to operate with a leverage up to 2.0x unless immediately following an acquisition, which provides substantial headroom compared to our current facilities limit of 3.0x. The full year dividend represents 58% (2016: 59%) of adjusted basic earnings per share. Prior to 2015 the dividend pay-out ratio was less than 40%. The Board's view is that the current ratio is too high and future pay-out should be more in line with this previous norm. Considering the above, whilst the Board has no current intention of reducing the future full year dividend, increases are only likely when earnings grow and the pay out ratio is at or around this level.

BASIS OF PREPARATION AND NEW ACCOUNTING STANDARDS

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the EU and International Financial Reporting Standards Interpretations Committee (IFRS IFRIC) interpretations issued and effective at the time of preparing the financial statements. The Group's principal accounting policies are detailed in note 1 to the accounts on pages 68 and 69.

Two new accounting standards are applicable to the Group from 1 January 2018. The impact of IFRS 15 "Revenue from contracts with customers" on revenue recognition is expected to be immaterial. The impact of IFRS 9 "Financial Instruments" will be immaterial as well. Further details are provided in note 2 on page 72.

IFRS 16 "Leases" is applicable from 1 January 2019. We have commenced work on this standard and expect that most of our operating lease obligations will be capitalised and included in the balance sheet.

GARY YOUNG

Finance Director

1 March 2018

The Strategic Report was approved by the Board and signed on its behalf by

JOHN DOUGLAS

Chief Executive

1 March 2018

THE BOARD

L - R: ALLISON BAINBRIDGE
ROBERT MILLER-BAKEWELL
JOHN DOUGLAS
GARY YOUNG
KEN LEVER
LIZ PEACE

KEN LEVER

Non-Executive Chairman

Ken Lever joined the Board in November 2016 as Group Chairman. Ken is a Chartered Accountant and his previous experience includes spells as Finance Director of Alfred McAlpine Plc, Albright and Wilson Plc and Tomkins Plc. Prior to that he was a partner at Arthur Andersen. He was Chief Executive of Xchanging Plc between 2010 and 2015 and currently holds Non-Executive positions at Biffa Plc, Blue Prism Group Plc, Gresham House Strategic Plc and Vertu Motors Plc.

Ken is Chairman of the Nomination Committee.

JOHN DOUGLAS

Chief Executive

John Douglas joined the Board on 1 June 2017 and assumed the role of Chief Executive with effect from 1 September 2017.

John was previously Chief Executive of Coffey International Limited, a business listed on the Australian Stock Exchange which operated in markets similar to RPS. Prior to that he worked with Boral, an international building material group, latterly as Divisional Managing Director. John had previously worked as a consultant with Boston consulting Group as well as for a number of engineering companies. John is a civil engineer from Adelaide University and has a MBA from London Business School.

GARY YOUNG

Finance Director

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.

ROBERT MILLER-BAKEWELL

Independent Non-Executive Director

Robert joined the Board in 2010 and is serving a third 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.

Robert is Chairman of the Remuneration Committee as well as being a member of the Audit and Nomination Committees and Senior Independent Director.

ALLISON BAINBRIDGE

Independent Non-Executive Director

Allison was appointed to the Board on 1 June 2017 and is serving an initial three year term. She is the Group Finance Director of Vp plc ("Vp"), a quoted specialist in the equipment rental business serving international markets including rail, water, construction, civil engineering, house building and oil and gas. Prior to that she was Finance Director at Yorkshire Water and Kelda Group, having initially trained and qualified as a Chartered Accountant with Price Waterhouse. Allison graduated in economics from Birmingham University and went on to take an MA in economics at Leeds University.

Allison is Chairman of the Audit Committee and a member of the Nomination Committee.

LIZ PEACE

Independent Non-Executive Director

Liz Peace was appointed in July 2017 and is serving an initial three year term. She has extensive senior level experience spanning both public and private sectors. Between 2002 and 2014 she was Chief Executive of the British Property Federation having previously served for 12 years as Company Secretary and Director of Corporate Affairs for QinetiQ plc. Prior to that Liz held various senior positions within the Ministry of Defence. She was awarded the CBE in 2008. Liz currently holds a number of other non-executive, voluntary and advisory positions including Chair of the Shadow Government Property Agency and Chair of Old Oak and Park Royal Development Corporation.

Liz is a member of the Audit, Remuneration and Nomination Committees.

REPORT OF THE DIRECTORS

The Directors present their report together with the audited financial statements of RPS Group Plc and its subsidiary undertakings (the 'Group') for the year ended 31 December 2017. Certain matters that would otherwise be disclosed in the Report of Directors are reported elsewhere in the Annual Report and Accounts. The Report of Directors' should therefore be read in conjunction with the Strategic Report on pages 6 to 25, the Corporate Governance Report on pages 32 to 56 and other parts of the Report and Accounts as referred to below.

DIRECTORS

The Directors of the Company as at 31 December 2017 were those listed on page 27. The changes to the Board that occurred in the year are as detailed on page 33. The Directors' interests in the share capital of the Company are as shown in the Annual Report on Remuneration on page 47.

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

RESULTS AND DIVIDEND

The Consolidated Income Statement is set out on page 64 and shows the profit for the year. The Directors recommend a final dividend of 5.08p (2016: 5.08p) per share which, subject to approval at the Annual General Meeting to be held on 1 May, will be paid to shareholders on 18 May 2018. This together with the interim dividend of 4.80p (2016: 4.66p) per share paid on 13 October 2017 gives a total dividend of 9.88p (2016: 9.74p) per share for the year ended 31 December 2017.

STRATEGIC REPORT

The Group's Strategic Report can be found on pages 6 to 25 This report is required to contain a fair review of the Company's business and a description of the principal risks and uncertainties that it faces. The Strategic Report contains certain forward looking statements with respect to the financial condition, results of operations and businesses of RPS as well as likely future developments. 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. Nothing in the Strategic Report should be construed as a profit forecast.

Financial key performance indicators can be found on page 23. The Directors review performance using these Alternative Performance Measures (APMs) as defined in Note 3 to the Consolidated Financial Statements. The APMs used exclude certain items that the Board believes distort the trading performance of the Group. These items are either acquisition and disposal related or they are non-cash items. The Board does not at present 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.

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.

The Group develops and delivers innovative technical solutions to its clients, the costs of which are expensed to the Consolidated Income Statement. The Group obtains enhanced tax relief for these costs in the United Kingdom and has adopted the RDEC (research and development expenditure credit) regime.

CORPORATE GOVERNANCE

The Directors' report on corporate governance can be found on pages 32 to 56 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 16 to 18.

CORPORATE RESPONSIBILITY

The Group's corporate responsibility statement is included on pages 16 to 19. 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 22 February 2018.

	No. of shares	Percentage
Aberforth Partners	22,130,041	9.84
UBS Asset Management	11,826,682	5.26
Neptune Investment Management	10,782,847	4.79
NBIM	8,281,957	3.68
Dimensional Fund Advisors	7,847,980	3.49
Montonoro Investment Managers	6,792,574	3.02

GOING CONCERN

The Group's business activities, a review of the 2017 results together with factors likely to affect its future development and prospects are set out on pages 20 to 25. Note 17 to the Consolidated Financial Statements sets out the borrowings of the Group and considers liquidity risk, whilst note 27 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 continuation of difficult conditions within its 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 at least twelve months from the date of approval of the financial statements. 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 15.

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. This confirmation is given and should be interpreted in accordance with the provisions of s.418 of the Companies Act 2006.

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) including FRS102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland." 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 27 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 requirements of the Takeover Directive.

Share Capital

As at 31 December 2017 the Company's issued share capital consisted of 224,817,001 ordinary shares of 3p each. Substantial shareholder interests of which the Company is aware are shown above on page 29.

Shareholder Rights and Restrictions

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. Holders of ordinary shares may receive interim dividends approved by the Directors and dividends declared in general meetings. On liquidation and subject to a special resolution, the liquidator may divide among members in specie the whole or any part of the assets of the Company. There are no shares in issue that carry special rights with regard to control of the Company and 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

Directors are appointed by ordinary resolution at a general meeting of the shareholders. The Board can appoint a Director but any Director 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 47.

Change of Control

The Company's debt facilities include provisions that take effect on a change of control and which provide that the Company may be unable to draw down any further amounts and/or that such facilities may be cancelled, thus restricting the Company's ability to operate.

LISTING RULE 9.8.4C

Pursuant to listing rule 9.8.4C the Company is required to disclose that 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.

DIRECTORS' INDEMNITIES

Directors and Officers of the Company benefit from directors' and officers' liability insurance cover in respect of legal actions brought against them. In addition Directors are indemnified under the Company's articles of association to the maximum extent permitted by law, such indemnities being qualifying third party indemnities.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 1 May 2018. 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

1 March 2018

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

Registered in England No. 02087786

CORPORATE GOVERNANCE

Introduction

Following a period of significant change the Board possesses an appropriate balance of skills and experience and is performing with increasing effect.

KEN LEVER CHAIRMAN

CHAIRMAN'S INTRODUCTION

The Group's detailed Annual Corporate Governance Report together with supporting reports from the Chairman of each of the Board's three principal committees and can be found on the following pages. These are intended to give shareholders an understanding of the Group's corporate governance arrangements and how they operated during the period. As Group Chairman it is, however, appropriate for me to provide some general overview and pick up on a number of key points.

CHANGE AND PERFORMANCE

The changes at Board level are detailed in the Annual Report of the Nomination Committee. The Board as now constituted incorporates a strong and appropriate balance of skills and experience. With such significant changes a period of adjustment is required, however, the Board is performing with increasing effect. The review of effectiveness, which I led towards the end of the year, and which was then considered by the Board, is described in the Annual Governance Report. No major issues of concern were identified, although some areas for improvement were noted which will be addressed in 2018. Overall the exercise confirmed that progress has been made. Whilst we had previously contemplated undertaking an external review of performance we concluded that against the backdrop of the major changes of Board membership such an exercise would be premature. We will give further consideration to undertaking an externally facilitated review during 2018.

GOVERNANCE FRAMEWORK

The opportunity was also taken to review and clarify the overall governance framework within which the Board operates. The Board considered and adopted a charter within which the key elements of this framework are captured. The opportunity was taken to clarify the respective roles Chairman, Chief Executive and Non-Executives, as well as reviewing and updating Board Committee terms of reference. In addition the schedule of those matters that are reserved for the Board's decision was reviewed and updated to ensure that the Board has oversight in appropriate areas whilst vesting sufficient authority in the executive to enable effective day to day management of the Group. The Board will review its charter and the terms of reference on an annual basis.

The Board's agenda strikes an appropriate balance between review of performance as well as strategy, planning and the management of risk. Whilst in a people business risk management and internal control needs to remain an integral part of our culture the Group's formal systems of risk management and internal control continue to develop as outlined in the Annual Corporate Governance Report.

ENGAGEMENT

Notwithstanding the formal framework within which the Board operates, it is important that it remains connected with and understands the wider business. The strategy review that was conducted in the year is described elsewhere in the Annual Report, but it is pleasing that at the time the Board discussed the recommendations of the Executive, the Board actively engaged not only with the Executive Directors but also with the Group's principal business leaders. During 2018 the Board intends to meet at a number of the Group's business locations where the opportunity will be taken to fully engage with local management.

We will continue to strive to ensure that the Board achieves an appropriate balance of its corporate governance, business performance evaluation and strategy assessment activities.

KEN LEVER
Chairman

1 March 2018

CORPORATE GOVERNANCE
Annual Report

OVERVIEW AND COMPLIANCE

The Chairman's statement which appears on page 32 incorporates comments relating to the governance of the Group and provides a backdrop to this detailed report. During the year the Board considered and then adopted a charter incorporating the key aspects of the Group's governance arrangements. This includes the definition of roles, responsibilities and authorities as applicable to Board, its Committees and individual directors. The Board is pleased to report that throughout the year the Company complied with all provisions of the UK Corporate Governance Code 2016 (the 'Code') as applicable to a small market capitalisation company. This report and the following report of the Committee Chairmen describe the structures, processes and events through which compliance is achieved.

BOARD STRUCTURE

At the date of this report the Board comprised two Executive Directors, three Non-Executive Directors and the Chairman. Whilst this general structure has remained unchanged, a number of personnel changes occurred during the year. On 1 June 2017 John Bennett stood down as a Director with Allison Bainbridge being appointed with effect from the same date. Liz Peace joined the Board on 11 July 2017 and Louise Charlton retired as a director on 4 August 2017. In addition John Douglas joined the Board as Chief Executive Designate on 1 June 2017 and assumed the role as Chief Executive on 31 August 2017, at which time Alan Hearne retired as a Director.

The Board Charter referred to above incorporates descriptions of the distinct roles of the Chairman and Chief Executive. The Chairman provides leadership to the Board of Directors, sets its agenda and is responsible for its overall effectiveness and performance. This includes ensuring that all Directors are in receipt of timely information in order to take a full and constructive part in Board discussions. The Chairman, with the involvement of the Executive Directors, also seeks to ensure effective communication with shareholders and will meet with major shareholders as reasonably required. The Chief Executive is responsible for all executive management matters within the Group. This incorporates the development of Group strategy, budgets and business plans as well as providing effective executive leadership and developing a culture which strikes an appropriate balance between entrepreneurship and the management of risk.

The role of the Non-Executive Directors is to provide independent and considered advice to the Board in matters of strategy, risk and performance, whilst providing governance oversight through operation of the Board's Committees. The Board is satisfied that all Non-Executives are independent and that there are no circumstances or relationships that may affect judgements. In particular none of the circumstances detailed in provision B.1.1 of the Code apply. The Chairman and the Non-Executive Directors are generally 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.

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. Separate reports from each of these Committees can be found on pages 36 to 56. The Chairman of each Committee provides regular updates at Board meetings.

John Douglas, Allison Bainbridge and Liz Peace having been appointed during the year will all be subject to election at the forthcoming Annual General Meeting. All Directors are subject to annual re-election by shareholders.

BOARD RESPONSIBILITIES

The Board Charter incorporates a comprehensive schedule of matters that are reserved for its decision and which include the following.

- determination of the Group's overall strategy
- the approval of annual budgets and business plans
- financial reporting including annual and half year results and market updates
- the recommendation and approval of dividends and other capital distributions
- the approval of material corporate transactions including all acquisitions
- the approval of policies and systems for risk management and internal control
- the appointment of key advisers to the Group
- the approval of major items of capital expenditure
- any substantive change in the nature of the Group's activities

Matters falling outside of the Board's reserved list are delegated to the Group executive under the leadership of the Chief Executive. Responsibilities are, subject to clear written limits, delegated further to the Group's Business segments and in turn within each segment. The Group Leadership Team, which meets regularly throughout the year, retains operational oversight of the Group's activities. This team currently consists of the Chief Executive, the Group Finance Director, the Group Marketing Director and the Group's four principal business leaders.

BOARD OPERATION

The Board has eight scheduled meetings during the year, but will meet on other occasions should circumstances require. The Board's agenda seeks to achieve a balance between review of performance, the development of strategy, the management of risk and regulatory obligations. During the year the following items were considered at each meeting.

- Safety performance
- Financial and business performance
- Strategic priorities
- Emerging risks
- Material employment issues
- Significant litigation
- Investor and City relations

In addition and at the appropriate point the Board also considered.

- The Group's Annual Budget
- Significant Market Announcements
- Group results and the Annual Report and Accounts
- Board Performance
- Review of internal control and risk management
- Dividends and Dividend Policy
- Reports from Board Committee Chairmen
- Other matters reserved for Board approval

The Board also conducted a two day strategy workshop in conjunction with the Group's principal business leaders following which the strategic priorities described on pages 10 and 11 were endorsed.

Detailed papers are made available in of advance of meetings in support of relevant agenda items. During the year a Board portal through which papers are provided was adopted to improve speed and efficiency. The Company Secretary assists the Chairman in ensuring that Board procedures are followed and is available to assist directors generally as well as advising on matters of corporate governance.

Outside of Board meetings the Chairman has discussions with all Directors. The Chairman and Non-Executives meet without the Executive Directors present at least twice a year and the Non-Executives meet without the Chairman present at least one a year.

Each Director is required, in accordance with the Companies Act 2006, to declare any interests that may give rise to a conflict of interest with the Company on appointment and subsequently as they may arise. Where such a conflict, or potential conflict, arises the Board is empowered under the Company's articles of association to consider and authorise such conflicts as appropriate and subject to such terms as they think fit. No such conflict arose during the year under review.

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

	Full Board	Audit Committee	Remuneration Committee	Nomination Committee
Ken Lever	9	–	–	5
Alan Hearne*	6	–	–	–
John Douglas*	5	–	–	–
Gary Young	9	–	–	–
Robert Miller-Bakewell	9	3	8	5
John Bennett*	4	1	6	5
Louise Charlton*	5	–	7	5
Allison Bainbridge*	4	2	–	–
Liz Peace*	3	1	1	–
Number of meetings held	9	3	8	5

*served for part year only

BOARD PERFORMANCE

The Board undertakes an annual appraisal of its performance. As indicated above, 2017 has been a year of significant Board change and transition. Against that background it was concluded that a highly structured evaluation process would be of limited value at this point. A process was, however, undertaken whereby the Chairman engaged with all of the Company's Directors across a range of topics to ascertain any areas of concern and suggestions. The results of this exercise were then reported to and discussed with the Board as a whole. A number of priorities and notably the following were identified from this process:

- more timely production of Board papers linked to accelerated financial reporting;
- more engagement with businesses through visits and management presentations;
- reviewing the knowledge and training needs of the Non-Executive Directors and
- improved process and communication protocol between the Board and its Committees.

The Board will keep progress in these areas under review. A more structured review, which may involve the use of an external facilitator, will be undertaken during 2018.

TRAINING

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. The foregoing applied to all Directors appointed during the year. Advice is available from the Company's solicitors, auditors and brokers if required. Updates are provided on key technical issues as required including those relating to corporate governance and corporate social responsibility. During the year the Chairman and Non-executive Directors met with and received presentations from the Managing Directors of three of the Group's operating segments and engaged with the Group's various businesses more generally.

The Non-Executive Directors have access to a training academy managed by Deloitte LLP.

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 responds to enquiries from shareholders and others with an interest in the Group as required.

In addition to presentations of full and half-year results, the Executive Directors hold meetings with the Company's principal shareholders to discuss the Company's strategy and performance. The Chairman and Senior Independent Director also meet with major shareholders from time to time. An investor relations update is provided 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.

RISK MANAGEMENT AND INTERNAL CONTROLS

Overview

The Board retains overall responsibility for setting the Group's risk appetite as well as risk management and internal control systems. In accordance with this obligation 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 12 to 15.

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 Assurance Manager 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. Trading in financial instruments is not permitted.

Base Controls

During the year the Group Assurance Manager commenced the introduction of an internal control self-assessment system throughout the Group. This requires the Finance Directors of the Group's operating units to regularly assess the controls they operate against a standard set of base controls and to ensure that any shortcomings identified are mitigated or new controls put in place. The process of assessment and implementation of controls is underway and preliminary assessment indicates that appropriate controls are in place.

Delegated Authorities

A system of delegated authorities, whereby the incurring of expenditure and assumption of contractual commitments 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. The Audit Committee also maintains a brief to keep the overall systems of internal control under review. During the year a detailed review of the Group's system of internal control and risk management was undertaken and reviewed by the Board. The Board and the Audit Committee were satisfied that the systems in place are appropriate and effective.

The respective responsibilities of the Directors and the independent auditors in connection with the accounts are explained on pages 29 to 30 and 62 and the statement of the Directors in respect of going concern appears on page 29. The long term viability statement is set out on page 15.

TAKEOVER DIRECTIVE

Disclosures required under the Takeover Directive are included on pages 30 and 31 and form part of the Group's Corporate Governance report.

NOMINATION COMMITTEE REPORT

The Nomination Committee ensures that membership of the Board and its Committees remains appropriate for the delivery of value to shareholders and other stakeholders.

KEN LEVER CHAIRMAN OF THE NOMINATION COMMITTEE

I am pleased to report to shareholders in my capacity as Chairman of the Nomination Committee. The report outlines the key responsibilities of the Committee and activities during the year. As outlined below 2017 has been a year of significant change at Board level.

