2020

REPORT AND ACCOUNTS

MAKING COMPLEX EASY

rpsgroup.com

Founded in 1970, RPS is a leading global professional services firm. We define, design and manage projects that create shared value by solving problems that matter to a complex, urbanising and resource-scarce world. This is our purpose. We work across six sectors: property, energy, transport, water, resources, defence and government services. Our services span 12 clusters: project and program management; design and development; water services; environment; advisory and management consulting; exploration and development; planning and approvals; health, safety and risk; oceans and coastal; laboratories; training and communication; and creative services.

2020 was a year in which the COVID-19 pandemic changed the way we live, work and operate as a business. Coming together, our people, clients and investors rose to the challenge. RPS acted quickly, remained focused and stuck to our purpose.

Thank you for your support.

#strongertogether

Ken Lever
Chairman

CONTENTS

Making a difference that matters

Where to find corporate responsibility content throughout the report

Cover Image: Services UK Network Technician, **Zak Hendry**, carrying out turbidity sampling

2020 AT A GLANCE

Our segments – solving problems that matter to a complex, urbanising and resource-scarce world

Energy

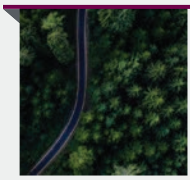
Initiated project to look at global, multidiscipline, renewables service offering

Norway

Project managing one of Europe's largest 'green' battery providers

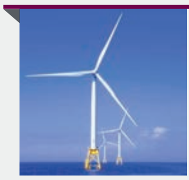
Clients
p.18–21
p.26–27
p.30
p.34–35
p.48–49

Consulting UK & Ireland



Net zero carbon strategy and action plan for major blue-chip client

North America



Expansion of offshore renewable activity

Services UK & Netherlands

WaterNet Pro expansion to support water and waste water network management

Australia Asia Pacific

Suburban Rail Loop - project changing how people move around Melbourne

	Revenue (£m)	Fee revenue[1] (£m)	Adjusted profit before tax (£m)[1]	Cash conversion (%)[1]
2020	542.1	457.3	13.4	239%
2019	612.6	528.2	37.4	90%
Variation %	−12%	−13%	−64%	+165%

Delivering on our strategic priorities

People

Making RPS a great place to do great work

- **98%** of employees had a meaningful cycle of performance conversations with their manager
- **40%** increase in employees able to access online learning

Clients

Growing our business by delivering great work for our clients

- Digitally connecting clients to our deep expertise with **70%** increase in client direct contact via our website
- Net zero carbon ranking **#1** in Google organic search

Connectivity

Making it easy to work together

- Rapid deployment of tools to support technology enabled consulting
- **90%** of employees connecting with each other via Microsoft Teams on a daily basis

	Statutory (loss)/profit	Adjusted earnings per share (diluted)[1] (p)	Total dividend per share (p)	Leverage[1] (3.75x bank leverage limit)
2020	(31.3)	4.29	–	0.7x
2019	4.9	12.31	2.42	2.0x
Variation %		−65%		

1 Alternative performance measures are used consistently throughout the Report and Accounts. These include adjusted profit before tax, adjusted operating profit, fee revenue and passthrough costs, adjusted EPS, segment profit, underlying profit, reorganisation costs, unallocated expenses, amounts labelled 'at constant currency', EBITDAS and EBITAS, conversion of profit into cash, net bank borrowings, leverage and adjusted effective tax rate. For further details of their purpose, definition and reconciliation to the equivalent statutory measures, see note 3 to the consolidated financial statements.

A rapid and pragmatic RESPONSE TO COVID-19

Rapid connectivity focused on continuity and collaboration

- In April, 90% of employees using Microsoft Teams daily, collaborating remotely with colleagues and connecting with clients from their homes
- Desk-based telephony systems transferred to PCs
- Ramped up cloud technology capability during COVID-19
- Rapid virtual and online deployment of some client services

Crisis management response focused on health and wellbeing

- Established regional response teams and appointed office leads to coordinate local response and communication
- Followed spirit and letter of public health advice
- Employees worked from home where possible
- Offices and vehicles made COVID secure and suitable personal protective equipment provided
- Risk assessments for visiting client sites
- Assistance programmes and initiatives to support employee wellbeing and mental health

Cost saving and cash management actions focused on preserving jobs ensuring client delivery

- Tracked utilisation at home, in the field and in our offices and laboratories
- Matched capacity to demand with payroll action and limited redundancies