MEMBERSHIP AND MEETINGS

In addition to me as Chairman, all of our Non-executives directors, Allison Bainbridge, Robert Miller-Bakewell and Liz Peace are current members of the Committee. Allison and Liz both joined the Committee on their respective appointments to the Board as at 1 June and 11 July 2017. John Bennett and Louise Charlton served on the Committee for part of the year with both standing down at the time of their retirements from the Board. The Company Secretary acts as Secretary of the Committee whilst Executive Directors and external agents may be asked to attend as required. Given the significant Board changes that occurred, the Committee met on a total of five times during the year.

RESPONSIBILITIES AND ACTIVITIES

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. The Committee also maintains an ongoing brief to consider succession planning at Board and Senior Executive level.

All of these activities were undertaken during the year, a number of which are described in more detail below. The Committee has written terms of reference which are available on the Company's website.

BOARD CHANGES

During the year the Committee led the process to appoint a new Group Chief Executive as successor to Alan Hearne. For this purpose a detailed specification for the role was prepared and Spencer Stuart were appointed to undertake an international search process. Spencer Stuart has no other connections with the Group. A number of credible candidates were identified who were interviewed by the Committee and undertook a structured assessment process managed by Spencer Stuart. John Douglas was then identified as the favoured candidate and was given the opportunity to meet with the Executive Directors. Following this process the Board discussed and accepted a recommendation from the Nomination Committee that John Douglas be appointed to the Board and, following a brief period of transition, be appointed as the Group's new Chief Executive.

During the year and with the retirement of John Bennett and Louise Charlton, Allison Bainbridge and Liz Peace were both appointed as new Non-Executive Directors. Detailed specifications were also prepared for these roles and a search process conducted through Spencer Stuart, following which recommendations were made to and accepted by the Board. In selecting new Non-Executives the Committee was mindful of the need to retain an appropriate balance of skills and experience on the Board. Allison Bainbridge as a Chartered Accountant and Finance Director of a listed company was an appropriate candidate to assume Chairmanship of the Audit Committee. Liz Peace has extensive corporate and commercial experience including within the areas of property and infrastructure development.

ELECTION AND RE-ELECTION OF DIRECTORS

As in previous years and in accordance with the UK Governance Code all directors will stand for election or re-election at the Annual General Meeting. The range of skills and experience offered by the current Board is highlighted on page 27. The Committee and the Board consider the performance of each of the Directors standing for election or re-election to be fully satisfactory and that they have demonstrated ongoing commitment to their roles. The Board therefore strongly supports the election or re-election of all directors and recommends that shareholders vote in favour of the relevant resolutions at the Annual General Meeting.

BOARD MEMBERSHIP AND DIVERSITY

In considering appointments to the Board the Committee evaluates the skills, experience and knowledge required for a particular role with due regard to the benefit of diversity. Whilst the Committee will look to recruit the best available candidate for any role, the Company has previously set and announced a target that a minimum of 25% of its Board should be female. Following the appointment of Allison Bainbridge and Elizabeth Peace to the Board, the Committee is pleased that this target is currently satisfied. The Committee will continue to take account of diversity generally in its future deliberations. Diversity within the Group more generally is referred to in the Corporate Responsibility Report on page 17.

KEN LEVER

Chairman of the Nomination Committee

1 March 2018

AUDIT COMMITTEE REPORT

The Audit Committee provides an independent overview of the effectiveness of the internal financial control systems and financial reporting processes.

ALLISON BAINBRIDGE CHAIR OF THE AUDIT COMMITTEE

I am pleased to present our Audit Committee report for the year-ended 31 December 2017. The report below describes the Committee's ongoing responsibilities as well as the major activities undertaken in the year and its policies in a number of key areas.

MEMBERSHIP AND MEETINGS

There have been a number of changes in Committee membership during the year. On 1 June 2017, being the time of his retirement from the Board, John Bennett stood down as Chairman of the Committee and I joined in his place. Additionally Liz Peace joined the Committee on her appointment as a Director as at 11 July 2017. Although the Board considers that all members of the Committee have experience that is relevant to the role, as the serving Finance Director of a fully listed public company I am identified as the Committee member having recent and relevant financial experience. The Company Secretary acts as secretary of the Committee.

The Committee holds three regular meetings during the year, one to consider audit planning and one to coincide with each of the publication of Group's annual and interim financial results. Other matters which fall within the Committee's terms of reference are included on the agendas of these meetings as required. The Group Chairman, Group Chief Executive and Group Finance Director all attend the Committee's meetings and members of the Group Finance team are asked to attend from time to time. The Deloitte audit partner and director also attend meetings and with whom the Committee has a private session, at least once a year, without executive management present.

RESPONSIBILITIES AND ACTIVITIES

The Audit Committee provides an independent overview of the effectiveness of the financial reporting process and internal financial control systems. This incorporates the appointment of the external auditors including agreeing their terms of engagement at the start of each audit, the audit scope and the audit fee.

At the conclusion of the full-year audit and interim review the Committee receives a detailed report from the Auditors. The Committee reviews this report, as well as the integrity of the accounting statements. This includes ensuring that statutory and associated legal and regulatory requirements are met as well as considering significant reporting judgements and estimates, the adoption of appropriate accounting policies and practices and compliance with accounting standards. It also incorporates consideration of significant accounting issues as detailed below and advising the Board in relation to the fairness, balance and understandability of the annual report.

The Committee monitors the external auditor's effectiveness, independence and objectivity including the nature and appropriateness of any non-audit fees. Additionally the Committee assists the

Board in monitoring and reviewing the Group's system of internal control and risk management as described in the Corporate Governance Report. As part of this it reviews the Group's whistle blowing policy whereby employees may, on a confidential basis raise concerns with regard to improprieties relating to financial reporting, internal control or other matters.

All the activities detailed above were undertaken in the year, a number of which are described in more detail below. The Committee's detailed terms of reference can be found on the Company's website.

SIGNIFICANT ACCOUNTING ISSUES

In respect of the year under review and as part of its role in reviewing estimates and judgements made by management, the following significant issues were reviewed and in each case addressed as indicated.

Intangible assets

This classification of assets is by far the largest on the Group balance sheet and as such receives careful attention from the Board and Committee which need to be satisfied that its carrying value is appropriate. Goodwill impairment testing was undertaken on the November balance sheet. The Board and Committee considered the appropriateness of the cash generating units for goodwill testing and the assumptions and estimates used in the modelling, including approved budgets for 2018. The conclusion was that no impairment was necessary across the Group's Cash Generating Units ('CGU's) other than in respect of Energy EAME and Energy North America. In respect of these CGUs, both of which are directly exposed to the oil and gas industry, goodwill impairment provisions of £33.4m and £6.6m respectively are necessary. Consideration was also given as to whether there were any indicators of impairment in respect of other intangible assets. The Board and Committee agreed that no indicators of such impairment exist.

Recoverability of trade receivables and accrued income

The risk that trade debtors may not be collected and accrued income may not be billable and therefore be overstated in the accounts is considered by the Board at its regular meetings as part of its review of business performance. The Board also reviewed a detailed paper presented by the Group Finance Director on trade receivables and accrued income as at the end of September 2017 and concluded that both were then appropriately stated.

The Committee appreciates that there is estimation applied in the recognition of revenue but does not consider this to be a key area of risk. The number of projects undertaken at any time is large and there are relatively few that are individually material. The procedures in place for recognising revenue are well established and comprehensive financial review of monthly results provides a good level of assurance.

FAIR BALANCED AND UNDERSTANDABLE VIEW

Having reviewed the Report and Accounts, the Committee concluded and advised the Board that in its view the Report and Accounts for 2017, taken as a whole, is fair, balanced and understandable. The Board then separately considered this matter and concurred with the Audit Committee's recommendation. In reaching this conclusion the Committee and the Board were 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.

TRANSITION TO IFRS 15 AND IFRS 9

The Committee was kept appraised by the Group Finance Director of work being undertaken to ensure compliance with IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments". The impact of these standards is shown in note 2 on page 72.

FINANCIAL REPORTING PANEL

As part of the thematic review of companies' reporting, the Financial Reporting Panel reviewed the 2016 Group disclosures relating to significant accounting adjustments and sources of estimation uncertainty. The panel confirmed that it had no substantive issues to raise in relation to their review, although made two suggestions as to how accounting disclosures might be improved for the future in two detailed unrelated areas. Both of these disclosures have been dealt with as suggested in the 2017 financial statements.

AUDITOR INDEPENDENCE

Deloitte LLP were appointed as Group Auditors in June 2012 following a tender process. As a matter of general policy audit partners are rotated at least every five years and the Group's policy is that the Group audit appointment should be retendered at least every ten years. The current Group audit partner is Andrew Bond who assumed this role prior to the interim review. The Committee ensures that the Group Auditors remain independent of the Group and reviews this on an annual basis. In that regard Deloitte provide a written report to the Committee on how they comply with professional and regulatory requirements designed to ensure their independence. The audit partner responsible for the Group's Australian entities is in his sixth year in the role. The Audit Committee considered the possible impact on independence and concluded that given ongoing re-organisation in Australia a sixth year could be justified in order not to compromise audit quality.

In addition and as part of its responsibility to ensure audit independence and objectivity, the Committee has adopted a policy in relation to the use of the Auditors for the provision of Non-Audit Services. Under the terms of this policy the provision of certain services are prohibited and include those listed below:

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

Notwithstanding the general prohibition in respect of certain services, any other Non-Audit service to be provided by the Auditors requires the approval of the Group Finance Director who will in turn refer the matter to the Audit Committee should any potential for conflict exist. The split between audit and non-audit fees for 2017 appears in note 9 on page 79.

RE-APPOINTMENT OF AUDITORS

As noted above 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. This assessment is based upon the Committee's interactions with the external Auditors and through feedback from finance teams across the Group. The Committee is satisfied that Deloitte continue to provide an effective service across the Group. and accordingly recommended to the Board that a resolution to re-appoint Deloitte as Auditors be proposed at the Annual General Meeting.

INTERNAL CONTROL AND AUDIT

The Committee also monitors the ongoing effectiveness of the Group's internal financial controls and risk management processes as described on page 35 as well as assisting the Board with its annual assessment of this area. Internal audit within the Group is undertaken by the Group Assurance Manager who has a dual reporting line to the Chairman of the Audit Committee and the Group Finance Director. The Group Assurance Manager undertakes a planned programme of reviews across the Group's operations that is approved in advance by the Audit Committee. Detailed reports are produced following each review and related follow-up actions identified. Summary reports are provided to the Audit Committee for consideration.

ALLISON BAINBRIDGE

Chair of the Audit Committee

1 March 2018

REMUNERATION COMMITTEE REPORT

Remuneration policy is designed to support both annual performance and the longer term delivery of RPS' strategic objectives.

ROBERT MILLER-BAKEWELL
CHAIRMAN OF THE REMUNERATION COMMITTEE

I am pleased to present the report of the Remuneration Committee for 2017. This consists of my Annual Statement which is set out immediately below and the Annual Report on Remuneration which follows on pages 44 to 56.

MEMBERSHIP AND MEETINGS

There have been a number of changes in Committee membership during the year. On 1 June and 4 August 2017 respectively being their dates of retirement from the Board, John Bennett and Louise Charlton stood down as members of the Committee. Liz Peace joined the Committee on 11 July being the date of her of joining the Board. The Company Secretary acts as secretary of the Committee.

The Committee held three regular meetings in the year timed to ensure the proper discharge of the activities described below and a number of other meetings to discuss specific issues largely associated with the change of Chief Executive that occurred during this period.

The Group Chairman attends the meetings of the Committee. The Group Chief Executive also attends, although will not be present when discussion relates to his own remuneration. Representatives from the Committee's advisers, PwC, attend meetings as and when required.

RESPONSIBILITIES AND ACTIVITIES

The Remuneration Committee is responsible for determining the overall policy for executive remuneration which is then subject to Board and shareholder approval. Within the context of shareholder approved policy the Committee is then responsible for determining the specific remuneration packages for the Executive Directors. This incorporates review of salaries as well as determining opportunities under incentive plans and performance conditions relating to those plans. Activities also include the determination of terms for any Executive leaving or joining the Board. The Committee's remit also provides for oversight of the level and structure of remuneration for the Group's senior executives immediately below Board level. In discharging these responsibilities the Committee takes account of employment conditions in the wider Group.

All the activities detailed above were undertaken in the year, a number of which are described in more detail below. The Committee's detailed terms of reference can be found on the Company's website.

The Committee is regularly updated by PwC on evolving governance expectations and anticipates that its remit will expand.

FRAMEWORK

The Company's current remuneration policy was approved by shareholders in November 2016, with 2017 being its first full year of operation. A summary of the policy is included within the Annual Report on Remuneration and the full policy statement is available on the Company's website at www.rpsgroup.com. Through this policy the Committee aims to ensure that remuneration is fair and competitive, whilst operating to retain and motivate the Company's Executive Directors in pursuit of the Group's corporate objectives.

The executive incentive plans in operation, as part of current policy, are the RPS Group Plc Short Term Annual Bonus Plan ('STABP') and the RPS Group Executive Long Term Incentive Plan ('ELTIP'). The latter operates over a three year period with the first awards having been made during the year. Details of these and the further awards which will be made to the Executive Directors in 2018 can be found in the Annual Report on Remuneration. The STABP, which operated for the first time in 2017, is an annual bonus plan linked to performance in the relevant year. The operation of the STABP and the outcomes for 2017 are described below.

As outlined on pages 10 and 11 and following review, the Board has adopted a number of strategic priorities. The Committee believes that the current structure of remuneration policy remains appropriate in facilitating both annual delivery of performance and achievement of these priorities.

In particular it believes that reward linked to shorter term performance of which PBTA forms the largest part, combined with longer term incentive linked primarily to growth in EPS and Total Shareholder Return is an effective way of measuring success in delivery of strategic objectives. The Committee will, however, keep this position under review as development of strategy and its execution continues.

PERFORMANCE AND OUTCOMES FOR 2017

The bonus opportunities for 2017 under the STABP were set at 150% of basic salary for John Douglas, 125% for Gary Young and 100% for Alan Hearne.

The performance conditions for the year related to PBTA (70%), cash collection (20%) and personal objectives (10%).

The threshold and maximum targets in respect of PBTA were set at £52m and £60m respectively for 2017. Actual PBTA for 2017 was £53.9m (2016: £50.7m), with the result that a partial bonus was earned in respect of this element. In respect of cash collection threshold and maximum were set at 85% and 105% respectively. Actual cash collection for 2017 was 91% (2016: 117%) and with the result that partial bonus was also earned in respect of this element.

The personal objectives for the year which are outlined on page 45 of the Annual Report on Remuneration related to operational priorities for the year in particular taking account of the change of Chief Executive. The Committee concluded that, as detailed on page 45, the objectives of all three participants had been met in full.

The table which appears on page 44 of the Annual Report on Remuneration details the bonus earned in respect of each element by each Executive Director and the total bonus payable. The total bonus earned by John Douglas and Alan Hearne was, in both cases, pro-rated to reflect the period served as a director in the year. Under the normal terms of the STABP 50% of bonus earned is payable in cash and 50% deferred in shares over a three year period. This will apply in respect of Gary Young, although John Douglas has elected to take all of his bonus in the form of deferred shares. In respect of Alan Hearne, who retired from the Board during the year, the total bonus will be paid in cash.

CHIEF EXECUTIVE APPOINTMENT

John Douglas joined the Board on 1 June 2017 and was appointed as Chief Executive with effect from 1 September 2017. In determining remuneration for a new Chief Executive the Remuneration Committee sought to provide a package which would attract a candidate of high calibre, whilst also taking account of relevant benchmarking data to ensure that remuneration was appropriate and in line with approved policy limits.

The basic salary for John Douglas was set at £495,000 which compares with £581,400 for the outgoing Chief Executive. John Douglas will participate in the STABP and ELTIP within prescribed limits. As indicated above he participated in the STABP in 2017 with, subject to pro-ration for time, a maximum overall opportunity of 150% of basic salary. He also received an initial award under the ELTP with an opportunity of 150% of basic salary. The opportunities available to the outgoing Chief Executive had in both cases been limited to 100% to take account of his higher basic salary.

John Douglas was required to relocate from Australia to assume his new role and an appropriate package has been provided to mitigate the additional costs and disruption entailed. Further details are included on page 44 of the Annual Report on Remuneration.

CHIEF EXECUTIVE RETIREMENT

Alan Hearne retired from the Board and as Chief Executive on 31 August 2017. At that time he received a total cash payment of £372,875 equal in value to six months' salary, pension allowance and benefits. As detailed above, he participated in the STABP until his retirement in respect of which he will receive a pro-rated payment in cash of £127,472. He received an award of 229,956 shares under the ELTIP during the year which will vest, subject to performance and pro-ration for time, on the normal vesting date. Alan Hearne also had a total of 91,959 shares deferred under the previous RPS Group Plc Bonus Plan which, in accordance with the rules of that plan, vested as at date of retirement.

In addition to the foregoing and in order that the Group can continue to have access to the substantial knowledge and experience amassed during a 36 year tenure as Chief Executive, the Company has entered into a twelve month consultancy with Alan Hearne at a fee equal to his previous basic salary of £581,400.

IMPLEMENTATION OF POLICY FOR 2018

The basic salaries of the Executive Directors were reviewed as at 1 January 2018 following which John Douglas' salary was unchanged and Gary Young's was increased by 2% to £316,200. John Douglas and Gary Young will participate in the STABP in 2018 with maximum opportunities at 150% and 125% of salary respectively. In respect of the ELTIP John Douglas will receive an award of shares equal to 150% of salary and Gary Young will receive an award equal in value to 125% of his salary. In accordance with what is now recognised best practice, the Committee has determined that a two year post-vesting holding period will apply to these awards. Further details of the terms of participation in these plans for 2018 are shown in the Annual Report on Remuneration on pages 53 to 55.

ROBERT MILLER BAKEWELL

Chairman of the Remuneration Committee

1 March 2018

ANNUAL REPORT ON REMUNERATION

This Report details how the Company's remuneration policy for Directors was implemented during the financial year ended 31 December 2017. It has been prepared in accordance with the provisions of the Companies Act 2016 and the Large and Medium-sized Companies and Group's (Accounts and Reports) Regulations 2008 (as amended in 2013) (the 'Regulations'). An advisory resolution to approve this report and the Annual Statement will be put to shareholders at the forthcoming Annual General Meeting.

DIRECTOR REMUNERATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (audited)

Executive Director's total single figure remuneration

The following table sets out the breakdown total of the remuneration received by each of the Executive Directors during the year under review, with the comparative figures for the prior financial year. Figures provided have been calculated in accordance with the Regulations.

Executive Director £000s	Base Salary or Fees		Benefits		Bonus		Long Term Incentives		Pensions		All Employee Share Plan		Total	
Year	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
Executive														
John Douglas	**289**	–	**124**	–	**142**	–	**–**	–	**58**	–	**1**	–	**614**	–
Alan Hearne	**388**	581	**13**	19	**127**	233	**–**	–	**97**	145	**2**	3	**627**	981
Gary Young	**310**	289	**16**	16	**127**	130	**–**	–	**47**	43	**4**	3	**504**	481

Notes:

1. Benefits - the value for benefits for each Executive Director shown is comprised of a company car or company car allowance and private medical insurance. In the case of John Douglas this also includes the grossed-up value of relocation assistance provided which is equal to £117,000. The net of tax amounts reimbursed comprised UK property rental costs (£33,000), air fares for family visits (£18,000), legal costs associated with recruitment (£3,000) and the costs of professional tax advice (£5,000). With the exception of assistance relating to taxation advice, all relocation assistance provided to John Douglas is time limited to March 2019. The value of assistance to be provided in 2018 is expected to be at a comparable level to 2017.
2. Pension - 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.
3. John Douglas joined the Board on 1 June 2017 and was appointed as a Chief Executive on 1 September 2017. His remuneration covers the period from the former date.
4. Alan Hearne's remuneration covers the period until his retirement from the Board and as Chief Executive on 1 September 2017. His remuneration arrangements are described in further detail on page 46.