Furlough Jun–20	Reduced pay Jun–20	Reduced hours and pay Jun–20	Redundancies FY–2020	Furlough Dec–2020
10%	4%	15%	3%	0.8%

People report p.22

- Deferral of 2020 salary increases and 2019 senior leadership bonus payments
- Cancellation of proposed final dividend
- Paused implementation of new ERP system
- Cessation of all non-essential capex and discretionary operating expenditure
- Government support from tax deferrals on VAT/PAYE, loss carry back under US CARES and job retention scheme

Supportive stakeholders ensuring adequate liquidity

- Effective cash forecasting a key tool to navigate and ensure liquidity
- Secured additional £60m liquidity facility and renegotiated banking covenants
- Secured £19.4m share placing with investors
- Very disciplined billing and collections

Making complex easy

STRATEGIC REPORT

Image: Joel, using a Global Navigation Satellite System (GNSS) to search for and measure survey marks to define a boundary, North Queensland

STAKEHOLDER ENGAGEMENT

Open and transparent communication is the key to gaining trust, reducing risk and getting things done

The Board is mindful of its duties under Section 172 of the Companies Act 2006, to promote the success of the Company regarding all its stakeholders. To read our S.172 statement, go to p.74 to p.76.

Strategic focus p.17-19

The following section describes how RPS has engaged with stakeholders over the past year and our rapid and pragmatic response to COVID-19. Looking ahead, our long term plan will continue to be delivered through our enduring strategic focus on people, clients and connectivity.

We make it easy to connect with our clients, people, investors and communities we engage with – keeping the dialogue flowing whether its face-to-face, written or virtually. By doing so, we are stronger together and are able to deliver on our purpose of creating shared value.

Staying connected with our clients, people, investors and communities in 2020

OUR CLIENTS

Staying connected with our clients throughout the pandemic was a key focus – to understand what they were facing, manage their expectations and deliver on our promise of making complex easy:

- traditional face-to-face training switched to online
- developed virtual consultation software so clients could continue to host public forums
- collaborated on research papers with clients and industry bodies
- presented a briefing paper to the Australian government with recommendations on accelerating infrastructure delivery to support economic recovery
- provided input at conferences which included research papers on water leakage and sustainability

More information how our client-centric brand has proven to be resilient in the face of uncertainty can be found in our Client report on p.28.

Future Water Association
Informing, Innovating, Influencing

DELIVERING GREAT WORK FOR CLIENTS

OUR PEOPLE

The challenging circumstances in 2020 meant that technology enabled, two-way conversations with our employees were a priority:

- 4,500 employees use Microsoft Teams daily
- increased frequency of video, Q&A and email updates from leaders and executives
- regular global senior leadership events to discuss performance and strategy, share ideas and to spark debate
- local COVID-19 management approach ensured timely, responsive and supportive interactions
- employee consultation resulted in:
  - new flexible working principles and homeworking policies
  - greater promotion of health, safety, wellbeing forums and employee assistance programmes
- second global employee engagement survey due in 2021

More employee engagement information is available in our People report on p.22.

A GREAT PLACE TO DO GREAT WORK

OUR INVESTORS

Our Board, John Douglas, Chief Executive and Group Finance Director, Judith Cottrell, maintained regular dialogue and engagement with investors and analysts throughout 2020:

- quarterly trading updates
- half and full-year results presentations
- the move to paperless voting
- holding a virtual AGM
- presentations to new investors
- monthly investor relations report published for the Board
- investor pages that were some of most clicked content on www.rpsgroup.com
- consulted with shareholders on aspects of our remuneration policy

share placing oversubscribed by **49%**

40% increase in analyst coverage

9 sales desk meetings

5% increase in online voting

2 virtual investor roadshows

23% increase in new visitors to investor website

OUR COMMUNITY

RPS has unrivalled global capabilities that enable our clients to develop environmental and socially responsible solutions within the communities in which we operate. Communities needed unprecedented support as they responded to the events of 2020:

- We were very proud to partner with community groups and clients to support responses to events including the Australian bushfires, the building of Nightingale Hospitals in the UK, the Mauritius oil spill and social justice charities in the US.
- We were involved with initiatives to drive change to create greater inclusivity and opportunity for some of the communities we serve. In Australia we supported the creation of education opportunities with Yalari and career coaching program for military veterans
- We formed a sustainability and corporate responsibility working group to shape our sustainability strategy going forward
- Employees were engaged with non-profits such as WaterAid, MIND, Tree Aid and Macmillan Cancer

Left: Building and medical gas design for Preston and Deeside Nightingale Hospitals, UK
Right: **Tree Aid** Village Tree Enterprise Group, Dugda-Meki, Ethiopia

Citizen-led mitigation of urban flooding

Through involvement in the FloodCitiSense European research project, RPS has worked with citizens to develop innovative early-warning systems for urban pluvial flooding.