Short Term Annual Bonus Plan outcomes for the financial year ending 31 December 2017 (audited)

For 2017 John Douglas, Alan Hearne and Gary Young had a maximum annual bonus opportunity of 150%, 100% and 125% of basic salary, respectively. For each Executive Director, the 2017 annual bonus determination was based on performance against PBTA, cash conversion and personal objectives. The annual bonus amounts for John Douglas and Alan Hearne were pro-rated for their service as directors during the year.

The table below provides information on the targets for each measure, actual performance and resulting bonus payment for each Executive Director.

		Performance required		Actual Performance		John Douglas[1]	Gary Young	Alan Hearne[2]
Measure	Weighting	Threshold (0% vesting)	Maximum (100% vesting)	Actual	% of element	Value £000	Value £000	Value £000
PBTA	70%	£52m	£60m	£53.9m	24	73	65	65
Cash conversion	20%	85%	105%	91%	30	26	23	23
Personal performance	10%	See following page.				43	39	39
					Bonus achieved in 2017	142	127	127

Notes

1. Annual bonus has been pro-rated for the 7 month period since joining the Board.
2. Annual bonus has been pro-rated for the 8 month period to retirement from the Board.

Performance against the personal objectives and the Committee's assessment of performance for each Executive Director is set out in the table below.

Director	Personal objectives set at the start of the year	Assessment against the targets
John Douglas	To (a) undertake a strategic review of the Group and to make recommendations for discussion with the Group Board and (b) taking account of the conclusion of the strategic review to produce a business plan for 2018.	An initial strategic review was, as detailed on pages 10 and 11, successfully concluded and linked to 2018 plans. The Committee was satisfied that this objective has been met in full.
Gary Young	To provide effective support and assistance with transition to a new Chief Executive.	A successful transition to a new Chief Executive was achieved in which Gary Young provided effective linkage and continuity. The Committee was satisfied that this objective was met in full.
Alan Hearne	To complete an effective handover to a new Chief Executive.	A detailed programme was put in place by Alan Hearne and implemented to assist John Douglas following his appointment. This was key to achieving a successful handover of responsibilities and the Committee was satisfied that this objective had been met in full.

The Committee has reviewed the overall bonus outcomes against corporate performance and believes that the bonuses earned are commensurate with the shareholder experience in 2017. Under the normal terms of the STABP 50% of bonus earned is payable in cash and 50% deferred in shares over a three year period. This treatment will apply in respect of Gary Young, although John Douglas has elected to take all of his bonus in the form of deferred shares. Alan Hearne having retired from the Board and in accordance with the STABP rules will be paid fully in cash.

Executive Long Term Incentive Plan ('ELTIP') awards vesting in the financial year ending 31 December 2017

There were no ELTIP awards vesting in the Financial Year ending 31 December 2017.

ELTIP awards granted in the financial year ending 31 December 2017 (audited)

The table below sets out the details of the ELTIP awards granted on 9 March 2017 to Alan Hearne and Gary Young, and on 8 June 2017 to John Douglas, where vesting will be determined according to the achievement of certain performance measures.

Director	Type of Award	Basis of award	Face value of Award at Grant Date (£)	Number of shares under option	Vesting date
John Douglas	Nil Cost Options	150% of salary	742,500	270,324	08-Jun-20
Gary Young	Nil Cost Options	125% of salary	387,500	153,265	09-Mar-20
Alan Hearne	Nil Cost Options	100% of salary	581,400	229,956	09-Mar-20

Notes

1. The number of shares to constitute these awards was calculated by reference to the average of the Company's closing share price over the period 6-8 March 2017 in respect of Gary Young and Alan Hearne, being 252.83p, and over the period of 5-7 June 2017, being 274.67p, in respect of John Douglas.

The awards will vest subject to achievement of the following targets.

Performance measure	Weighting	Measurement period	Performance target	Vesting level (% maximum)
Total Shareholder Return relative to the FTSE All Share	50%	Three years from date of grant	Upper Quartile	100%
			Median to Upper Quartile	Pro rata on a straight-line basis between 20% and 100%
			Below Median	0%
Average Annual Growth in Earnings Per Share (measured on a constant currency basis)	25%	Three financial years	12% p.a.	100%
			Between 4% and 12% p.a.	Pro rata on a straight-line basis between 20% and 100%
			Below 4% p.a.	0%
Cash conversion	25%	Three financial years	105%	100%
			Between 85% and 105%	Pro rata on a straight-line basis between 20% and 100%
			85% and below	0%

Share Incentive Plan ('SIP') awards granted in the financial year ending 31 December 2017 (audited)

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 2017.

EXECUTIVE DIRECTORS	Number of shares	Value of shares (£)
John Douglas	513	1,499
Gary Young	1,326	3,649
Alan Hearne	717	1,886

Shares are valued by reference to their price as at date of award. John Douglas and Alan Hearne participated in the SIP during their respective periods of service as directors.

Payments to past Directors (audited)

No payments were made to past Directors other than those to Phil Williams as reported in last year's Remuneration Report.

Payments for loss of office (audited)

The following sets out the remuneration entitlements for Alan Hearne as a result of his retirement from the Board on 31 August 2017.

A lump sum payment of £372,875 was paid comprised of the following.

- Salary: £290,700 being a 6 months pro-ration of his annual salary
- Benefits: £9,500 being a 6 months pro-ration of his benefits
- Pension: £72,675 being a 6 months pro-ration of his pension

In addition Alan Hearne earned a bonus payment of £127,000 under the Short Term Annual Bonus Plan this having been pro-rated to reflect his period of service as a director. The 2017 award made to Alan Hearne under the ELTIP will be pro-rated for the period 9 March 2017 to 31 August 2017 and will vest, subject to performance on the normal vesting date. The 91,959 deferred shares awarded to Alan Hearne in March 2017 in respect of bonus earned in 2016 under the RPS Group Plc Bonus Plan vested in full on 31 August 2017 in accordance with the rules of that plan.

In addition, the Company has entered into a consultancy agreement for 12 months with Alan Hearne with the fee being the same as his previous basic salary of £581,400. The Company has entered into this agreement with Alan Hearne to ensure access to the substantial historic knowledge, experience and contacts he has built in undertaking his role as Chief Executive of RPS Group plc over a 36 year period.

Non-Executive Directors total single figure remuneration (audited)

The following table sets out the breakdown total of the remuneration received by each of the Non-Executive Directors during the year under review, with the comparative figures for the prior financial year. Figures provided have been calculated in accordance with the Regulations.

Non-Executive Director £000s		Fee
Year	2017	2016
Ken Lever[1]	**136**	23
Robert Miller-Bakewell	**64**	64
Allison Bainbridge[2]	**32**	–
Liz Peace[2]	**25**	–
John Bennett[3]	**22**	36
Louise Charlton[3]	**26**	43

Notes:

1. Ken Lever was appointed to the Board on 1 November 2016.
2. Allison Bainbridge and Liz Peace were appointed to the Board on 1 June and 11 July respectively.
3. John Bennett and Louise Charlton retired from the Board on 1 June and 4 August respectively.

Statement of Directors' shareholding and share interests (audited)

Directors' share interests as at 31 December 2017 or at date of retirement from the Board are set out below.

Director	Number of beneficially owned shares	Interests subject to performance conditions*[1]	Interests subject to employment conditions*[2]	Total interests
John Douglas	513	270,324	513	271,350
Gary Young	109,146	153,265	27,665	290,076
Alan Hearne*[3]	123,267	36,751	93,837	253,855
Ken Lever	40,000	–	–	40,000
Robert Miller-Bakewell	10,000	–	–	10,000
Allison Bainbridge	–	–	–	–
Liz Peace	–	–	–	–
John Bennett*[3]	–	–	–	–
Louise Charlton*[3]	–	–	–	–

Notes:

1. Interests held under the Executive Long Term Incentive Plan. The interests shown in respect of Alan Hearne is the pro-rated number of shares following his retirement from the Board.
2. Interests held under the RPS Group Plc Bonus Plan and matching shares held for less than three years under the Share Incentive Plan.
3. Interests shown as at date of retirement.

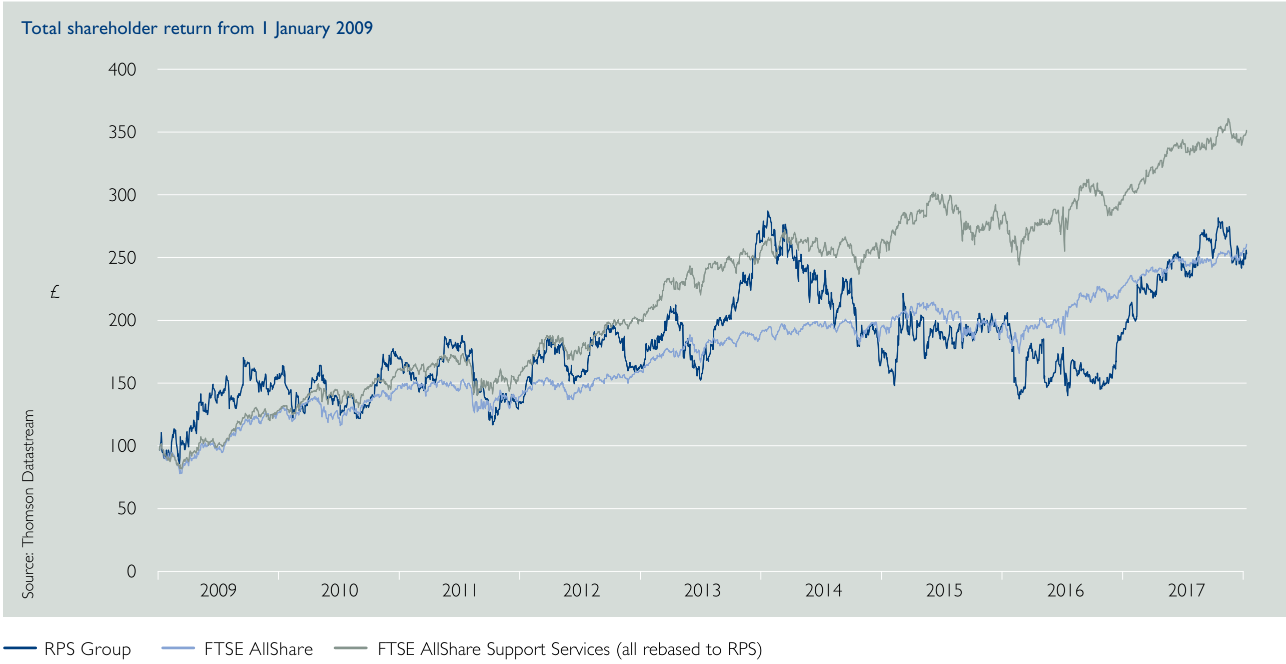
Between 31 December 2017 and 27 February 2018 the only movement in share interests was in respect of Partnership Shares purchased and Matching Shares held under the Share Incentive Plan by Gary Young who purchased an additional 93 Partnership Shares and received 93 Matching shares.

The Company's Remuneration provides that John Douglas and Gary Young are required to build and maintain shareholdings of 200% and 150% of basic salary respectively. As at 31 December 2017 John Douglas and Gary Young held beneficial shares in the Company equal in value to 0.1% and 64% of their respective salaries. Executive Directors are required to retain 50% of the post-tax number of shares vesting under the STABP and the ELTIP until this requirement is met and maintained.

CHIEF EXECUTIVE OFFICER AND EMPLOYEE PAY

Total Shareholder Return Performance

The graph below shows the value of £100 invested in RPS over the past nine years compared with the value of £100 invested in the FTSE All Share and FTSE All Share support services. 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 nine year period.



Chief Executive Officer Remuneration

The table below shows the Group Chief Executive's total remuneration and percentage of opportunity achieved for variable remuneration elements.

	2009	2010	2011	2012[1]	2013	2014	2015	2016	2017[2]	2017[2]
ELEMENT	A Hearne	A Hearne	A Hearne	A Hearne	A Hearne	A Hearne	A Hearne	A Hearne	A Hearne	J Douglas
Total Remuneration (single figure for the Year - £000s)	636	608	793	1,650	883	922	748	981	627	351
Annual Bonus (% of Maximum Opportunity)	zero	46%	54%	77%	47%	32%	zero	20%	33%	33%
Long–Term Incentives (%age of Maximum Number of Shares capable of vesting)	100%	zero	13%	100%	zero	zero	zero	zero	zero	zero

Notes

1. 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.
2. The remuneration shown for Alan Hearne is in respect of the period to 31 August 2017 at which time he retired from the Board. The total remuneration shown for John Douglas is in respect of the period from 1 September 2017, when he was appointed as Group Chief Executive to 31 December 2017. The remuneration for John Douglas includes a pro-ration of the annual bonus that was earned from 1 June 2017 being the date at which he joined the Board.

Percentage change in the Chief Executive Officer's remuneration

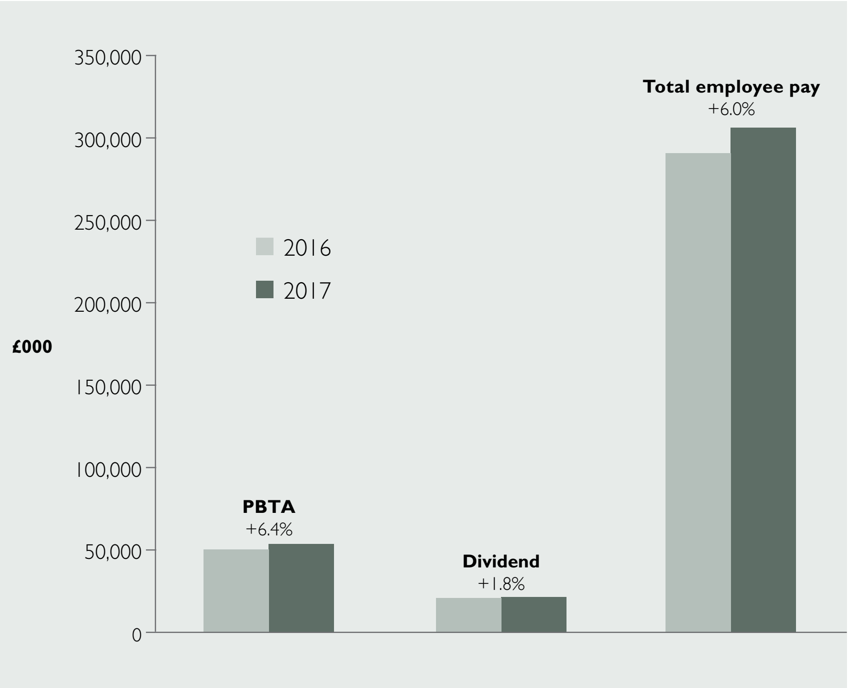
The following table shows the percentage change in the Chief Executive's salary, benefits and annual bonus between financial years compared to the percentage change for all employees. Remuneration for the Chief Executive consists of that paid to Alan Hearne up to 31 August 2017 and that paid to John Douglas from 1 September to 31 December 2017. The bonus paid to John Douglas in respect of 2017 has been pro-rated to the period over which he served as Chief Executive.

	Percentage change from 2016 Financial Year to 2017 Financial Year	
	CEO	Employees
Salary	-5%	2.6%
Taxable Benefits	441%	5.0%
Annual Bonus	-11%	3.8%

The substantial increase in taxable benefits paid to the Chief Executive reflects the value of relocation benefits provided for John Douglas.

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 was the principal performance measure used under the Short Term Annual Bonus Plan.

COMMITTEE ORGANISATION

Role of the Remuneration Committee ("Committee")

The membership and responsibilities of the Remuneration Committee are described in the Annual Statement on page 41.

Meeting held during 2017 are included in the table shown on page 34.

External advice

During 2017 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 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 £98,000 although of this amount £63,000 related to work in connection with the Company's new remuneration policy and related incentive plans, which was completed at the end of 2016. 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.

SHAREHOLDER VOTING

The Remuneration Committee's Annual Report for 2016 was approved at the Company's 2017 Annual General Meeting. The voting for this resolution is shown below.

ANNUAL REPORT	Number of Votes Cast	% of Votes Cast
Votes for	155,485,016	94.76
Votes against	8,598,043	5.24
Total	164,083,059	100.00
Withheld	4,812,462	–

The Company's new Remuneration Policy was approved at a General Meeting held on 30 November 2016. The voting in respect of this resolution is as shown below.

REMUNERATION POLICY	Number of Votes Cast	% of Votes Cast
Votes for	159,064,587	90.55
Votes against	16,607,705	9.45
Total	175,672,292	100.00
Withheld	3,167,972	–

IMPLEMENTATION OF THE REMUNERATION POLICY FOR THE YEAR ENDING 31 DECEMBER 2018

The Company's remuneration policy was approved by shareholders at a General Meeting held on 30 November 2016 and will apply for up to three years from 1 January 2017. The key components of this policy as they apply to the Executive Directors of the Company including planned implementation for 2018 are set out in the table below. The full policy statement is available on the Company's website.

Element, purpose and link to strategy	Operation and maximum opportunity	Performance measures and assessment	Implementation for 2018
BASE SALARY			
To provide competitive fixed remuneration that will attract and retain key employees and reflect their experience and position in the Group.	An Executive Director's basic salary is considered by the Remuneration 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 Remuneration Committee, where it is relevant, benchmarks the remuneration against the Company's comparator group (organisations of comparable size and or sector to RPS in the FTSE All Share). The results of benchmarking will, however, only be one of a number of 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 Group; and • the economic environment. The Remuneration Committee policy in relation to salary is: • around median salary on appointment depending on the experience and background of the new Executive Director; and Annual percentage increases are generally consistent with the range awarded across the Group. Percentage increases in salary above this level may be made in certain circumstances, such as a change in responsibility or a significant increase in the scale of a role or the Group's size and complexity. Individuals who are recruited or promoted to the Board may, on occasion, have their salaries set below the targeted policy level until they become established in their role. In such cases subsequent increases in salary may be higher than the average until the target positioning is achieved.	A broad assessment of individual and business performance is used as part of the salary review.	With effect from 1 January 2018 John Douglas' salary will be unchanged at £495,000 and Gary Young's will be increased by 2% to £316,200.

Element, purpose and link to strategy	Operation and maximum opportunity	Performance measures and assessment	Implementation for 2018
BENEFITS			
To provide competitive benefits and to attract and retain high calibre employees	The Remuneration Committee's policy is to provide a market competitive benefits package. The Executive Directors may receive the following benefits: • healthcare; • life assurance and dependants' pensions; • disability schemes; • company car or car allowance; and • other benefits as provided from time to time, such as relocation allowances on recruitment. Benefit values vary year on year depending on premiums and the maximum potential value is the cost of the provision of these benefits.	Not applicable.	Benefits for 2018 will be provided in accordance with the policy. John Douglas will continue to receive benefits related to his relocation, including UK property rental costs, air fares for family visits and personal taxation advice. This is expected to be at a comparable overall level to 2017.
PENSION			
To provide a competitive company contribution that enables effective retirement planning.	The Executive Directors are eligible to participate in defined contribution pension schemes, or receive a salary supplement or a combination of the two. Other than basic salary, no element of the Directors' remuneration is pensionable. Salary supplements are not included in base salary to calculate other benefits and incentive opportunities. The maximum employer contribution either to a pension scheme and/or provided as a salary supplement is 25% of basic salary.	Not applicable.	Pension benefits for 2018 will be provided in accordance with the policy. John Douglas will receive a contribution of 20% of base salary and Gary Young will receive a contribution of 15% of base salary.

Element, purpose and link to strategy	Operation and maximum opportunity	Performance measures and assessment	Implementation for 2018
THE RPS GROUP PLC SHORT TERM ANNUAL BONUS PLAN (THE 'STABP')			
To incentivise achievement of annual objectives which support the Group's short-term performance goals.	Maximum awards each year under the STABP are equal to 150% of salary. The performance period is one financial year with pay-out determined by the Remuneration Committee following the year end, based on achievement against a range of financial and non-financial targets. 50% of the bonus award will be paid out in cash with the remaining 50% deferred into shares subject to a further three year vesting period. There are no further performance targets applicable to the deferred amount. Malus and clawback provisions may apply at the discretion of the Remuneration Committee where it considers such action is reasonable and appropriate. The malus period would be up to the date of the bonus determination and three years after in respect of deferred shares under the STABP. The clawback period will be three years from the date of the bonus determination for any cash payments under the STABP. Participants may be entitled to dividend equivalents representing the dividends paid during the deferral period of the shares.	Performance targets will be set by the Remuneration Committee annually based on a range of financial and non-financial measures. Financial targets govern the majority of bonus payments, although non-financial metrics may also be used. The Remuneration Committee will determine the weighting of the various measures and targets to ensure that they support the business strategy and objectives for the relevant year. Targets are typically structured on a challenging sliding scale, with zero pay-out accruing for achieving threshold performance through to full pay-out for maximum performance. The Remuneration Committee has the discretion to adjust targets or performance measures for any exceptional events that may occur during the year. The Remuneration Committee has the discretion to make downward or upward movements to the amount of bonus earned resulting from the application of the performance measures if it believes that the bonus outcomes are not a fair and accurate reflection of business performance.	The bonus opportunity in 2018 will be 150% of salary for John Douglas and 125% of salary for Gary Young. The bonus awards in 2018 will be subject to achievement of three measures: PBTA (70% weighting), cash conversion (20% weighting) and personal objectives (10% weighting). The Committee considers prospective disclosure of targets to be commercially sensitive, but will disclose targets retrospectively following the financial year end.

Element, purpose and link to strategy	Operation and maximum opportunity	Performance measures and assessment	Implementation for 2018
THE RPS GROUP PLC EXECUTIVE LONG TERM INCENTIVE PLAN (THE 'ELTIP')			
To incentivise Executives to achieve sustainable, strong, long term performance for the Company, to retain key individuals and to align their interests with shareholders.	Under the ELTIP, the Remuneration Committee may award annual grants of performance share awards in the form of nil-cost options or conditional shares ('ELTIP awards'). Maximum ELTIP awards each year are equal to 150% of base salary (200% of salary in exceptional circumstances). ELTIP awards will normally vest after a three year performance period subject to the achievement of the performance measures. The Remuneration Committee will retain the discretion to determine whether to attach a holding period to a particular award at the date of each grant. Malus and clawback provisions may apply at the discretion of the Remuneration Committee where it considers such action is reasonable and appropriate. The malus period would be up to the date of vesting (i.e. three years from the grant date). The clawback period will be two years from the date of vesting. Participants may be entitled to dividend equivalents representing the dividends paid during the deferral period of the shares.	Financial and non-financial measures may be applied to awards under the ELTIP. Targets are typically structured on a challenging sliding scale, with no more than 20% of the maximum award vesting for achieving the threshold performance level through to full vesting for maximum performance. The Remuneration Committee has the discretion to adjust targets or performance measures for any exceptional events that may occur during the vesting period. The Remuneration Committee has the discretion to make downward or upward movements in the vesting of the ELTIP resulting from the application of the performance measures if the Remuneration Committee believes that the outcomes are not a fair and accurate reflection of business performance. The Remuneration Committee will review the performance measures annually, in terms of the range of targets, the measures themselves and weightings applied to each element of the ELTIP. Any revisions to the measures and/or weightings in future years will only take place if it is necessary because of developments in the Group's strategy and, where these are material, following dialogue with the major shareholders.	The ELTIP awards granted in 2018 will be 150% of salary for John Douglas and 125% of salary for Gary Young. The 2018 ELTIP awards will vest subject to the achievement of three measures: EPS (25% weighting), TSR (50% weighting) and cash conversion (25% weighting). Performance targets will be as shown in the separate table below.

Element, purpose and link to strategy	Operation and maximum opportunity	Performance measures and assessment	Implementation for 2018
ALL-EMPLOYEE INCENTIVES			
To encourage all employees to become shareholders and thereby align their interests with those of shareholders.	Eligible employees may participate in the Share Incentive Plan or country equivalent. Executive Directors will be entitled to participate on the same terms. Maximum participation levels for all staff are set by reference to the plan rules and relevant legislation.	Not applicable.	Executive Directors will continue to be eligible to participate in the Share Incentive Plan.
SHAREHOLDING GUIDELINES			
To ensure that Executive Directors' interests are aligned with those of shareholders over the longer term.	Executive Directors are required to build or maintain (as relevant) the following minimum shareholding in the Company: • 200% of base salary for the Chief Executive; and • 150% of base salary for other Executives. Shares included in this calculation are those held beneficially by the Executive Director and his or her spouse/life partner. The shareholding requirement is determined by the Remuneration Committee and may be up to 200% of salary. Executive Directors will be required to retain 50% of the post-tax number of shares vesting under the STABP and ELTIP until their requirement is met and then maintained.	Not applicable.	Shareholding guidelines will remain at 200% of salary for the Group Chief Executive and 150% of salary for other Executive Directors.

The following performance targets will apply to the LTIP awards to be made to Executive Directors in 2018.

Performance measure	Weighting	Measurement period	Performance target	Vesting level (% maximum)
Total Shareholder Return relative to the FTSE All Share	50%	Three years from date of grant	Upper Quartile	100%
			Median to Upper Quartile	Pro rata on a straight-line basis between 20% and 100%
			Below Median	0%
Average Annual Growth in Earnings Per Share (measured on a constant currency basis)	25%	Three financial years	12% p.a.	100%
			Between 3% and 12% p.a.	Pro rata on a straight-line basis between 20% and 100%
			Below 3% p.a.	0%
Cash conversion	25%	Three financial years	100%	100%
			Between 80% and 100%	Pro rata on a straight-line basis between 20% and 100%
			80% and below	0%

EXECUTIVE DIRECTOR SERVICE CONTRACTS AND NON-EXECUTIVE LETTERS OF APPOINTMENT

Executive Director service contracts

When setting notice periods, the Remuneration Committee has regard to market practice and best governance practice. The Company's general policy is to provide contracts to Executive Directors with no greater than 12 months' notice. The table below summarises the service contracts for the current Executive Directors.

EXECUTIVE DIRECTOR	Date of contract	Notice period
John Douglas	June 2017	12 months
Gary Young	September 2000	12 months

None of the Directors' contracts provide for extended notice periods or compensation in the event of a change of control.

Non-Executive Director letters of appointment

The Non-Executive Directors do not have service contracts but are appointed under letters of appointment which provide for a review after an initial three year term. Each Non-Executive Director is subject to annual re-election at the Company's AGM. Details of the terms of appointment of the Non-Executive Directors are shown below:

NON-EXECUTIVE DIRECTOR	Date of appointment	Unexpired term as at 31 December 2017
Ken Lever	November 2016	22 months
Robert Miller-Bakewell	May 2010	16 months
Allison Bainbridge	June 2017	29 months
Liz Peace	August 2017	31 months

No compensation is payable in the event of early termination. All service contracts and letters of appointment are available for viewing at the Company's registered office.

CONSIDERATION OF EMPLOYEE REMUNERATION AND SHAREHOLDERS

Consideration of shareholder views

The Remuneration Committee takes the views of the shareholders very seriously and these have been influential in shaping remuneration policy and practice. Shareholder views are considered when evaluating and setting on-going remuneration strategy and the Remuneration Committee commits to consulting with shareholders prior to any significant changes to the remuneration policy.

Employment conditions elsewhere in the Group

In setting the remuneration policy for Directors, the pay and conditions of other employees of RPS are taken into account, including any base salary increases awarded.

The Remuneration Committee has not expressly sought the views of employees and no remuneration comparison measurements were used when drawing up the Policy. Through the Board, however, the Remuneration Committee is updated as to employee views on remuneration generally.

ROBERT MILLER BAKEWELL

Chairman of the Remuneration Committee

1 March 2018

INDEPENDENT AUDITOR'S REPORT

to the members of RPS Group Plc

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

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 2017 and of the group's loss 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.

We have audited the financial statements of RPS Group plc (the 'parent company') and its subsidiaries (the 'group') which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement;
- the statement of accounting policies; and
- the related notes to the consolidated financial statements 1 to 29 and notes to the parent company financial statements 1 to 15.

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, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year and had the greatest effect on our audit strategy were: ▪ revenue recognition; ▪ assessment of the carrying value of goodwill and intangible assets; and ▪ recoverability of trade receivables and accrued income. These are the same key audit matters identified in the prior year auditor's report.
Materiality	The materiality that we used in the current year was £2,600,000 which was determined on the basis of 5% of profit before tax, amortisation and transaction related costs (PBTA) as detailed in note 3.
Scoping	We focused our group audit scope and work on the business units at 6 locations. Within the 6 locations, 24 business units were subject to a full audit scope, whilst the remaining 7 were subject to specified audit procedures. Our full scope audit testing and agreed upon procedures covered 96% of revenue, 90% of PBTA, and 91% of net assets.
Significant changes in our approach	There have been no significant changes in our audit approach.

Conclusions relating to going concern, principal risks and viability statement

Going concern We have reviewed the directors' statement in the Report of the Directors on page 29 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 and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements. We are required to state whether we have anything material to add or draw attention to in relation to that statement required by Listing Rule 9.8.6R(3) and report if the statement is materially inconsistent with our knowledge obtained in the audit.	We confirm that we have nothing material to report, add or draw attention to in respect of these matters.
Principal risks and viability statement Based solely on reading the directors' statements and considering whether they were consistent with the knowledge we obtained in the course of the audit, including the knowledge obtained in the evaluation of the directors' assessment of the group's and the company's ability to continue as a going concern, we are required to state whether we have anything material to add or draw attention to in relation to: ▪ the disclosures on pages 12 to 15 that describe the principal risks and explain how they are being managed or mitigated; ▪ the directors' confirmation on page 12 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; or ▪ the directors' explanation on page 15 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 are also required to report whether the directors' statement relating to the prospects of the group required by Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

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.

REVENUE RECOGNITION	
Key audit matter description	The group is engaged in the provision of consultancy services through contractual arrangements with its customers. The revenue balance was material at £631m (2016: £594m). ISA (UK) 240 states that when identifying and assessing the risks of material misstatement due to fraud, the auditor shall, based on a presumption that there are risks of fraud in revenue recognition, evaluate which types of revenue, revenue transactions or assertions give rise to such risks. The specific key audit matter is around the overstatement of accrued income where contracts remain open at year end. There is judgement required around the recognition of the revenue and its recoverability. The group's revenue recognition policy is disclosed in note 1(c).
How the scope of our audit responded to the key audit matter	Our audit work assessed the adequacy of the design, implementation and tested the operating effectiveness of controls over the recognition of revenue for the most significant 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 through obtaining evidence of stage of completion including comparison of time utilised to complete the project against time booked at year end, discussing the progress of each sample with project managers and reviewing client confirmations of progress where available. Based on our findings from this, we determined whether revenue recognition was appropriate based on management's assessment of the stage of completion.
Key observations	Based on our procedures, no material misstatements were identified in respect of accrued income for contracts open at year end.

GOODWILL, INTANGIBLE ASSETS AND PPE IMPAIRMENT	
Key audit matter description	At 31 December 2017, the net book value of goodwill, intangible assets and PPE was £424m (2016: £484m) after impairments. The associated disclosure is included in notes 12 and 13 and the accounting policy is disclosed in notes 1(c), 1(f) and 2(b). The Audit Committee has included their assessment of this risk on page 39 and it is also included in the key accounting estimates in note 1(h). Assessment of the carrying value of goodwill, intangible assets and PPE is a key audit matter due to the quantum of the balance recorded, the number of judgements involved in assessing impairment and the continuing challenging economic conditions in the oil and gas sector. The risk is focused on the forecasting of future cash flows and long-term growth rates used in determining the value in use. The risk is focused on the Energy Europe, Africa and Middle East ("Energy EAME") and Energy North America ("Energy NA") cash generating units where market conditions have been challenging and where there is limited headroom. Management has calculated an impairment of £6.6m in Energy NA and £33.4m in Energy EAME.

How the scope of our audit responded to the key audit matter	Our audit work assessed the adequacy of the design and implementation of controls over management review of goodwill and intangible asset impairment. Our work focused on challenging management's assumptions and the appropriateness of their judgements and forecasts used as part of their value in use calculations, specifically in Energy EAME and Energy NA cash generating units, given the continued uncertainty in the oil and gas market. We considered management's 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 and compared our range to that determined by management. We examined the short term growth rates by using market data and considering 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. We have considered the adequacy of the associated disclosures.
Key observations	We assessed the individual assumptions used to model the value in use by management. Whilst acceptable overall, we noted differences in the assumptions, with some being more conservative and others more optimistic than our assessment. Overall, we concluded that the recoverable amount and impairment recognised was reasonable.
RECOVERABILITY OF TRADE RECEIVABLES AND ACCRUED INCOME	
Key audit matter description	At 31 December 2017 trade receivables were £120 million (2016: £125 million), and accrued income was £39 million (2016: £34 million). The trade receivables provision for impairment was £5m (2016: £6m) and the accrued income provision for impairment was £6m (2016: £4m). These are disclosed in note 15. Recoverability of trade receivables and accrued income aged over 90 days is a key audit matter across the group given the expected credit terms provided to customers. The recoverability of trade receivables is a particular concern where the customers operate in the Energy segment and are aged over 90 days. The Energy customers often operate in unstable political environments and which encounter macroeconomic challenges, meaning that recoverability of the receivable is a key audit matter. The Audit Committee has included their assessment of this risk on page 39.
How the scope of our audit responded to the risk	Our audit work assessed the adequacy of the design and implementation of controls 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: ▪ understanding the latest facts and circumstances, examining any relevant correspondence and challenging any conclusion by management regarding provisions for aged receivables; ▪ reviewing cash received post year end on a sample of customer debts; ▪ reviewing invoices raised and cash received post year end on a sample of accrued income balances; ▪ reviewing the overall ageing analysis for trade receivables and accrued income by entity and customer; and ▪ challenging specific balances which were significantly past-due but not impaired and reviewed for cash received post year end.
Key observations	Based on our procedures, no material issues were identified which raised concerns over the recoverability of trade receivables and accrued income beyond those provided by management and we concur that the levels of provisions are appropriate.

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.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	GROUP FINANCIAL STATEMENTS	PARENT COMPANY FINANCIAL STATEMENTS
Materiality	£2,600,000 (2016: £2,500,000)	£1,300,000
Basis for determining materiality	5% of adjusted pre-tax profit, adjusted for amortisation and impairment of acquired intangible assets and transaction related costs (PBTA). This basis is consistent with the prior year.	Materiality was determined on the basis of the parent company's net assets. This was then capped at 50% of group materiality. This materiality equates to 0.46% of net assets.
Rationale for the benchmark applied	We chose this measure as it is the group's key profit performance indicator. It is also the primary measurement used by the users of the accounts and key stakeholders to measure the performance of the group. The group carries a material level of intangible assets, therefore on an annual basis, the results, including the impact of amortisation and acquisitions, can be significantly distorted.	Net assets has been chosen as a benchmark as it is considered the most relevant benchmark for investors and is a key driver of shareholder value.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £130,000 (2016: £100,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our group audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls, and assessing the risks of material misstatement at the group level. Based on that assessment, we focused our group audit scope and work on the business units at 6 locations – UK, Australia, USA, Norway, Netherlands and Ireland (2016: 6). These are the same locations as prior year. Within the 6 locations, 24 (2016: 23) business units were subject to a full audit scope, whilst the remaining 7 (2016: 10) 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 91% (2016: 87%) of the group's net assets, 96% (2016: 90%) of the group's revenue and 90% (2016: 87%) 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 locations was executed at levels of materiality applicable to each individual entity which were lower than group materiality and ranged from £1.0m to £1.3m (2016: £1.0m).

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. In the year we visited 3 overseas locations (Australia, US, Norway) at planning stage to discuss the plan and approach. Additionally in Australia we reviewed interim testing completed at that time.

The extent of our involvement which commenced from the planning of the group audit included;

- setting the scope of the component auditor and assessment of the component auditor's independence;

- designing the audit procedures for all significant risks to be addressed by the component auditors and issuing group audit instructions detailing the nature and form of the reporting required by the group engagement team;
- including the component audit partners and other senior members of the component audit team in our team briefing;
- visits to three overseas locations where the group audit scope was focussed in addition to the work performed at the group head office;
- providing direction on enquiries made by the component auditors;
- a review of the component auditors' completed files for two components (Australia and Netherlands); and
- attending audit close meetings for each of the operating companies.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

In this context, matters that we are specifically required to report to you as uncorrected material misstatements of the other information include where we conclude that:

- *Fair, balanced and understandable* – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's position and performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- *Audit committee reporting* – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- *Directors' statement of compliance with the UK Corporate Governance Code* – the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

We have nothing to report in respect of these matters.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions 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.

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

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

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

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 in respect of these matters.

OTHER MATTERS

Auditor tenure

Following the recommendation of the audit committee, we were appointed by the board on 27 June 2012 to audit the financial statements for the year ending 31 December 2012. We were reappointed by the members on 3 May 2013 for subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 6 years, covering the years ending 31 December 2012 to 31 December 2017.

Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

Andrew Bond FCA
(Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor

Reading, UK

1 March 2018

CONSOLIDATED INCOME STATEMENT

£000s	Note	Year ended 31 Dec 2017	Year ended 31 Dec 2016
Revenue	4	**630,636**	594,471
Recharged expenses	4	**(68,316)**	(60,175)
Fee income	4	**562,320**	534,296
Operating profit before amortisation and impairment of acquired intangibles and transaction related costs	3,4,5,6	**58,467**	55,877
Amortisation and impairment of acquired intangibles and transaction related costs	3,5	**(55,541)**	(17,890)
Operating profit		**2,926**	37,987
Finance costs	7	**(4,639)**	(5,331)
Finance income	7	**113**	158
Profit before tax, amortisation and impairment of acquired intangibles and transaction related costs		**53,941**	50,704
(Loss)/profit before tax		**(1,600)**	32,814
Tax expense	10	**(15,072)**	(7,733)
(Loss)/profit for the year attributable to equity holders of the parent		**(16,672)**	25,081
Basic (loss)/earnings per share (pence)	11	**(7.52)**	11.35
Diluted (loss)/earnings per share (pence)	11	**(7.47)**	11.29
Adjusted basic earnings per share (pence)	11	**17.13**	16.60
Adjusted diluted earnings per share (pence)	11	**17.01**	16.51

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

£000s	Note	Year ended 31 Dec 2017	Year ended 31 Dec 2016
(Loss)/profit for the year		**(16,672)**	25,081
Actuarial gains and losses on remeasurement of defined benefit pension scheme	26	**(66)**	(261)
Tax on remeasurement of defined benefit provision liability	10	**15**	65
Exchange differences*		**(5,867)**	41,429
Total recognised comprehensive (loss)/income for the year attributable to equity holders of the parent		**(22,590)**	66,314

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

The notes on pages 68 to 102 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

£000s	Note	As at 31 Dec 2017	As at 31 Dec 2016
Assets			
Non-current assets:			
Intangible assets	12	**395,730**	455,508
Property, plant and equipment	13	**28,344**	28,448
Deferred tax asset	20	**3,312**	5,953
		427,386	489,909
Current assets:			
Trade and other receivables	15	**169,755**	165,604
Cash at bank		**15,588**	16,503
		185,343	182,107
Liabilities			
Current liabilities:			
Borrowings	17	**212**	36
Deferred consideration	18	**1,608**	13,376
Trade and other payables	16	**123,406**	125,165
Corporation tax liabilities		**3,415**	4,472
Provisions	19	**2,953**	1,809
		131,594	144,858
Net current assets		**53,749**	37,249
Non-current liabilities:			
Borrowings	17	**96,008**	99,886
Deferred consideration	18	**148**	1,634
Other payables		**2,543**	2,496
Deferred tax liability	20	**8,340**	10,045
Provisions	19	**4,312**	1,790
		111,351	115,851
Net assets		**369,784**	411,307
Equity			
Share capital	21	**6,745**	6,703
Share premium		**117,790**	114,353
Retained earnings		**205,143**	249,353
Merger reserve		**21,256**	21,256
Employee Trust		**(8,602)**	(13,677)
Translation reserve		**27,452**	33,319
Total shareholders' equity		**369,784**	411,307

These financial statements were approved and authorised for issue by the Board on 1 March 2018.

The notes on pages 68 to 102 form part of these financial statements.