FloodCitiSense

CHAIRMAN'S STATEMENT

> The business showed great resilience in 2020 – revenues and profits were adversely impacted but the effect was less than might have been imagined at the time of the onset of the pandemic demonstrating the resilience of our business

As we entered 2020, we continued to make solid progress on our journey to build a resilient, sustainable business with significant upside. The Board under the leadership of John Douglas, Chief Executive, had spent the previous three years focusing on rebuilding a cohesive, integrated business by pursuing an organic growth strategy supported by highly targeted acquisitions.

Significant progress had been made on various initiatives over the last three years: including reorganising the business into more logical segments in 2018 serving defined market sectors; making changes to the executive management team; providing clarity and transparency around the services we offer; establishing a people-focused culture around one RPS, with a clear purpose and expected behaviours; and developing and implementing action plans for marketing, technology systems and human resources.

COVID-19 impact

Indeed, 2020 should have been a year of momentum as we looked to continue building a business capable of delivering double-digit operating margins in the medium term. Instead, the year was dominated by ramifications of a health and economic crisis of an unprecedented scale with COVID-19. Not only did the pandemic force governments across the world to act fast, but it dramatically changed the way businesses operate and how employees went about their daily routines.

Resilient leadership

Revenue and profits were subsequently impacted by COVID-19 but because of the business's resilience, the effect was less than might have been imagined when the severity of the virus emerged towards the end of February 2020. This resilience is a testament to the strength and dedication of the leadership teams across the business, who were able to take prompt remedial action in unprecedented challenging market conditions. They responded extremely quickly and positively to reduce costs, contain cash outflows and appropriately leverage government support, while still matching capacity to market activity and retaining our operating capability.

Executive Board Directors have also waived their 2020 bonuses with the funds being distributed to others in the business. Additionally, in recognition of the critical role executive leadership will play in driving the recovery and growth of the business over the coming years, the Remuneration Committee has decided to make the maximum Long-Term Incentive Plan awards in 2021. The Board was very supportive of this decision.

The progress we had made against our strategic priorities was clear as lockdown restrictions began to be imposed across the world. As a global business, with more than c.4,800 employees in 125 global locations, we were united. Our people put their trust in us, and the business put our trust in them. On a practical level, our increased technology footprint meant that within days of restrictions being imposed, most employees were able to work from home to ensure that our clients' needs were met – and that from an operational standpoint, a profitable level of revenue could be sustained.

Creating sustainable growth

We did not stand still in 2020. We continued to progress our strategic priorities, including a focus on governance, despite the unsettled environment. We continued to instil a renewed focus on our purpose as a business: to create shared value by solving complex problems that matter to a complex, urbanising and resource-scarce world.

Ken Lever
Chairman

Creating sustainable growth has long been a core principle of RPS: as a consulting business; the importance of our people; the provision of excellent service to our customers; making complex easy; treating our suppliers fairly; and contributing to the local communities in which we operate due to our strong credentials in the built and natural environment. As we move forward, the Group will be increasingly built on its growing strengths in renewable energy (particularly offshore wind), sustainability in the natural and built environments, transport infrastructure and project management.

Shareholder support

In line with many companies, and considering the challenging prevailing operating conditions, we considered it prudent not to pay a dividend in 2020. We will reinstate the dividend at an appropriate level as soon as the Board believes it is right to do so.

Disappointingly, our share price, which had performed solidly in 2019, suffered as stock markets around the world reacted to the pandemic as it intensified in the spring. Having started the year at 184.40p, the share price fell to a low of 30.2p on 3 April 2020. However, as we all became accustomed to the new normal and lockdown restrictions eased, the share price rallied and stabilised from its low to close the year at 70p.

We strongly believe that the year end share price does not reflect the inherent strength of the business or its true intrinsic value. The Group's oversubscribed share placing in September suggested that our view is shared by both new and existing shareholders. The placing, which raised net £19.4m, will help position the Group to capitalise on future growth opportunities.