John Douglas, 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 2017	Year ended 31 Dec 2016
Net cash from operating activities	25	43,744	62,277
Cash flows from investing activities:			
Purchases of subsidiaries net of cash acquired		–	(6,557)
Deferred consideration		(12,879)	(23,672)
Purchase of property, plant and equipment		(8,651)	(8,130)
Proceeds from sale of business		234	–
Proceeds from sale of property, plant and equipment		221	225
Net cash used in investing activities		(21,075)	(38,134)
Cash flows from financing activities:			
Costs of issue of share capital		(8)	(5)
Proceeds from issue of share capital		382	–
Repayment of bank borrowings		(1,424)	(6,921)
Payment of finance lease liabilities		(36)	(47)
Dividends paid	22	(22,007)	(21,613)
Payment of pre-acquisition dividend		–	(850)
Net cash generated in financing activities		(23,093)	(29,436)
Net decrease in cash and cash equivalents		(424)	(5,293)
Cash and cash equivalents at beginning of year		16,503	17,322
Effect of exchange rate fluctuations		(703)	4,474
Cash and cash equivalents at end of year	25	15,376	16,503
Cash and cash equivalents comprise:			
Cash at bank		15,588	16,503
Bank overdraft		(212)	–
Cash and cash equivalents at end of year	25	15,376	16,503

The notes on pages 68 to 102 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

£000s	Share capital	Share premium	Retained earnings	Merger reserve	Employee trust	Translation reserve	Total equity
At 1 January 2016	6,667	112,026	244,648	21,256	(11,997)	(8,110)	364,490
Profit for the year	–	–	25,081	–	–	–	25,081
Other comprehensive income	–	–	(196)	–	–	41,429	41,233
Total comprehensive income for the year	–	–	24,885	–	–	41,429	66,314
Issue of new ordinary shares	36	2,327	(688)	–	(1,680)	–	(5)
Share based payment expense	–	–	2,184	–	–	–	2,184
Tax recognised directly in equity	–	–	(63)	–	–	–	(63)
Dividends paid	–	–	(21,613)	–	–	–	(21,613)
At 31 December 2016	6,703	114,353	249,353	21,256	(13,677)	33,319	411,307
Loss for the year	–	–	(16,672)	–	–	–	(16,672)
Other comprehensive income	–	–	(51)	–	–	(5,867)	(5,918)
Total comprehensive income for the year	–	–	(16,723)	–	–	(5,867)	(22,590)
Issue of new ordinary shares	42	3,437	(1,352)	–	(1,753)	–	374
Share based payment expense	–	–	2,700	–	–	–	2,700
Transfer on release of shares	–	–	(6,828)	–	6,828	–	–
Dividends paid	–	–	(22,007)	–	–	–	(22,007)
At 31 December 2017	6,745	117,790	205,143	21,256	(8,602)	27,452	369,784

Details of dividends paid are provided in note 22.

The notes on pages 68 to 102 form part of these financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

RPS Group Plc (the "Company") is a public company limited by shares domiciled in England under the Companies Act. The consolidated financial statements of the Company for the year ended 31 December 2017 comprise the Company and its subsidiaries (together referred to as the "Group").

The consolidated financial statements were authorised for issuance on 1 March 2018.

(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.

During the year, the Group has applied IAS 7 (amended), IAS 12 (amended) and the amendments to IFRS 12 included in the Annual Improvements to IFRS 2012 – 2014 cycle. Their adoption has not had a material impact on the disclosures or amounts reported in these accounts. Otherwise the Group has prepared these accounts on the same basis as the 2016 Report and Accounts.

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. When the Group makes acquisitions the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date in the Consolidated Balance Sheet. 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 financial statements 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 income and recharged expenses. Fee income represents the Group's personnel, subcontractor and equipment time and expertise sold to clients. Recharged expenses 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 as it becomes due to the Group. Receivables, payables and cash related to these transactions are included in the consolidated balance sheet.

Accrued income is booked when the amount of revenue recognised on a contract exceeds the amount invoiced. It is reported in trade and other receivables in the balance sheet. Where the amount invoiced exceeds the amount of revenue recognised, the difference is booked in deferred income in trade and other payables.

(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.

It is stated at the fair value. 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.

(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 the income statement 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	4 to 8 years
Intellectual property rights	4 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 asset's 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) Judgements made in applying accounting policies

In the course of preparing the financial statements, no judgements have been made in the process of applying the Group's accounting policies, other than those involving estimations (see 1(h) below), that have had a significant effect on the amounts recognised in the financial statements.

(h) Sources of estimation uncertainty

In applying the Group's accounting policies various transactions and balances are valued using estimates or assumptions. Should these estimates or assumptions prove incorrect, there may be an impact on the following year's financial statements. The only source of estimation uncertainty at the end of 2017, that has a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities during 2018, relates to the assessment of the carrying value of goodwill within the Energy cash generating unit. A discussion of this estimation uncertainty can be found in note 11.

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 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 *Share Incentive Plan ("SIP")* is an all-employee share plan which operates in the UK, Australia, Canada, The Netherlands, Norway and USA. Employees purchase partnership shares on a monthly or annual basis using deductions from salary and the Group matches this by awarding matching shares. These matching shares are awarded at no cost to the employee and are released to the employee subject to continuity of employment provision after three years.

The *Performance Share Plan ("PSP")* is a discretionary share incentive arrangement for RPS Group plc's senior employees. The awards are granted over a fixed number of shares at no cost to the employees. At the end of the three year holding period the award will vest subject to continuity of employment conditions.

The *Energy Share Option Plan* is a discretionary share incentive arrangement for RPS Group plc's senior employees within the Energy segment. The awards are granted over a fixed number of shares. At the end of the three year holding period, the award will vest subject to continuity of employment conditions. The employee can exercise the option to purchase the shares on payment of the option price to the Company at any point between three and ten years following the grant of the option.

The *Executive Long Term Incentive Plan ("ELTIP")* is a discretionary share incentive arrangement for RPS Group plc's senior employees. The awards are granted over a fixed number of shares at no cost to the employees. At the end of the three year holding period the award will vest subject to the achievement of the performance measures outlined in the Remuneration Report. There is then a two year holding period for awards that have vested.

The *Short Term Annual Bonus Plan ("STABP")* is an incentive scheme for RPS Group plc's senior employees based on the achievement of a range of financial and non-financial targets over a one year period. 50% of the bonus award is paid in cash and 50% is deferred into shares which are subject to a three year holding period. There are no further performance conditions applicable to the deferred shares.

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.

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 due within one year are not discounted.

(h) Borrowings

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

(i) Reserves

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

Share premium
Premium on shares issued in excess of nominal value, other than on shares issued in respect of acquisitions when merger relief is taken.

Merger reserve
Premium on shares issued in respect of acquisitions when merger relief is taken.

Employee trust
Own shares held by the SIP and Employee Benefit trusts. When the shares are released to staff, the related entry to the Employee Trust reserve is reversed to Retained earnings.

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.

2. OTHER ACCOUNTING POLICIES CONTINUED

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 years 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 and rules 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. 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) Share Scheme Trusts

The Company administers its share plans through two Trusts - the Employee Benefit Trust and the SIP Trust. The SIP Trust is used for the HMRC-approved Share Incentive Plan and the EBT as used for all other plans. As the Company is deemed to have control of its share trusts, they are treated as subsidiaries and consolidated for the purpose of the Group accounts. The Trusts 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 Trusts investments in the Company's shares are 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 the Financial Statements, the following standards and relevant interpretations, which have not been applied in these financial statements, were in issue but not yet effective (and some of which were pending endorsement by the EU):

IFRS 9	'Financial instruments'
IFRS 15	'Revenue from contracts with customers'
IFRS 16	'Leases'
IFRS 17	'Insurance contracts'
IFRS 2 (amendments)	'Classification and measurement of share-based payment transactions'
IFRS 4 (amendments)	'Applying IFRS 9 financial instruments with IFRS 4 insurance contracts'
IAS 40 (amendments)	'Transfers of investment properties'
Annual improvements to IFRSs 2014 – 2016 cycle	'Amendments to IFRS 1 'First time adoption of IFRS' and IFRS 28 'Investments in associates and joint ventures'
IFRS 10 and IAS 28 (amendments)	'Sale or contribution of assets between an investor and its associate or joint venture'
IFRIC 22	'Foreign currency transactions and advanced consideration'
IFRIC 23	'Uncertainty over income tax amounts'

IFRS 9 'Financial instruments'

The Group will apply IFRS 9 from 1 January 2018. The Group has elected not to restate comparatives on the initial adoption of IFRS 9. The Group has performed an assessment of the impact of adopting IFRS 9 based on the financial instruments as at the date of initial application of the standard. The main impact of the change in standard for RPS is the movement to an expected lifetime loss model for impairment. The Group estimates that the impact of this change at 31 December 2017 will be immaterial.

IFRS 15 'Revenue from contracts with customers'

The Group will apply IFRS 15 from 1 January 2018. The Group has elected not to restate comparatives on initial adoption of the standard. Our assessment of the impact of adopting IFRS 15 based on the contracts outstanding at 1 January 2018 suggests that any impact will be minimal and restricted to updated disclosures. Our review of those contracts indicates that there will be no material change to revenue recognised, profit before tax or reserves as a result of this change in standard.

3. ALTERNATIVE PERFORMANCE MEASURES

Throughout this document the Group presents various alternative performance measures. The measures presented are those adopted by the Chief Operating Decision Maker and analysts who follow us in assessing the performance of the business.

Group profit and earnings measures

PBTA

Profit before tax and amortisation and impairment of acquired intangibles and transaction related costs (PBTA) is used by the Board to monitor and measure the trading performance of the Group. It excludes certain items which the Board believes distort the trading performance of the Group. These items are either acquisition and disposal related or they are non-cash items.

Delivering the Group's strategy includes investment in selected acquisitions that enhance the depth and breadth of services that the Group offers in the territories in which it operates. In addition, from time to time the Group chooses to exit a particular market or service offering because it is not offering the desired returns. By excluding acquisition and disposal related items from PBTA, the Board has a clearer view of the performance of the Group and is able to make better operational decisions to support its strategy.

Accordingly, transaction related costs including costs of acquisition and disposal, losses on the closure of businesses and amortisation and impairment of intangible assets are excluded from the Group's preferred performance measure, PBTA.

Items are treated consistently year on year, and these adjustments are also consistent with the way that performance is measured under the Group's incentive plans and its banking covenants.

Operating profit before amortisation and impairment of acquired intangible assets and transaction related costs is a derivative of PBTA. A reconciliation is shown below.

	£000s	2017	2016
	(Loss)/profit before tax	**(1,600)**	32,814
Add:	Amortisation and impairment of acquired intangibles and transaction related costs	**55,541**	17,890
	PBTA	**53,941**	50,704
Add:	Net finance costs	**4,526**	5,173
	Operating profit before amortisation and impairment of acquired intangibles and transaction related costs	**58,467**	55,877

Adjusted profit attributable to ordinary shareholders

It follows that the Group uses adjusted profit attributable to ordinary shareholders as the input to its adjusted EPS measures. Again, this profit measure excludes amortisation of acquired intangibles and transaction related costs, but is an after tax measure.

	£000s	2017	2016
	(Loss)/profit attributable to ordinary shareholders	**(16,672)**	25,081
Add:	Amortisation and impairment of acquired intangibles and transaction related costs	**55,541**	17,890
Deduct:	Tax on amortisation and impairment of acquired intangibles and transaction related costs	**(885)**	(6,292)
	Adjusted profit attributable to ordinary shareholders	**37,984**	36,679

Constant currency

The Group generates revenues and profits in various territories and currencies because of its international footprint. Those results are translated on consolidation at the foreign exchange rates prevailing at the time. These exchange rates vary from year to year, so the Group presents some of its results on a constant currency basis. This means that the prior year's results have been retranslated using current year exchange rates. This eliminates the effect of exchange from the year on year comparison of results. The difference between the reported numbers and the constant currency numbers is the "constant currency effect".

£000s	2016	Constant currency effect	2016 at constant currency
Revenue	594,471	20,358	614,829
Fee income	534,296	18,248	552,544
PBTA	50,704	1,713	52,417
Profit before tax	32,814	854	33,668

3. ALTERNATIVE PERFORMANCE MEASURES CONTINUED

Segment profit and underlying profit

Segment profit is presented in our segmental disclosures. This excludes the effects of financing and amortisation which are metrics outside of the control of segment management. It also excludes unallocated expenses. Segment profit is then adjusted by excluding the costs of reorganisation to give underlying profit for the segment. This reflects the underlying trading of the business. A reconciliation between segment profit and operating profit is given in note 4.

Reorganisation costs

This classification comprises costs and income arising as a consequence of reorganisation such as redundancy costs, profit or loss on disposal of plant, property and equipment, the costs of consolidating office space and rebranding costs.

Unallocated expenses

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.

Revenue measures

The Group disaggregates revenue into Fee Income and Recharged Expenses. This provides insight into the performance of the business and our productive output. (See note 1(c).) This is reconciled on the face of the income statement. Fee income by segment is reconciled in note 4.

Cash flow measures

EBITDAS

EBITDAS is operating profit adjusted by adding back non-cash expenses, tax and financing costs. The adjustments include interest, tax, depreciation, amortisation and impairment and transaction related costs and share scheme costs. This generates a cash-based operating profit figure which is the input into the cash flow statement. A reconciliation between Operating Profit and EBITDAS is given in note 25.

Conversion of profit into cash

A key measure of the Group's cash generation is the conversion of profit into cash. This is the cash generated from operations divided by EBITDAS expressed as a percentage. This metric is used as a measure against which the Group's long and short term performance incentive schemes are judged and reflects how much of the Group's profit has been collected as cash in the year.

Net bank borrowings

Net bank borrowings is the total of cash and cash equivalents, interest bearing bank loans and finance leases. This measure gives the external indebtedness of the Group, and is an input into the leverage calculations. This is reconciled in note 25.

Leverage

Leverage is the ratio of net bank borrowings plus deferred consideration to annualised EBITDAS and is one of the financial covenants included in our bank facilities.

Tax measures

We report one adjusted tax measure, which is the tax rate on PBTA ("adjusted effective tax rate"). This is the tax charge applicable to PBTA expressed as a percentage of PBTA and is set out in note 10.

4. 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 (CODM). 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 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, project management, 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 which represent separate segments.

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 mainly to the oil and gas 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. The results of this region are maintained separately for performance and allocation of resources purposes. Accordingly the results of this business are reported as a separate segment.

"Segment profit", "Underlying profit" and "Reorganisation costs" are defined in note 3.

Segment results for the year ended 31 December 2017

£000s	Fee income	Recharged expenses	Intersegment revenue	External revenue
BNE - Europe	287,574	43,190	(1,246)	329,518
BNE - North America	76,160	1,989	(265)	77,884
Energy	65,407	11,100	(470)	76,037
AAP	135,025	12,556	(384)	147,197
Group eliminations	(1,846)	(519)	2,365	–
Total	562,320	68,316	–	630,636

£000s	Underlying profit	Reorganisation costs	Segment profit
BNE - Europe	37,048	–	37,048
BNE - North America	8,542	(208)	8,334
Energy	6,801	(441)	6,360
AAP	15,832	(562)	15,270
Total	68,223	(1,211)	67,012

Segment results for the year ended 31 December 2016

£000s	Fee income	Recharged expenses	Intersegment revenue	External revenue
BNE - Europe	269,029	36,166	(714)	304,481
BNE - North America	65,382	6,398	(160)	71,620
Energy	71,490	9,327	(485)	80,332
AAP	130,140	8,439	(541)	138,038
Group eliminations	(1,745)	(155)	1,900	–
Total	534,296	60,175	–	594,471

£000s	Underlying profit	Reorganisation costs	Segment profit
BNE - Europe	35,598	(460)	35,138
BNE - North America	8,156	(305)	7,851
Energy	8,989	(3,603)	5,386
AAP	15,481	(1,246)	14,235
Total	68,224	(5,614)	62,610

The 2017 half year results were reported as a three segment, regional basis, consistent with reporting to the CODM. As announced on 1 February 2018, and in line with the Group's emerging strategy, in the second half of the year the reporting to the CODM reverted to the 2016 structure with BNE Europe, BNE North America, Energy and AAP separately identified.

4. BUSINESS AND GEOGRAPHICAL SEGMENTS CONTINUED

The restatement of the 2017 half year results is presented below:

Segmental Results for June 2017 as restated

£000s	Fee income	Recharged expenses	Intersegment revenue	External revenue
BNE - Europe	147,014	20,006	(536)	166,484
BNE - North America	35,221	2,232	(123)	37,330
Energy	33,209	5,835	(686)	38,358
AAP	66,970	5,593	(219)	72,344
Group eliminations	(1,359)	(205)	1,564	–
Total	281,055	33,461	–	314,516

£000s	Underlying profit	Reorganisation costs	Segment profit
BNE - Europe	19,517	–	19,517
BNE - North America	4,411	(109)	4,302
Energy	2,998	(236)	2,762
AAP	8,302	(349)	7,953
Total	35,228	(694)	34,534

Group reconciliation

£000s	Year ended 31 Dec 2017	Year ended 31 Dec 2016
Revenue	**630,636**	594,471
Recharged expenses	**(68,316)**	(60,175)
Fee income	**562,320**	534,296
Underlying profit	**68,223**	68,224
Reorganisation costs	**(1,211)**	(5,614)
Segment profit	**67,012**	62,610
Unallocated expenses	**(8,545)**	(6,733)
Operating profit before amortisation and impairment of acquired intangibles and transaction related costs	**58,467**	55,877
Amortisation and impairment of acquired intangibles and transaction related costs	**(55,541)**	(17,890)
Operating profit	**2,926**	37,987
Net finance costs	**(4,526)**	(5,173)
(Loss)/profit before tax	**(1,600)**	32,814

	Carrying amount of segment assets		Segment depreciation and amortisation	
£000s	Year ended 31 Dec 2017	Year ended 31 Dec 2016	Year ended 31 Dec 2017	Year ended 31 Dec 2016
BNE - Europe	**338,011**	342,552	**8,801**	9,423
BNE - North America	**76,116**	80,441	**3,864**	5,303
Energy	**51,885**	101,459	**41,594**	2,468
AAP	**143,062**	147,164	**6,564**	8,043
Unallocated	**3,655**	400	**422**	623
Group total	**612,729**	672,016	**61,245**	25,860

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

£000s	Revenue Year ended 31 Dec 2017	Revenue Year ended 31 Dec 2016	Fee income Year ended 31 Dec 2017	Fee income Year ended 31 Dec 2016
UK	**232,490**	220,053	**193,183**	186,939
Australia	**144,694**	134,935	**132,200**	126,366
USA	**98,957**	91,705	**93,901**	83,486
Norway	**73,217**	69,528	**71,804**	68,129
Netherlands	**36,180**	31,759	**30,148**	26,803
Ireland	**28,805**	27,190	**26,641**	24,585
Canada	**12,461**	15,172	**10,624**	13,927
Other	**3,832**	4,129	**3,819**	4,061
Total	**630,636**	594,471	**562,320**	534,296

£000s	Carrying amount of non current assets As at 31 Dec 2017	Carrying amount of non current assets As at 31 Dec 2016
UK	**162,597**	201,919
Australia	**102,999**	108,309
USA	**50,910**	62,144
Ireland	**41,782**	40,537
Norway	**40,530**	44,672
Canada	**9,885**	13,857
Netherlands	**18,678**	18,463
Other	**5**	8
Total	**427,386**	489,909

5. AMORTISATION AND IMPAIRMENT OF ACQUIRED INTANGIBLES AND TRANSACTION RELATED COSTS

£000s	Year ended 31 Dec 2017	Year ended 31 Dec 2016
Amortisation of acquired intangibles	**12,804**	17,470
Impairment of goodwill (Note 12)	**40,024**	–
Loss on sale of business	**2,695**	–
Adjustments to consideration payable	**–**	187
Transaction costs	**18**	233
	55,541	17,890

Loss on sale of business

On 29 December 2017, the Group disposed of the trade and certain assets of its pipeline approval business in Canada. The sale proceeds were C$395,000 (£233,000). The loss on disposal includes a lease which has become onerous since we no longer are able to make economic use of part of the building in which the business was based.

6. OPERATING PROFIT - BY NATURE OF EXPENSE

£000s	Year ended 31 Dec 2017	Year ended 31 Dec 2016
Revenue	630,636	594,471
Staff costs (see note 8)	(307,488)	(290,024)
Subconsultant costs	(137,849)	(129,395)
Other employment related costs	(23,626)	(20,702)
Depreciation of owned assets	(8,409)	(8,371)
Depreciation of assets held under finance leases	(8)	(19)
Loss on disposal of property, plant and equipment	(86)	(540)
Loss on sale of business	(2,695)	–
Operating lease rentals payable - property	(12,840)	(14,119)
Operating lease rentals payable - equipment and motor vehicles	(5,402)	(4,967)
Travel costs	(13,980)	(13,434)
Office costs	(19,850)	(19,550)
Amortisation of acquired intangibles	(12,804)	(17,470)
Impairment of acquired intangibles	(40,024)	–
Adjustments to consideration payable	–	(187)
Bad debt provision	(28)	4,294
Other transaction related costs	(18)	(233)
Other costs	(42,603)	(41,767)
Operating profit	2,926	37,987

7. NET FINANCING COSTS

£000s	Year ended 31 Dec 2017	Year ended 31 Dec 2016
Finance costs:		
Interest and charges on loans, overdraft and finance leases	(3,952)	(3,982)
Amortisation of prepaid financing costs	(383)	(359)
Interest payable on deferred consideration	(304)	(990)
	(4,639)	(5,331)
Finance income:		
Deposit interest receivable	113	158
Net financing costs	(4,526)	(5,173)

8. EMPLOYEE BENEFIT EXPENSE

£000s	Year ended 31 Dec 2017	Year ended 31 Dec 2016
Wages and salaries	265,643	251,777
Social security costs	25,858	23,714
Pension costs - defined contribution plans	13,044	12,248
Pension costs - defined benefit plans	243	101
Share based payment expense - equity settled	2,700	2,184
	307,488	290,024
Average number of employees (including Executive Directors) was:		
Fee earning staff	4,477	4,235
Support staff	863	864
	5,340	5,099

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 charge in respect of key management personnel was £552,000 (2016: £4,000). Social security costs in respect of these personnel were £334,000 (2016: £250,000).

9. 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 2017	Year ended 31 Dec 2016
Statutory audit of the Company's annual accounts	50	50
Statutory audit of the Group's subsidiaries	562	524
Total audit fees	612	574
Interim review	27	27
Other services	2	–
Total audit related assurance services	641	601
Tax compliance services	4	63
Other services	11	51
Total fees	656	715

10. INCOME TAXES

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

£000s	Year ended 31 Dec 2017	Year ended 31 Dec 2016
Current tax:		
UK corporation tax	**3,750**	3,115
Overseas tax	**9,603**	7,297
Adjustments in respect of prior years	**1,422**	(49)
	14,775	10,363
Deferred tax:		
Origination and reversal of temporary differences	**(722)**	(2,589)
Effect of change in tax rate	**2,278**	(223)
Adjustments in respect of prior years	**(1,259)**	182
	297	(2,630)
Total tax charge for the year	**15,072**	7,733
In addition to the amount charged to the income statement, the following items related to tax have been recognised:		
Deferred tax credit in other comprehensive income	**(15)**	(65)
Deferred tax charge in equity for the year	**–**	63

The effective tax rate for the year on profit before tax was significantly distorted by the impairment of goodwill which was not deductible for tax purposes. When the impact of this is excluded the tax rate was 39.2%. The effective tax rate for the year on PBTA was 29.6% (2016: 27.7%) as shown in the table below:

£000s	Year ended 31 Dec 2017	Year ended 31 Dec 2016
Total tax expense in income statement	**15,072**	7,733
Add back:		
Tax on amortisation and impairment of acquired intangibles and transaction related costs	**885**	6,292
Adjusted tax charge on the (loss)/profit for the year	**15,957**	14,025
Profit before tax, amortisation and impairment of acquired intangibles and transaction related costs	**53,941**	50,704
Adjusted effective tax rate	**29.6%**	27.7%
Tax rate impact of amortisation and impairment of acquired intangibles and transaction related costs	**(971.6%)**	(4.1%)
Statutory effective tax rate	**(942.0%)**	23.6%

The Group operates in and is subject to income tax in many jurisdictions. The weighted average tax rate is derived by weighting the rates in those jurisdictions by the profits before tax earned there. It is sensitive to the statutory tax rates that apply in each jurisdiction and the geographic mix of profits. The statutory tax rates in our main jurisdictions were UK 19.25% (2016: 20%), Australia 30% (2016: 30%), US 38% (2016: 39%).

The weighted average tax rate excluding the impact of goodwill which was not deductible for tax purposes increased to 26.1% in 2017 (2016: 25.1%). This increase was due to greater proportions of tax arising in Australia and the US, which are taxed at high rates, and a lower proportion in the UK which is taxed at lower rates.

The actual tax charge differs from the weighted average charge for the reasons set out in the following reconciliation:

£000s	Year ended 31 Dec 2017	Year ended 31 Dec 2016
(Loss)/profit before tax	**(1,600)**	32,814
Add back: impairment of goodwill	**40,024**	–
Profit before tax and impairment of goodwill	**38,424**	32,814
Tax at the weighted average rate of 26.1% (2016: 25.1%)	**10,031**	8,240
Effect of:		
Irrecoverable witholding tax suffered	**1,619**	1,190
Impact of intercompany financing	**(581)**	(1,664)
Effect of change in tax rates	**2,424**	(223)
US repatriation tax	**209**	–
Canadian losses not recognised	**795**	–
Adjustments in respect of prior years	**163**	133
Other differences	**412**	57
Total tax expense for the year	**15,072**	7,733

The Group operates, mainly through our oil and gas exposed businesses, in jurisdictions that impose withholding taxes on revenue earned in those jurisdictions. This tax may be off-set against domestic corporation tax either in the current year or in the future within certain time limits. To the extent that full recovery is not achieved in the current year or is not considered possible in future years the withholding tax is charged to the income statement. The impact of irrecoverable withholding tax suffered increased in 2017 as more work was undertaken in these jurisdictions.

The impact of intercompany financing relates to the funding of US operations from the UK. In response to the OECD's Base Erosion and Profit Shifting project (BEPS) the UK introduced new legislation which reduced the impact in 2017. The reduction in the US Federal tax rate from 35% to 21% that applies from 1 January 2018 will further reduce the impact in future periods.

From 1 January 2018 the US Federal tax rate reduced from 35% to 21% and the Norwegian tax rate reduced from 24% to 23%. These changes have resulted in an income statement charge arising principally from the reduction in the balance sheet carrying value of deferred tax assets relating to the amortisation of intangible assets.

Following US tax reform that was enacted in December 2017, undistributed profits of US subsidiaries became taxable at rates between 8.0% and 15.5%. The charge is not recurring and future US subsidiary profits will not be taxable.

In Canada no benefit has been recognised for the losses arising on the disposal of the pipeline approval infrastructure business as it is uncertain that they will be utilised.

Adjustments in respect of prior years arise when amounts of tax due calculated when tax returns are submitted differ from those estimated at the year end.

Other differences include expenses not deductible for tax purposes such as entertaining, share scheme charges, depreciation of property, plant and equipment which do not qualify for capital allowances and transaction related costs. They also include items that are deductible for tax purposes, such as goodwill and other asset amortisation, but are not included in the income statement. The other differences increased in 2017 as it included the impact of higher non-deductible transaction costs and 2016 was reduced by foreign exchange movement.

11. 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 2017	Year ended 31 Dec 2016
(Loss)/profit attributable to equity holders of the parent	(16,672)	25,081
Weighted average number of ordinary shares for the purposes of basic earnings per share	221,804	220,977
Effect of employee share schemes	1,479	1,237
Weighted average number of ordinary shares for the purposes of diluted earnings per share	223,283	222,214
Basic (loss)/earnings per share (pence)	(7.52)	11.35
Diluted (loss)/earnings per share (pence)	(7.47)	11.29

The Directors consider that earnings per share before amortisation and impairment of acquired intangible and transaction related costs provides a more consistent 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 2017	Year ended 31 Dec 2016
(Loss)/profit attributable to equity holders of the parent	(16,672)	25,081
Amortisation and impairment of acquired intangibles and transaction related costs (note 5)	55,541	17,890
Tax on amortisation and impairment of acquired intangibles and transaction related costs (note 10)	(885)	(6,292)
Adjusted profit attributable to equity holders of the parent	37,984	36,679
Adjusted basic earnings per share (pence)	17.13	16.60
Adjusted diluted earnings per share (pence)	17.01	16.51

12. INTANGIBLE ASSETS

£000s	Intellectual property rights	Customer relationships	Order backlog	Trade names	Non compete agreements	Software	Goodwill	Total
Cost:								
At 1st January 2017	3,859	137,653	21,187	9,889	634	3,418	424,837	601,477
Disposals	–	–	–	–	–	–	(234)	(234)
Exchange differences	(296)	(4,737)	(709)	(323)	(31)	(194)	(5,562)	(11,852)
At 31 December 2017	3,563	132,916	20,478	9,566	603	3,224	419,041	589,391
Aggregate amortisation and impairment losses:								
At 1st January 2017	3,859	97,256	20,131	9,630	634	2,238	12,221	145,969
Amortisation	–	11,442	713	113	–	536	–	12,804
Impairment	–	–	–	–	–	–	40,024	40,024
Exchange differences	(296)	(3,627)	(711)	(323)	(31)	(148)	–	(5,136)
At 31 December 2017	3,563	105,071	20,133	9,420	603	2,626	52,245	193,661
Net book value at 31 December 2017	–	27,845	345	146	–	598	366,796	395,730

Acquisitions in 2016 were originally stated at provisional values. These have now been finalised with no adjustment.

£000s	Intellectual property rights	Customer relationships	Order backlog	Trade names	Non compete agreements	Software	Goodwill	Total
Cost:								
At 1 January 2016	3,269	117,508	17,881	8,401	576	2,818	379,724	530,177
Additions	–	3,160	620	190	–	–	9,279	13,249
Adjustments to prior year estimates	–	–	–	–	–	–	534	534
Exchange differences	590	16,985	2,686	1,298	58	600	35,300	57,517
At 31 December 2016	3,859	137,653	21,187	9,889	634	3,418	424,837	601,477
Aggregate amortisation and impairment losses:								
At 1 January 2016	3,257	73,749	15,469	7,096	576	1,151	12,221	113,519
Amortisation	12	13,073	2,275	1,329	–	781	–	17,470
Exchange differences	590	10,434	2,387	1,205	58	306	–	14,980
At 31 December 2016	3,859	97,256	20,131	9,630	634	2,238	12,221	145,969
Net book value at 31 December 2016	–	40,397	1,056	259	–	1,180	412,616	455,508

Goodwill

There was no movement in goodwill in respect of acquisitions made in 2016. No negative goodwill was recognised in 2017 or 2016. 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:

12. INTANGIBLE ASSETS CONTINUED

£000s	As at 31 Dec 2017	As at 31 Dec 2016 as restated
Europe (UK and Ireland)	163,762	162,549
Europe (Netherlands)	10,046	9,836
Europe (Norway)	32,787	34,108
North America	43,652	47,789
AAP	89,666	90,875
Energy EAME	11,327	44,959
Energy North America	15,556	22,500
	366,796	412,616

The Group tests annually for impairment at year end. 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.

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.

Growth rates

The growth rates applied reflect management's judgement regarding the potential future performance of the business. The medium term comprises the years 2019 to 2022. The average real growth rate used during this period is between 0% and 3% relative to budgeted performance, 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 -5.0% and 2.5% per annum (2016: 2.0% and 2.5%) reflecting the average long term EBIT growth rates of the economies in which the CGUs are based and our assessment of the longer term prospects of these businesses. For the Energy NA and Energy EAME CGU groups probability weightings of long term growth rates were used.

The assumptions used for the groups of CGUs are as follows:

	Pre tax discount rate		Medium term growth rate		Long term growth rate	
	2017	2016	2017	2016	2017	2016
Europe (UK and Ireland)	10.8%	13.2%	3.0%	5.0%	2.1%	2.1%
Europe (Netherlands)	11.5%	11.1%	3.0%	5.0%	2.0%	2.0%
Europe (Norway)	10.8%	11.0%	3.0%	5.0%	2.3%	2.3%
North America	10.9%	11.3%	3.0%	2.5%	2.3%	2.3%
AAP	12.8%	11.2%	3.0%	5.0%	2.5%	2.5%
Energy EAME*	16.1%	–	0.0%	–	0.0% - (5.0%)	–
Energy NA*	12.9%	–	0.0%	–	0.0% - (5.0%)	–
Energy (global)*	–	11.3%	–	10.0%	–	2.2%

*The Energy (global) CGU group was split into its North American and European components at the start of 2017.

Summary of results

During the year, all goodwill was tested for impairment.

The Group has recognised impairment charges of £33,420,000 in respect of the goodwill allocated to its Energy EAME CGU group and £6,604,000 in respect of goodwill allocated to its Energy NA CGU group. Energy EAME and NA performed close to budget during the first half of 2017 and whilst trading improved in the second half it was less good than expected despite the increased oil price. The Board has considered the prospects for the oil industry and the potential demand for our services and consider them to be lower in the longer term than at the last review. Accordingly, our impairment review at the year-end incorporated a lower forecast for cash generation than previously which has resulted in the goodwill impairment.

We remain committed to the oil and gas sector and we have a strategic objective to develop a leading, global and innovative energy business in oil and gas and the broader energy market.

When goodwill was assessed for impairment at the end of 2016 our Energy business was treated as a single CGU group. For part of 2017, the Energy businesses in Europe and North America were managed separately (reporting as part of those respective regional segments). Consequently, the goodwill allocated to the Energy CGU group was split into amounts allocated to Energy North America and Energy EAME. No impairment would have arisen at the end of 2016 had this split already occurred when the 2016 impairment testing was undertaken.

The recoverable amounts of the Energy EAME and Energy North America CGU groups were calculated using value in use. Those recoverable amounts are: £11,327,000 for Energy EAME and £15,556,000 for Energy North America. The pre-tax discount rates used to value the two CGU groups were 16.1% for Energy EAME and 12.9% for Energy North America.

Sensitivity of results to changes in estimates

The Group's CGUs all have significant headroom with the exception of Energy which has no headroom. Aside from Energy, the Group does not consider the changes in estimates that would result in a material adjustment to the carrying amounts of assets and liabilities in 2018 to be reasonably possible.

The valuation of goodwill allocated to the Energy CGU group is most sensitive to the achievement of the 2018 budget. Budgets comprise forecasts of revenue, staff costs and overheads based on current and anticipated market conditions that have been considered and approved by the Board. Whilst we are able to manage staff costs, direct costs and overheads, the revenue projections are inherently uncertain due to the short term nature of our order book and the oil and gas market conditions which remains unpredictable.

The Energy markets that we operate in continue to suffer from the downturn that started in 2015. Our Energy business continued to underperform against budget in 2017 and further underperformance in 2018 is possible. We have probability weighted our estimate of the recoverable amount of the Energy business, but further underperformance in 2018 may lead to an additional reduction in the carrying value of these CGUs. It is also reasonably possible that Energy exceeds its budget if market conditions allow.

A 50% underperformance against budget would generate an impairment charge of up to £17 million. For 2018, we consider it reasonably possible that Energy goodwill may suffer a further impairment charge of up to £17 million if market conditions worsen significantly. Headroom for the Energy CGU groups is currently £nil, as an impairment charge against them has been taken in 2017.

13. 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 2017	10,229	6,360	3,144	69,464	89,197
Additions	20	427	519	7,675	8,641
Disposals	–	(118)	(350)	(4,206)	(4,674)
Foreign exchange differences	379	(13)	(29)	(273)	64
At 31 December 2017	10,628	6,656	3,284	72,660	93,228
Depreciation:					
At 1st January 2017	3,040	3,282	2,034	52,393	60,749
Charge for the year	232	1,015	498	6,672	8,417
Disposals	–	(118)	(301)	(3,928)	(4,347)
Foreign exchange differences	99	(16)	(24)	6	65
At 31 December 2017	3,371	4,163	2,207	55,143	64,884
Net book value at 31 December 2017	7,257	2,493	1,077	17,517	28,344

£000s	Freehold land and buildings	Alterations to leasehold premises	Motor vehicles	Fixtures, fittings, IT and equipment	Total
Cost:					
At 1st January 2016	8,917	7,583	2,824	61,281	80,605
Additions	19	1,103	371	6,185	7,678
Disposals	–	(3,255)	(415)	(3,093)	(6,763)
Additions through acquisition	–	36	–	95	131
Foreign exchange differences	1,293	893	364	4,996	7,546
At 31 December 2016	10,229	6,360	3,144	69,464	89,197
Depreciation:					
At 1st January 2016	2,514	4,501	1,607	45,479	54,101
Charge for the year	217	1,017	597	6,559	8,390
Disposals	–	(2,754)	(396)	(2,851)	(6,001)
Foreign exchange differences	309	518	226	3,206	4,259
At 31 December 2016	3,040	3,282	2,034	52,393	60,749
Net book value at 31 December 2016	7,189	3,078	1,110	17,071	28,448

14. 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 108.

15. TRADE AND OTHER RECEIVABLES

£000s	As at 31 Dec 2017	As at 31 Dec 2016
Trade receivables	114,653	118,664
Accrued income	39,001	33,294
Prepayments	10,568	9,536
Other receivables	5,533	4,110
	169,755	165,604

Trade receivables and accrued income net of provision for impairment are shown below.

£000s	As at 31 Dec 2017	As at 31 Dec 2016
Trade receivables	119,500	124,702
Provision for impairment	(4,847)	(6,038)
Trade receivables net	114,653	118,664

£000s	As at 31 Dec 2017	As at 31 Dec 2016
Accrued income	44,757	37,710
Provision for impairment	(5,756)	(4,416)
Accrued income net	39,001	33,294

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 concerns over the recovery of the amount due. The age of financial assets past due but not impaired is as follows:

£000s	As at 31 Dec 2017	As at 31 Dec 2016
Not more than three months past due	10,740	10,201
More than three months past due	10,558	11,735
	21,298	21,936

15. TRADE AND OTHER RECEIVABLES CONTINUED

Movements in impairment

£000s	Trade receivables	Accrued income	Total
As at 1 January 2017	**6,038**	**4,416**	**10,454**
Impairment charge	**2,445**	**5,153**	**7,598**
Reversal of provisions	**(2,417)**	**(1,426)**	**(3,843)**
Receivables written off during the year as uncollectible	**(1,161)**	**(2,354)**	**(3,515)**
Exchange differences	**(58)**	**(33)**	**(91)**
As at 31 December 2017	**4,847**	**5,756**	**10,603**
As at 1 January 2016	10,875	3,572	14,447
Impairment charge	2,155	3,443	5,598
Reversal of provisions	(6,449)	(1,360)	(7,809)
Receivables written off during the year as uncollectible	(1,076)	(1,550)	(2,626)
Additions through acquisitions	255	–	255
Exchange differences	278	311	589
As at 31 December 2016	6,038	4,416	10,454

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

£000s	As at 31 Dec 2017	As at 31 Dec 2016
UK Pound Sterling	**62,475**	58,946
US Dollar	**33,594**	29,112
Euro	**23,766**	22,754
Australian Dollar	**30,499**	31,989
Canadian Dollar	**2,824**	8,563
Norwegian Krone	**13,740**	13,380
Malaysian Ringitt	**2,064**	550
Other	**793**	310
	169,755	165,604

The maximum exposure to credit risk at the reporting date is £164,222,000 (2016: £156,068,000).

16. TRADE AND OTHER PAYABLES

£000s	As at 31 Dec 2017	As at 31 Dec 2016
Trade payables	**34,838**	33,825
Accruals	**41,026**	42,039
Deferred income	**22,199**	24,389
Creditors for taxation and social security	**18,909**	17,850
Other payables	**6,434**	7,062
	123,406	125,165

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.