Board change

We welcomed Judith Cottrell to the Board as Group Finance Director at our AGM at the end of April. Judith had previously led the finance function of our European business, was CEO, Consulting UK and Ireland and Group Strategy Director.

Her appointment, the outcome of carefully executed succession planning, coincided with saying goodbye to Gary Young, who retired after more than two decades of loyal and devoted service. We wish Gary well in his retirement.

I would like to take this opportunity to thank John and the Board, who have admirably led the business and committed days of extra time during this very challenging period. Their commitment and diligence demonstrate the underlying resilience and strength of the RPS business.

Looking ahead

Writing this as the Annual Report is finalised, the timing of economic recovery in the various markets in which we operate is occurring at different speeds in different markets. As we continue to manage the business cautiously and progress the various strategic initiatives, we know that we are doing the right things to build a strong and stable business that can respond to growth in the markets as it occurs.

We enter 2021 with cause for some optimism but also caution as the continuing pandemic, particularly in Europe and the US, will cause inevitable disruption in the first half of the year. We are hopeful as the year progresses; we will then benefit from the economic recovery thereafter.

Our people

RPS is fundamentally a people business and the support from our employees in 2020 was nothing short of immense. During the initial lockdown period many people throughout the Group accepted reductions in salaries, reduced hours, a delay to bonuses, being furloughed and having to work from home. Throughout the uncertainty and upheaval, everyone played their part and continued to provide excellent service to our clients. I would like to thank every single one of our people and look forward to them returning to a more familiar working environment.

BUSINESS MODEL

Making complex easy is at the heart of our business model – creating shared value by designing, delivering and managing sustainable, innovative, technology enabled solutions for our clients.

A business model with purpose

Our purpose defines the activities we engage in, the relationships we depend on and the outcomes we aim to achieve – in the short and long-term interests of our stakeholders.

A business model driven by our people

We are a people business whose behaviours and expertise underpin everything we do. We have the right people in the right place – connecting globally and locally to deliver best outcomes for our clients.

A business model that lives up to our promise

We deliver solutions that position our clients to navigate the complexities they face, whether through the impact of population growth or an increasing multifaceted legislative and regulatory landscape. Making complex easy.

A business model that is simple, robust and creates value

We aim to deliver sustainable profits adopting a low-risk flexible innovative approach. We are a consultancy business without the risk of construction – designing and managing both long and short-term projects at each stage of an asset lifecycle.

We generate profits by selling our expertise at rates higher than the cost of employment. Our financial framework and suite of KPIs enable us to manage key business drivers such as utilisation and control overheads.

A business model that is resilient and can manage volatility

Managing volatility is a key component of our business model. Diversity in our end markets and the range of project profiles from long-term to short-term with a blend of cost-plus and fixed price contracts, is key to managing volatility and driving resilience. Reinforced by the ability to match capacity to demand through a flexible resource pool.

A business model that delivers for our clients

We look to grow our business by delivering great work for our clients through technology enabled consultancy – building on existing competitive advantage in our key markets, forging strong relationships and securing contracts across both private and public sectors.