17. BORROWINGS

£000s	As at 31 Dec 2017	As at 31 Dec 2016
Bank loans	41,457	43,312
US loan notes	55,185	57,571
Bank overdraft	212	–
Total bank loan, notes and overdrafts	96,854	100,883
Finance lease creditor	–	36
Arrangement fees	(634)	(997)
	96,220	99,922

£000s	As at 31 Dec 2017	As at 31 Dec 2016
The bank loan, notes and overdrafts are repayable as follows:		
Amounts due for settlement within 12 months	212	–
In the third to fifth years inclusive	96,642	100,883
	96,854	100,883

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 1,500,000 repayable on demand.

(iii) The Group has one principal bank facility: a multicurrency revolving credit facility of £150,000,000 with Lloyds Bank plc and HSBC Bank plc, expiring in 2020. Term loans drawn under this facility carry interest fixed for the term of the loan equal to LIBOR (or the currency equivalent) plus a margin determined by reference to the leverage of the Group.

There were loans drawn totalling £41,457,000 at 31 December 2017 (2016: £43,312,000).

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

(iv) In addition, in September 2014 the Group issued seven year non amortising US private placement notes of $34,070,000 and £30,000,000 with fixed interest chargeable at 3.84% and 3.98% respectively, that are repayable in 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.

17. BORROWINGS CONTINUED

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	2017	2016
<1 year	3,093	3,201
1-2 years	2,881	3,201
>2 but <5 years	100,539	108,265
	106,513	114,667

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.

18. DEFERRED CONSIDERATION

£000s	As at 31 Dec 2017	As at 31 Dec 2016
Amount due within one year	1,608	13,376
Amount due between one and two years	–	1,625
Amount due between two and five years	26	9
Amount due after five years	122	–
	1,756	15,010

19. PROVISIONS

Onerous contracts

The provision for property costs relates to onerous operating lease rentals and related costs on vacated property along with loss making contracts and will be utilised within six years.

Warranty

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

Dilapidations

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

£000s	Onerous Contracts	Warranty	Dilapidations	Total
As at 1 January 2017	400	851	2,348	3,599
Additional provision in the year	3,314	884	323	4,521
Utilised in year	(327)	(250)	(114)	(691)
Released	(60)	–	(112)	(172)
Exchange difference	1	12	(5)	8
As at 31 December 2017	3,328	1,497	2,440	7,265

£000s	**As at 31 Dec 2017**	As at 31 Dec 2016
Due as follows:		
Within one year	**2,953**	1,809
After more than one year	**4,312**	1,790
	7,265	3,599

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

20. DEFERRED TAXATION

£000s	Property, plant and equipment timing differences	Goodwill and intangible assets	Employment benefits	Share based payments	Provisions and other timing differences	Total
At 1 January 2016	(168)	(7,195)	2,264	(33)	(630)	(5,762)
(Charge)/credit to income for the year	968	1,691	(21)	(74)	(157)	2,407
(Charge)/credit to income due to change in tax rate	(37)	300	(9)	8	(39)	223
(Charge)/credit to equity for the year	–	–	65	(63)	–	2
Additions through acquisitions	–	(675)	–	–	–	(675)
Exchange differences	6	(628)	449	2	(116)	(287)
At 31 December 2016	769	(6,507)	2,748	(160)	(942)	(4,092)
Disclosed within liabilities	622	(12,314)	2,735	(185)	(903)	(10,045)
Disclosed within assets	147	5,807	13	25	(39)	5,953
(Charge)/credit to income for the year	**48**	**2,720**	**118**	**44**	**(949)**	**1,981**
(Charge)/credit to income due to change in tax rate	**(29)**	**(2,310)**	**(16)**	**–**	**77**	**(2,278)**
(Charge)/credit to equity for the year	**–**	**–**	**15**	**–**	**–**	**15**
Exchange differences	**(26)**	**(590)**	**(44)**	**(16)**	**22**	**(654)**
At 31 December 2017	**762**	**(6,687)**	**2,821**	**(132)**	**(1,792)**	**(5,028)**
Disclosed within liabilities	**840**	**(10,102)**	**751**	**(82)**	**253**	**(8,340)**
Disclosed within assets	**(78)**	**3,415**	**2,070**	**(50)**	**(2,045)**	**3,312**

From 1 January 2018 the US Federal corporation tax rate reduced from 35% to 21% and the Norwegian tax rate from 24% to 23%. Accordingly, deferred tax assets and liabilities in both countries have been calculated at the reduced rates of corporation tax which materially reflect the rates for the period in which the deferred tax assets and liabilities are expected to reverse.

No deferred tax liability is recognised on temporary differences of £3,773,000 (2016: £33,130,000) 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 amount of tax that would be payable on the unremitted earnings is £402,000 (2016: £1,876,000).

Deferred corporation 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 same fiscal authority.

21. SHARE CAPITAL

	as at 31 December 2017		as at 31 December 2016	
	Authorised Number	Authorised £000s	Authorised Number	Authorised £000s
Ordinary shares of 3p each	240,000,000	7,200	240,000,000	7,200

			2017			2016
Issued and fully paid	Number	£000s	£000s	Number	£000s	£000s
		Share Capital	Share Premium		Share Capital	Share Premium
Ordinary shares of 3p each						
At 1 January	223,435,014	6,703	114,353	222,234,251	6,667	112,026
Issued under the Share Incentive Plan	654,970	20	1,733	905,362	27	1,653
Issued in respect of the Performance Share Plan	450,058	13	1,123	295,401	9	680
Issued in respect of the Energy Option Plan	185,000	6	376	–	–	–
Issued in respect of the Bonus Plan	91,959	3	213	–	–	–
Admission fees	–	–	(8)	–	–	(6)
At 31 December	224,817,001	6,745	117,790	223,435,014	6,703	114,353

Number	As at 31 Dec 2017	As at 31 Dec 2016
Ordinary shares held by the ESOP Trust	2,726,038	2,497,500
Ordinary shares held by the SIP Trust	4,314,641	4,428,223

The total number of issued and fully paid shares is inclusive of the shares held in the ESOP and SIP Trusts. These shares are deducted from equity through the EBT reserve. The ESOP Trust has elected to waive any dividend on the unallocated ordinary shares held.

The table below shows options outstanding at 31 December 2017:

Period exercisable	Number	Exercise price (p)
2018	165,000	295.25
2018 - 2021	50,000	212.01
	215,000	

22. DIVIDENDS

£000s	Year ended 31 Dec 2017	Year ended 31 Dec 2016
Amounts recognised as distributions to equity holders during the year:		
Final dividend for the year ended 31 December 2016 of 5.08p (2015: 5.08p) per share	11,308	11,267
Interim dividend for the year ended 31 December 2017 of 4.80p (2016: 4.66p) per share	10,699	10,346
	22,007	21,613
Proposed final dividend for the year ended 31 December 2017 of 5.08p (2016: 5.08p) per share	11,361	11,315

The proposed final dividend for the year ended 31 December 2017 is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in the financial statements.

23. OPERATING LEASE ARRANGEMENTS

At 31 December 2017 the Group's total remaining commitments as lessee under non-cancellable operating leases were as follows:

£000s	As at 31 December 2017		As at 31 December 2016	
	Property	Other	Property	Other
Within one year	11,703	3,345	13,911	1,623
In two to five years	22,852	4,233	24,625	2,450
After five years	2,186	55	3,328	–
	36,741	7,633	41,864	4,073

24. RELATED PARTY TRANSACTIONS

Related parties, following the definitions within IAS 24, are the subsidiary companies, members of the Board, key management personnel 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.

25. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

£000s	Year ended 31 Dec 2017	Year ended 31 Dec 2016
Operating profit	2,926	37,987
Adjustments for:		
Depreciation	8,417	8,390
Amortisation of acquired intangible assets	12,804	17,470
Impairment of goodwill	40,024	–
Consideration fair value adjustments	–	187
Share based payment expense	2,700	2,184
Loss on sale of business assets	2,617	–
Loss on sale of property, plant and equipment	86	537
EBITDAS	69,574	66,755
(Increase)/decrease in trade and other receivables	(7,584)	9,522
Increase/(decrease) in trade and other payables	1,521	1,976
Cash generated from operations	63,511	78,253
Interest paid	(4,960)	(5,077)
Interest received	113	158
Income taxes paid	(14,920)	(11,057)
Net cash from operating activities	43,744	62,277

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 2017.

£000s	At 31 Dec 2016	Cash flow	Prepaid arrangement fees	Foreign exchange	At 31 Dec 2017
Cash at bank	16,503	(212)	–	(703)	15,588
Overdrafts	–	(212)	–	–	(212)
Cash and cash equivalents	16,503	(424)	–	(703)	15,376
Bank loans and notes	(99,886)	1,424	(364)	2,818	(96,008)
Finance lease creditor	(36)	36	–	–	–
	(83,419)	1,036	(364)	2,115	(80,632)

The cash balance at 31 December 2017 includes £2,917,000 (2016: £3,036,000) that is restricted in its use either as security or client deposits.

26. 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 Group 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 November 2017 for the two schemes by a qualified actuary.

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

	2017	2016
Discount rate	**2.30%**	2.10%
Expected rate of salary increase	**2.50%**	2.25%
Inflation	**2.25%**	2.00%

There are two defined benefit schemes in Norway; with the exception of the rates of pension increase all principal assumptions are the same for both schemes. One scheme has assumptions of 2.25% and the other used 0.4 % (2016: 2.0% and nil %).

The assumed life expectations on retirement at age 65 are:

Years	2017	2016
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	2017	2016
Current service cost	**243**	101
Net interest expense	**49**	50
Components of defined benefit costs recognised in profit or loss	**292**	151

The service charge for the year has been included in the income statement in administrative expenses. The net interest expense has been included within finance costs.

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

£000s	2017	2016
Actuarial losses/(gains) arising from:		
Changes in financial assumptions	**58**	248
Movements in payroll tax	**8**	13
Remeasurement of the net defined benefit liability	**66**	261

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	2017	2016
Present value of defined benefit obligations	(4,389)	(4,253)
Fair value of plan assets	3,630	3,475
Net liability arising from the defined benefit obligations	(759)	(778)

The net liability is reported within the consolidated balance sheet within "other payables". Movements in the present value of defined benefit obligations in the year were as follows:

£000s	2017	2016
Defined benefit obligation at 1 January	4,253	3,553
Current service cost	243	101
Interest cost	86	91
Remeasurement (gains)/losses:		
Actuarial (gains) arising from changes in demographic assumptions	–	(293)
Actuarial (gains) and losses arising from changes in financial assumptions	93	163
Liabilities extinguished on settlements	–	(168)
Exchange differences	(195)	858
Benefits paid	(91)	(52)
Defined benefit obligation at 31 December	4,389	4,253

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

£000s	2017	2016
Plan assets at 1 January	3,475	2,888
Remeasurement gain/(losses):		
The return on plan assets (excluding amounts included in net interest expense)	37	41
Actuarial losses arising from changes in demographic assumptions	–	(376)
Actuarial gains arising from changes in financial assumptions	35	17
Exchange differences	(127)	644
Contributions from the employer	306	423
Assets distributed on settlement	–	(106)
Benefits paid	(91)	(52)
Administration costs	(5)	(4)
Plan assets at 31 December	3,630	3,475

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

	2017	2016
Shares	9.7%	8.4%
Other investments	0.6%	3.2%
Short term bonds	22.5%	28.8%
Term bonds	56.7%	47.5%
Property	10.5%	12.1%
Total	100.0%	100.0%

27. FINANCIAL RISK MANAGEMENT

(a) Capital management

The capital of the Group consists of debt, which includes the borrowings and facilities disclosed in note 17, 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. 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 leverage ratio of Group net borrowings (including deferred consideration) to EBITDAS adjusted to include the annualised contribution of acquisitions in the year 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.

Seven year non amortising notes with principal of £30.0 million and $34.1 million were issued in September 2014 bearing fixed interest at 3.98% and 3.84% per annum, respectively. There are two financial covenants associated with these notes that are the same as for the revolving credit facility above. 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 2017	As at 31 Dec 2016
Cash	15,588	16,503
Trade and other receivables	159,187	156,068
Financial assets	174,775	172,571
Borrowings	96,220	99,922
Deferred consideration	1,756	15,010
Trade and other payables	92,106	89,021
Financial liabilities	190,082	203,953

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 17. 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 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 become 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.

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:

	Floating rate		Fixed rate		Non interest bearing		Total	
£000s	2017	2016	2017	2016	2017	2016	2017	2016
Sterling	32,375	33,964	30,981	32,213	33,459	29,506	96,815	95,683
Euro	–	–	–	–	7,147	9,905	7,147	9,905
Australian Dollar	–	–	63	3,696	19,296	18,130	19,359	21,826
Canadian Dollar	–	–	–	–	4,122	6,553	4,122	6,553
US Dollar	–	–	25,244	31,423	14,052	11,578	39,296	43,001
Norwegian Krone	8,857	8,612	456	5,024	13,175	13,052	22,488	26,688
Other	–	–	–	–	855	297	855	297
At 31 December	41,232	42,576	56,744	72,356	92,106	89,021	190,082	203,953

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

	Floating rate		Fixed rate		Non interest bearing		Total	
£000s	2017	2016	2017	2016	2017	2016	2017	2016
Within one year	212	–	1,608	13,412	85,250	84,735	87,070	98,147
In one to two years	–	–	–	1,625	2,774	1,611	2,774	3,236
In two to five years	41,020	42,576	55,014	57,319	2,902	1,628	98,936	101,523
Over five years	–	–	122	–	1,180	1,047	1,302	1,047
	41,232	42,576	56,744	72,356	92,106	89,021	190,082	203,953

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 %		Weighted average period for which rate is fixed – months	
	2017	2016	2017	2016
Sterling	2.8	3.0	43	53
Australian Dollar	2.3	3.6	104	10
US Dollar	3.8	3.9	45	51
Norwegian Krone	1.9	3.3	5	5
	3.0	3.3	44	47

Cash balances at year end:

£000s	As at 31 Dec 2017	As at 31 Dec 2016
Sterling	1,925	1,462
Euro	1,468	1,341
US Dollar	2,306	2,817
Australian Dollar	2,396	1,877
Canadian Dollar	1,411	2,761
Norwegian Krone	3,731	4,607
Malaysian Ringgit	1,073	924
Singapore Dollar	344	121
Other	934	593
	15,588	16,503

27. FINANCIAL RISK MANAGEMENT CONTINUED

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 a committed revolving credit facility that expires in 2020. The amount undrawn under this facility at 31 December 2017 was £108,543,000 (2016: £106,688,000).

The Group also has an uncommitted £3,000,000 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 for a year would increase Group profit before tax by £908,000. A 1.0% increase in interest rates would decrease Group profit before tax by £908,000.

(d) Foreign currency risk

The Group, which is based in the UK and reports in sterling, has significant investments in overseas operations in Australia, the USA, Norway, Netherlands, Ireland and Canada 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 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.

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

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 15 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 government agencies and departments, national water companies, multi-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.

28. SHARE-BASED PAYMENTS

Share scheme costs

£000s	Year ended 31 Dec 2017	Year ended 31 Dec 2016
Share Incentive Plan ("SIP")	**1,367**	1,356
Performance Share Plan ("PSP")	**785**	828
Executive Long Term Incentive Plan ("ELTIP")	**295**	–
Short Term Annual Bonus Plan ("STABP")	**253**	–
Total share scheme costs	**2,700**	2,184

A description of each plan is given in accounting policy note 2(e)iii.

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

SIP

Year of grant	Number outstanding 31 Dec 2016	New grants	Releases	Forfeits	Number outstanding 31 Dec 2017	Vesting conditions
2014	358,406	–	(340,636)	(17,770)	–	3 years
2015	528,637	–	(23,785)	(41,784)	463,068	3 years
2016	800,932	–	(35,535)	(62,518)	702,879	3 years
2017	–	613,984	(9,584)	(25,565)	578,835	3 years
	1,687,975	613,984	(409,540)	(147,637)	1,744,782	

Year of grant	Number outstanding 31 Dec 2015	New grants	Releases	Forfeits	Number outstanding 31 Dec 2016	Vesting conditions
2013	364,360	–	(349,577)	(14,783)	–	3 years
2014	434,392	–	(45,828)	(30,158)	358,406	3 years
2015	637,399	–	(59,677)	(49,085)	528,637	3 years
2016	–	851,448	(25,495)	(25,021)	800,932	3 years
	1,436,151	851,448	(480,577)	(119,047)	1,687,975	

PSP

Year of grant	Number outstanding 31 Dec 2016	New grants	Releases	Lapses	Number outstanding 31 Dec 2017	Vesting conditions
2009	83,366	–	(25,010)	(5,813)	52,543	3 years
2011	60,539	–	(16,446)	(2,475)	41,618	3 years
2012	68,642	–	(23,740)	413	45,315	3 years
2013	82,170	–	(28,393)	(2,638)	51,139	3 years
2014	350,755	–	(273,872)	(10,329)	66,554	3 years
2015	441,900	–	(41,473)	(17,309)	383,118	1, 2 or 3 years
2016	526,876	–	(35,410)	(21,386)	470,080	3 years
2017	–	352,307	(5,714)	(8,864)	337,729	
	1,614,248	352,307	(450,058)	(68,401)	1,448,096	

28. SHARE-BASED PAYMENTS CONTINUED

Year of grant	Number outstanding 31 Dec 2015	New grants	Releases	Lapses	Number outstanding 31 Dec 2016	Vesting conditions
2009	85,027	–	(1,634)	(27)	83,366	3 years
2011	70,638	–	(9,109)	(990)	60,539	3 years
2012	86,132	–	(13,491)	(3,999)	68,642	3 years
2013	309,482	–	(224,385)	(2,927)	82,170	3 years
2014	406,481	–	(19,830)	(35,896)	350,755	3 years
2015	510,983	–	(26,952)	(42,131)	441,500	1, 2 or 3 years
2016	–	526,876	–	–	526,876	3 years
	1,468,743	526,876	(295,401)	(85,970)	1,614,248	

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	169.50p - 292.25p
Weighted fair value	223.20p
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)iii).

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	194.88p
Weighted average exercise price	261.56p
Holding period	3 years
Expected dividend yield	1.83% - 5.52%

29. 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 2017	As at 31 Dec 2016
Fixed assets:			
Intangible assets	4	317	382
Tangible assets	5	815	748
Investments	6	361,000	397,435
		362,132	398,565
Current assets:			
Debtors:			
- due within one year	7	54,388	77,578
Cash at bank and in hand		124	327
		54,512	77,905
Creditors: amounts falling due within one year:	8	36,913	44,735
Net current assets		17,599	33,170
Total assets less current liabilities		379,731	431,735
Creditors: Amounts falling due after more than one year	9	96,008	99,886
Provision for liabilities	10	172	148
Net assets		283,551	331,701
Capital and reserves			
Called up share capital	12	6,745	6,703
Share premium account	12	117,790	114,353
Profit and loss reserve	12	83,373	103,642
Merger reserve	12	21,256	21,256
Employee trust shares	12	(8,602)	(13,677)
Other reserve	12	62,989	99,424
Total shareholders' equity		283,551	331,701

The profit for the year attributable to the shareholders of the Parent Company and recorded through the accounts of the Parent Company was £7,218,000 (2016: £8,300,000).

These financial statements were approved and authorised for issue by the Board on 1 March 2018.

The notes on pages 105 to 113 form part of these financial statements.

John Douglas, 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 2016	6,667	112,026	21,256	(11,997)	115,459	99,424	342,835
Changes in equity during 2016:							
Issue of new shares	36	2,327	–	(1,680)	(688)	–	(5)
Share-based payment expense	–	–	–	–	2,184	–	2,184
Profit and total comprehensive income	–	–	–	–	8,300	–	8,300
Dividend paid (note 13)	–	–	–	–	(21,613)	–	(21,613)
At 31 December 2016	**6,703**	**114,353**	**21,256**	**(13,677)**	**103,642**	**99,424**	**331,701**
Changes in equity during 2017:							
Issue of new shares	42	3,437	–	(1,753)	(1,352)	–	374
Share-based payment expense	–	–	–	–	2,700	–	2,700
Transfer on release of shares	–	–	–	6,828	(6,828)	–	–
Profit and total comprehensive income	–	–	–	–	7,218	–	7,218
Non distributable loss	–	–	–	–	–	(36,435)	(36,435)
Dividend paid (note 13)	–	–	–	–	(22,007)	–	(22,007)
At 31 December 2017	**6,745**	**117,790**	**21,256**	**(8,602)**	**83,373**	**62,989**	**283,551**

The notes on pages 105 to 113 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 England under the Companies Act. The address of the registered office is given on page 22. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 3 to 17.