A business model underpinned by three interconnected thematics

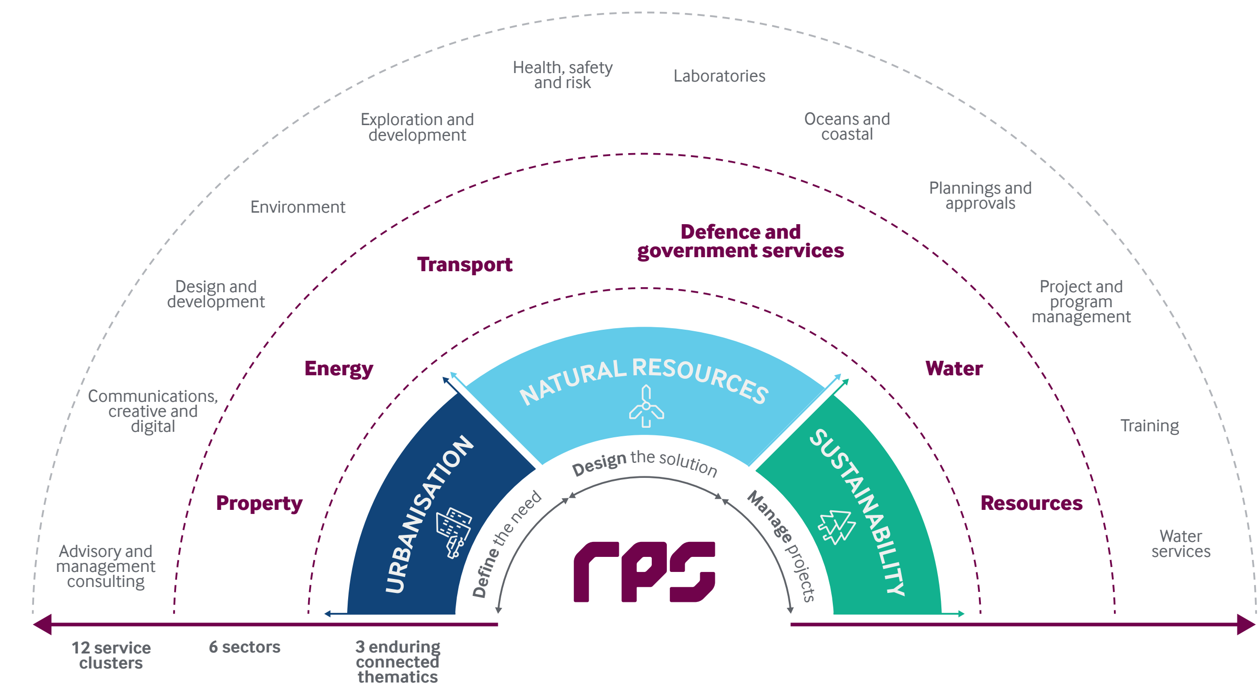
Three themes – urbanisation, natural resources and sustainability – generate demand for our services and skills. To work with clients to define, design and manage the sustainable use of our natural resources to secure water, food and energy supplies and to help them make informed decisions that future-proof built environments.

Well positioned for growth

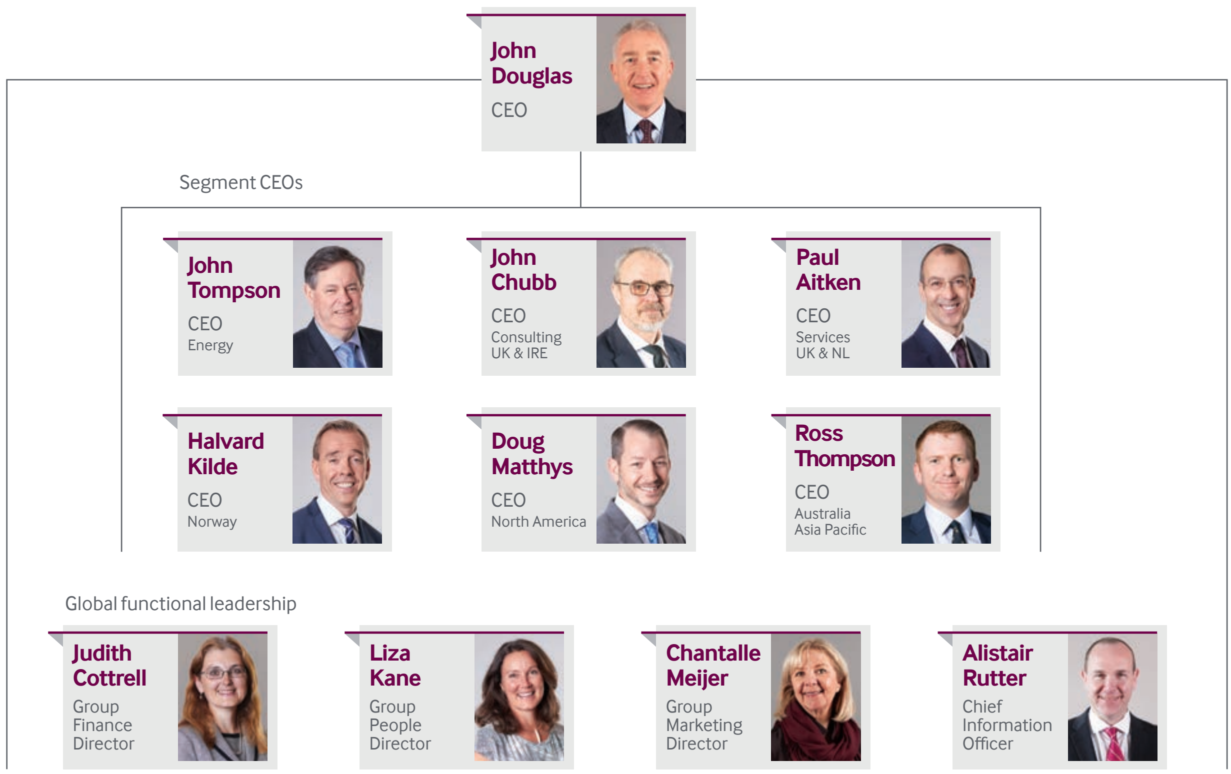
The key themes interconnect with six key market sectors that enable us to support clients, respond quickly and maintain flexibility throughout our 12 service clusters from project management to design and development.

Our business model, coherence and diversification, exposure to government stimulus via public spending as well as private sector work, mean that RPS is well positioned for growth in all our global markets.

Coherence and diversification – six segments, three thematics, six sectors, 12 clusters



Strong leadership, global reach



CHIEF EXECUTIVE'S STATEMENT

> Our strategic focus served us well in 2020. In a difficult environment, we remained connected with each other and our clients. We preserved jobs, retained capability and protected intrinsic value. Our business showed very strong financial discipline. We have continued to invest to make a quality business better. We are well positioned for future growth.

This was my third year in the role of CEO and it was a very different year from the one I had planned for. Despite this, our strategy has proved resilient in the face of unprecedented change.

RPS is no longer a conglomerate of small consulting and services businesses. We are a globally connected business that has making complex easy at the heart of its business model. We have benefited from past investment in people, clients and connectivity – and have continued to invest. A clear portfolio strategy has given RPS the right balance of coherence and diversification.

Our people are behind everything we do. Their behaviours create opportunity and provide resilience. Their mental and physical health, safety and wellbeing were at the forefront of our decisions during 2020. We acted quickly to provide them with the support they needed as the pandemic took hold and looked to preserve as many jobs as possible.

Retaining and building client confidence in a year when we faced extreme market uncertainty was a key focus. Despite physical restrictions, we were able to digitally connect with new and existing clients and continue to deliver experiences they valued.

Our investment in technology meant we were able to adapt, at speed, to the challenges of working remotely and to continue to collaborate with our clients, adding value and delivering on our project commitments. This, in turn, has kept the revenue tap on and allowed us to maintain our strong financial discipline.

Over the past 12 months, our strategy was put to the test as the global pandemic changed the way we lived, worked and operated as a business. It provided a testament to the rapid progress RPS has made in the past three years.

We rose to the challenge, we preserved jobs, retained capability and delivered profitability.

Decisive and resilient

Our decisive action to counter the impact of the pandemic helped us retain strong cash performance and gave us significant headroom on our debt facilities. Disciplined focus on billing and collections and tight control over capital spend to boost cash conversion, cancelling our dividends, and a reduction in debt and renegotiation of our debt facilities, gave us the necessary platform to navigate the uncertainty that prevailed – a year that swayed between full lockdowns and partial lockdowns.

Our employees are our largest cost base and subsequently the actions we took in light of the pandemic impacted our people. We deferred bonuses (and paid these later in the year) while our Executive and Non-Executive Directors reduced their salaries for a period by 20 per cent. Reluctantly, we made 3% of employees redundant and as at the end of the financial year 0.8% remained on furlough – although this had been as high as 10% at the height of the first wave of the pandemic.

People report p.22

However, we demonstrated our resilience in being able to preserve jobs and retain our capability amid uncertainty and volatility. We began 2020 with a workforce of 5,000 and ended the year with an employee count that was still c.4,800 strong. Despite the undoubted worry and concern our people endured during what was the most challenging of years, they proved resolute and embodied the culture at the heart of RPS – and for that I thank every one of them.

John Douglas
Chief Executive

Strong financial discipline

Our results reflect the uncertainty and challenges we could not have predicted when the financial year began in January 2020. Our operation spans geographies with employees working from multiple locations worldwide and the pandemic affected some countries more than others – and some sectors more than others. In light of the extraordinary support by national governments across the globe to keep economies ticking, the public sector fared better than the private sector. Australia, for instance, delivered 4% fee revenue growth at constant currency, in large part due to the performance of defence and transport infrastructure.