The individual Company 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 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 their 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.

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.

1. ACCOUNTING POLICIES CONTINUED

Employee Share Trusts

The assets, income and expenditure of the SIP and Employee Benefit Trust are incorporated into the Company's financial statements.

The Trusts are used to issue shares under the Group's share schemes, as described on page 71. Cash is loaned to the Trust and then used to subscribe for shares in the Company.

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 Financial assets

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 Financial liabilities

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. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the course of preparing the financial statements, no judgements have been made in the process of applying the Company's accounting policies, other than those involving estimations, that have had a significant effect on the amounts recognised in the financial statements.

Sources of estimation uncertainty

In applying the Company's accounting policies various transactions and balances are valued using estimates or assumptions. Should these estimates or assumptions prove incorrect, there may be an impact on the following year's financial statements. The only source of estimation uncertainty at the end of 2017, that has a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities during 2018, relates to the testing for impairment of the Company's investments.

A further impairment of the carrying value of RPS Group Plc's investment in its US subgroup is reasonably possible in 2018 because some of our businesses there are exposed to the oil and gas market. The valuation of the investment is most sensitive to the achievement of the 2018 budget. The budget comprises forecasts of revenue, staff costs and overheads based on current and anticipated market conditions that have been considered and approved by the Board. Whilst we are able to manage staff costs, direct costs and overheads, revenue projections are inherently uncertain due to the short term nature of our order book and oil and gas market conditions.

The US business underperformed against budget in 2017 and whilst not probable, it is possible that further underperformance may occur in 2018 if the oil price drops back to the lows experienced in 2016 or expenditure by our clients reduces. Our US business may exceed budget if market conditions allow. An underperformance against target may lead to an impairment of this asset.

The investment value associated with the US business at 31 December was £108,117,000.

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.

The remuneration of the auditors for the statutory audit of the Company was £50,000 (2016: £50,000).

4. INTANGIBLE ASSETS

£000s	Goodwill
Cost	
At 1 January 2017 and at 31 December 2017	2,134
Amortisation	
At 1 January 2017	1,752
Charge for the year	65
At 31 December 2017	1,817
Net book value at 31 December 2017	317
Net book value at 31 December 2016	382

5. TANGIBLE ASSETS

£000s	Alterations to leasehold premises	Fixtures, fittings, IT and equipment	Total
Cost or valuation			
At 1 January 2017	509	6,856	7,365
Additions	43	449	492
Disposals	(7)	(6)	(13)
At 31 December 2017	545	7,299	7,844
Depreciation			
At 1 January 2017	427	6,190	6,617
Charge for the year	67	354	421
Disposals	(7)	(2)	(9)
At 31 December 2017	487	6,542	7,029
Net book value at 31 December 2017	58	757	815
Net book value at 31 December 2016	82	666	748

6. INVESTMENTS

£000s	2017	2016
Subsidiary undertakings		
Cost		
At 1 January	455,670	455,670
Additions	–	–
At 31 December 2017	455,670	455,670
Provisions		
At 1 January	58,235	58,235
Impairment	36,435	–
At 31 December 2017	94,670	58,235
Net book value at 31 December 2017	361,000	397,435

The Group's investment in its US business has been impaired by £36,435,000. This has been booked against the non-distributable reserve, which represents profits previously recognised in a group reorganisation involving the US business.

Subsidiary undertakings

The principal activity of the majority of our trading subsidiaries in the provision of consulting services.

The following were the subsidiaries during the year. All subsidiaries are held 100% by RPS Group Plc with the exception of Delphi Group Asia PTE Limited where 85% of the ordinary share capital is held.

Shares are held directly by RPS Group Plc except where marked by an asterisk whre they are held by a subsidiary undertaking.

Registered Office	Country of registration and operation	
	Australia	
1	C & B Plant Pty Ltd	*
1	Conics (Brisbane) Pty Ltd	*
1	Conics (Brisbane) Unit Trust Ltd	*
1	Conics (Cairns) Pty Limited	*
1	Conics (Gold Coast) Pty Ltd	*
1	Conics (Mackay) Pty Ltd	*
1	Conics (Mining & Infrastructure) Pty Ltd	*
1	Conics (Sunshine Coast) Pty Ltd	*
1	Conics (Sunshine Coast) Unit Trust	*
1	Conics (Sydney) Pty Ltd	*
1	Conics (Townsville) Pty Ltd	*
1	Conics Positioning Pty Ltd	*
1	Conics Pty Ltd	*
1	ECL DM Pty Ltd	*
1	ECL Drilling Management Pty Limited	*
1	ECL Pty Ltd	*
1	EHA Pty Ltd	*
1	Everything Infrastructure Consulting Pty Ltd	*
1	Everything Infrastructure Group Pty Ltd	*
1	Everything Infrastructure Services Pty Ltd	*
1	Geo Mapping Technologies Pty Ltd	*
1	Intelligent Infrastructure Pty Ltd	*
1	Manidis Roberts Employee Benefits Pty Ltd	*
1	Massie Cosgrove Pty Ltd	*
1	Natural Solutions Environmental Consultants Pty Ltd	*
1	Newco (Brisbane) Pty Ltd	*
1	Newco (Sunshine Coast) Pty Ltd	*
1	Pioneer Surveys Pty Ltd	*
1	PMM Global Surveys Pty Ltd	*
1	PMM Holdings Pty Ltd	*
1	PMM Sydney Pty Ltd	*

Registered Office	Country of registration and operation	
1	RPS APASA Pty Ltd	*
1	RPS Advisory Services Pty Ltd	*
1	RPS Aquaterra Pty Ltd	*
1	RPS Australia East Pty Ltd	*
1	RPS Australia West Pty Ltd	*
1	RPS Consultants Pty Ltd	
1	RPS ECOS Pty Ltd	*
1	RPS Energy Pty Ltd	*
1	RPS Energy Services Pty Ltd	*
1	RPS Environment and Planning Pty Ltd	*
1	RPS Harper Somers O'Sullivan Pty Ltd	*
1	RPS HSO Subco Pty Ltd	*
1	RPS Manidis Roberts Pty Ltd	*
1	RPS PM Ltd	*
1	Rudall Blanchard Associates Pty Limited	*
1	Terranean Mapping Technologies Pty Ltd	*
1	Troy Ikoda Australasia Pty Ltd	*
1	Urban Blueprint Pty Ltd	*
1	Vivo Design Pty Ltd	*
1	Whelans Corporation Pty Limited	*
1	Whelans Insites Pty Limited	*
	Brazil	
2	RPS Consultores do Brasil Ltda	*
	Canada	
3	Petroleum Institute for Continuing Education Ltd	*
3	Boyd Exploration Consultants Ltd	*
3	HMA Land Services Ltd	*
3	Maverick Land Consultants 2012 Ltd	*
3	Roland Resources 2012 Inc	*
3	RPS Canada Ltd	*

Registered Office	Country of registration and operation	
3	RPS Energy Canada Ltd	*
4	Canadian GaiaTech, B.C. ULC	*
	England	
5	Aquaterra International Ltd	*
5	Aquaterra UK Limited	*
5	Basicshare Limited	
5	Burks Green & Partners Limited	*
5	Cambrian Consultants America Limited	*
5	Cambrian Consultants Limited	*
5	CgMs Holdings Limited	*
5	CgMs Limited	*
5	Clear Environmental Consultants Limited	*
5	DBK Partners Limited	*
5	ECL Group Limited	
5	ECL Resources Management Limited	*
5	ECL Technology Limited	*
5	Emulous Group Limited	
5	Emulous Ltd	
5	Energy Innovations Limited	*
5	Exploration Consultants Limited	*
5	Flow Control (Water Conservation) Limited	
5	Geocon Group Services Limited	
5	Geophysical Consultants Limited	*
5	Geophysical Safety Resources Limited	*
5	Hydrosearch Associates Limited	
5	Ichron Limited	*
5	Isochrone Holdings Limited	
5	Knowledge Reservoir (UK) Ltd	*
5	Martindale Holdings Limited	*
5	Nautilus (SEAA) Limited	*
5	Nautilus Limited	*

Registered Office	Country of registration and operation	
5	Net Admin Limited	*
5	Nigel Moor Associates plc	*
5	Oil Experience Limited	*
5	Paras Consulting Limited	*
5	Paras Limited	*
5	Probablistic Risk Assessments Limited	
5	Quad Engineering Limited	*
5	R W Gregory Limited	
5	RPS Business Healthcare Limited	
5	RPS Chapman Warren Limited	*
5	RPS Consultants Ltd	*
5	RPS Consulting Services Limited	
5	RPS Design Ltd	
5	RPS Ecoscope Limited	
5	RPS Energy Consultants Limited	
5	RPS Energy Limited	
5	RPS Energy Services Limited	
5	RPS Environmental Management Limited	
5	RPS Finance Holdings (UK) Ltd	
5	RPS Finance (UK) Ltd	*
5	RPS Group US Holdings Limited	
5	RPS Occupational Health Limited	*
5	RPS Laboratories Limited	
5	RPS Mountainheath Limited	*
5	RPS Planning & Development Limited	
5	RPS Timetrax Limited	*
5	RPS Trustees Limited	
5	RPS US Holdings Limited	*
5	Rudall Blanchard Associates Group Limited	*
5	Rudall Blanchard Associates Limited	*
5	Safety and Reliability Consultants Limited	
5	Scott Pickford Limited	*
5	Sherwood House Properties Limited	*
5	SRC (Consultants) Limited	*
5	Town Planning Consultancy Limited	
5	TPK Consulting Limited	
5	Troy Ikoda Limited	*
5	Troy-Ikoda Management Limited	*
5	Utility Technical Services Limited	
5	WTW & Associates Limited	
5	X-IPEC Limited	*
	Germany	
6	Metier Academy GmbH	*

Registered Office	Country of registration and operation	
	Gibraltar	
7	Geocon Asia Limited	*
	Ireland	
8	RPS Consulting Engineers Limited	*
8	RPS Engineering Services Limited	*
8	RPS Environmental Consultancy Limited	
8	RPS Group Limited	*
8	RPS MMA Limited	*
8	RPS Planning & Environment Limited	*
8	RPS Properties Limited	*
	Malaysia	
9	Cambrian Consultants Asia Sdn. Bhd	*
10	Knowledge Reservoir Geoscience & Engineering Sdn. Bhd	*
11	RPS Consultants Sdn Bhd	*
	Mexico	
12	Cambrian Consultants CC America, Inc S.de R.L. de C.V.	*
	Mongolia	
13	Aquaterra East Asia LLC	*
	Netherlands	
14	RPS advies-en ingenieursbureau bv	*
15	RPS Analyse BV	*
14	RPS BV	
14	RPS Detachering BV	*
	New Zealand	
16	RPS Consultants NZ Limited	*
	Northern Ireland	
17	RPS Ireland Limited	*
	Norway	
18	Delphi AS	*
9	Knowledge Reservoir AS	*
9	Knowledge Reservoir Holding AS	*
19	Metier AS	*
19	Metier Holding AS	*
20	Metier Trondheim AS	*
21	Metier Vest AS	*
22	OEC Gruppen AS	*
23	RPS Norway AS	*
23	RPS Group AS	

Registered Office	Country of registration and operation	
	Oman	
24	K.R. LLC (Oman)	*
	Papua New Guinea	
25	Point Project Management (PNG) Ltd	*
	Scotland	
26	OceanFix International Limited	*
27	RPS Health in Business Limited	*
	Singapore	
28	Delphi Group Asia PTE Limited	*
	Sweden	
29	Metier AB	*
29	Metier Academy AB	*
	USA	
30	APA USA, Inc	*
31	Applied Science Associates Inc.	*
30	Cambrian Consultants America Inc.	*
30	Espey Consultants, Inc.	*
30	Evans Hamilton, Inc.	*
30	GaiaTech Canada, LLC	*
32	GaiaTech Holdings, Inc	*
30	GaiaTech, Inc	*
30	Houston Geoscan Inc	*
30	Hydrosearch USA Inc	*
33	Iris Environmental	*
34	Klotz Associates Inc.	*
30	Knowledge Reservoir Group Inc	
35	Knowledge Reservoir, LLC	*
30	Nautilus Holdings LLC	*
30	Nautilus World LP	*
30	Petroleum Institute for Continuing Education USA Inc	*
30	RPS America Group Inc	*
30	RPS Americas Inc	*
30	RPS Group, Inc.	*
30	RPS JDC Inc.	*
30	The Geocet Group LLC	*
30	The Scotia Group Inc	*

Registered Offices

1 743 Ann Street, Fortitude Valley, Queensland 4006, Australia

2 Av. Almirante Barroso 91, Rio de Janeiro, Rio De Janeiro 20031--005, Brazil

3 1200, 700 - 2nd Street SW, Calgary, Alberta, TP2 4V5, Canada

4 1300-777 ST Dunsmuir Vancouver British Columbia V7Y1K2 Canada

5 20 Western Avenue, Milton Park, Abingdon, Oxfordshire OX14 4SH

6 Frankfurt am Main, Gashaftsanschrift, Marketstrasse 4460388 Frankfurt am Main, Germany

7 Line Group Limited, 57/63 Line Wall Road, Gilbraltar

8 West Pier Business Campus, Old Dunleary Road, Dunlaoghaire, Co Dublin, Republic of Ireland

9 Level 11-2 Faber Imperial Court, Jalan Sultan Ismail 50250, Kuala Lumpur, Malaysia

10 Welhavens Road 5, 4319 Sandines, Sandines, Norway

11 Suite 11-13A, Level 11, Wisma UOA II, Jalan Pinang, 50450 Kuala Lumpur. Malaysia

12 Avenida Paseo de la Reforma No. 404, Pisa 6 - Despacho 602, CoL Juarez, Mexico City, Mexico, FED DISTR. 06600

13 701 San Business Centre, 8th Khoroo, Sukhbaatar, Ulaanbaatar, Mongolia

14 Elektronicaweg 2, 2628 XG Delft, The Netherlands

15 Minervum 7002, 4817, ZL Breda, the Netherlands

16 50 Customhouse Quay, Wellington Central, Wellington, 6011, New Zealand

17 Elmwood House, 74 Boucher Road, Belfast, BT12 6RZ

6. INVESTMENTS CONTINUED

18 Engelsminnegata, 24, 4008 Stavanger, Norway

19 Hoffsveien 70C, 0377 Oslo, Norway

20 Professor Brochs, Gate 2, 7030 Trondheim, Norway

21 Hinna Park, Bygg D 2.etasje, Jattavagveien 7, 4020 Stavanger, Norway

22 Lysaker Torg 25, 1366 Lysaker, 0219 BAERUM, Norway

23 Olav Vs Gate 4, 0356 Oslo, Norway

24 Al-Kulieah Street, Al-Khuwair 17/2, Building No.741, Way No. 4508 Muscat, Oman

25 2nd Floor, Brian Bell Plaza, Turumu Street, Boroko, NCD, Papua New Guinea

26 6 Carden Place, Aberdeen, AB10 1UR

27 Unit 1, Ratho Park, Station Road, Edinburgh, EH28 8QQ

28 Paya Lebar Road 60, 40 Singapore - Hougang, Singapore - Singapore

29 Drottninggatan 71, C, 111 36, Stockholm, Sweden

30 20405 Tomball Parkway, Suite 200, Houston, Texas 77070, USA

31 55 Village Square Drive, South Kingstown, Rhode Island, 02879, USA

32 135 S. La Salle Street, Suite 3500, Chicago, Illinois 60603, USA

33 1432 Webster Street, Suite 302, Oakland, California, 94612, USA

34 1160 Dairy Ashford, Suite 500, Houston, Texas, 77079, USA

35 1209 Orange Street, Wilmington, Delaware, 19801, USA

7. DEBTORS

£000s	31 Dec 2017	31 Dec 2016
Amounts falling due within one year:		
Amounts due from subsidiary undertakings	47,828	73,395
Tax receivable	1,523	–
Other debtors	2,557	2,135
Prepayments and accrued income	2,480	2,048
	54,388	77,578

8. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

£000s	31 Dec 2017	31 Dec 2016
Borrowings	212	–
Trade creditors	4,191	1,834
Amounts due to subsidiary undertakings	29,773	40,081
Other creditors	516	552
Accruals and deferred income	2,221	2,268
	36,913	44,735

9. CREDITORS – AMOUNTS DUE AFTER MORE THAN ONE YEAR

£000s	31 Dec 2017	31 Dec 2016
Borrowings:		
Bank loans	41,457	43,312
US loan notes	55,185	57,571
Arrangement fees	(634)	(997)
	96,008	99,886
Due as follows:		
After two years and within five years	96,642	100,883
Arrangement fee previously settled	(634)	(997)
	96,008	99,886

Details of borrowings are disclosed in note 17 to the consolidated accounts.

10. PROVISION FOR LIABILITIES

£000s	Total
As at 1 January 2017	148
Additional provision in the year	59
Released in the year	(35)
As at 31 December 2017	172

The provisions relate to property and dilapidations provisions.

The total provision is expected to be utilised as follows:

£000s	As at 31 Dec 2017	As at 31 Dec 2016
Within one year	46	140
After more than one year	126	8
	172	148

11. DEFERRED TAXATION

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

£000s	As at 31 Dec 2017	As at 31 Dec 2016
Net asset at beginning of year	149	122
Credit to income for the year	108	27
Net asset at year end	257	149

The deferred taxation balances comprise:

£000s	As at 31 Dec 2017	As at 31 Dec 2016
Short term timing differences	62	(58)
Depreciation in excess of capital allowances	195	207
Deferred tax asset	257	149

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

12. SHARE CAPITAL AND RESERVES

	Authorised		Allotted and fully paid	
	Number	Value £000s	Number	Value £000s
Ordinary shares of 3p each				
At 1 January 2017	240,000,000	7,200	223,435,014	6,703
At 31 December 2017	240,000,000	7,200	224,817,001	6,745

Full details of the share capital of the Company are disclosed in Note 20 to the Consolidated Financial Statements.

The Company'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.
Profit and loss reserve	Cumulative net gains and losses recognised in the profit and loss account and statement of changes in equity.
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 Employee Benefit trusts.
Other reserves	Non-distributable profit generated on Group reconstruction.

13. DIVIDENDS

Details of dividends paid by the Company are disclosed in Note 22 of the Consolidated Financial Statements.

14. COMMITMENTS UNDER OPERATING LEASES

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

£000s	Land and buildings 31 Dec 2017	Land and buildings 31 Dec 2016	Other 31 Dec 2017	Other 31 Dec 2016
Within one year	**525**	272	**112**	96
Between one and five years	**1,684**	152	**108**	140
	2,209	424	**220**	236

15. DIRECTORS' INTERESTS IN TRANSACTIONS

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

FIVE YEAR SUMMARY

£000s	2017	2016	2015	2014	2013
Revenue	**630,636**	594,471	566,972	572,126	567,614
Fee income	**562,320**	534,296	506,110	504,959	492,121
PBTA	**53,941**	50,704	51,795	66,114	63,032
Net bank debt	**(80,632)**	(83,419)	(78,779)	(73,180)	(32,368)
Net assets	**369,784**	411,307	364,490	384,677	372,038
Cash generated from operating activities	**63,511**	78,253	92,628	70,772	72,030
Average number of employees	**5,340**	5,099	5,054	4,530	4,306
Dividend per share	**9.88p**	9.74p	9.74p	8.47p	7.36p
Adjusted basic EPS	**17.13p**	16.60p	16.57p	22.04p	20.22p
Adjusted diluted EPS	**17.01p**	16.51p	16.47p	21.92p	20.14p

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

Cover image: Dublin Port, Ireland.

RPS assisted Dublin Port Company to secure planning permission for the Alexandra Basin Redevelopment.

Contact:

RPS Group Plc
20 Western Avenue, Milton Park
Abingdon, Oxon OX14 4SH
T +44 (0)1235 863206

Registered in England No. 2087786

rpsgroup.com

49191