Our fee revenue was down by 12% year-on-year at constant currency. But all segments of our business remained profitable (at the adjusted operating profit level) over the period under review by matching fee reduction with cost reduction. Our revenues declined by 18% Q2 on Q2 at constant currency but have since stabilised and show steady recovery.

2020				
	542.1	457.3	13.4	239%
	Revenue (£m)	Fee revenue (£m)	Adjusted profit before tax (£m)	Cash conversion (%)

2020				
	(31.3)	(12.83)	4.29	0.7x
	Statutory loss	Diluted loss per share (p)	Adjusted earnings per share (diluted) (p)	Leverage (3.75x bank leverage limit)

Our 2021 strategy

This year will continue to be impacted by the ongoing ramifications of COVID-19. We may not be out of the woods but there are good reasons to believe that we will see ongoing recovery in 2021. We are going to invest carefully to make sure that we're well positioned to take advantage of a recovering market.

Our long-term, enduring strategy is described by our purpose – creating shared value by solving problems that matter to a complex, urbanising and resource-scarce world. Each year we conduct a thoughtful strategy process to determine current and medium-term priorities. This year's strategy process was a little different from previous years, but no less effective.

Our strategy process highlighted four strategic opportunities

1. **Renewables** – There is a huge opportunity in renewables, particularly with wind. RPS is uniquely well positioned to take advantage of this as it draws on 10 of our 12 service clusters. We have very strong expertise in ocean science and in marine and onshore environment and ecology. Planning is a critical discipline for distribution infrastructure and planning is RPS's genesis: RPS stands for Rural Planning Services.

2. **Sustainability** – Post COVID-19, we see increased demand for sustainability services, both helping companies with their environmental governance and assisting clients achieve carbon net zero. These are areas of historic strength for the Company. We are conscious of the need to raise our own standards and have committed to setting science-based targets for carbon reduction, which will be reported in 2021.

3. **Project and program management** – We have strong capability in client-side project and program management. We are working hard to share expertise and to ensure we have a coherent global offering.

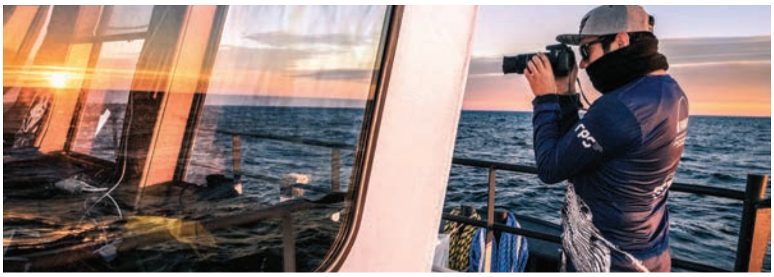
4. **Transport infrastructure** – There is great potential in transport infrastructure to move ideas, work and people between jurisdictions.

Sitting behind those four priorities is a continuing focus on people, clients and connectivity:

- We will continue to focus on safety. We want to keep people safe and we also want to look out for the wellbeing of our people – we're very mindful of mental health as well as physical health. We will continue to focus on creating a winning culture. We are focused on staff development and on ensuring that reward is fair and transparent. We believe that good people practices and a robust meritocracy are enablers of diversity and inclusion.
- We will continue to use data and insights enabled by connected technologies to deliver integrated client experiences that are valued time and time again. And we will invest in the sales capability of our people to ensure our clients are getting what they need.

Responsible business report p.36

It has been a tough period for many people, including those at RPS, but we have kept the Company profitable (based on adjusted profit before tax). As we move through 2021, our focus on global renewables, sustainability, project management and transport infrastructure will be enabled by the continued investment in our people, clients and connectivity.



Captions from top left: **Aashild**, Project Leader, Norway • **Mike**, TOTAL Metis project, Abu Dhabi • **Alexis**, undertaking environmental assessment – FM1488 relief route Texas • **Edgar**, protected species survey for an offshore wind farm, US Atlantic

OUR THREE YEAR PLAN: 2021–2024

An enduring strategy

Why we exist

OUR PURPOSE

We create shared value by solving problems that matter to a complex, urbanising and resource-scarce world

What we do

OUR PROMISE

Making complex easy

How we do it

OUR BEHAVIOURS

- We solve problems that matter
- We are confidently pragmatic
- We make it easy to connect
- We are stronger together
- Absolute delivery

KEY STRATEGIC OPPORTUNITIES

RENEWABLES

Transforming the global energy landscape

SUSTAINABILITY

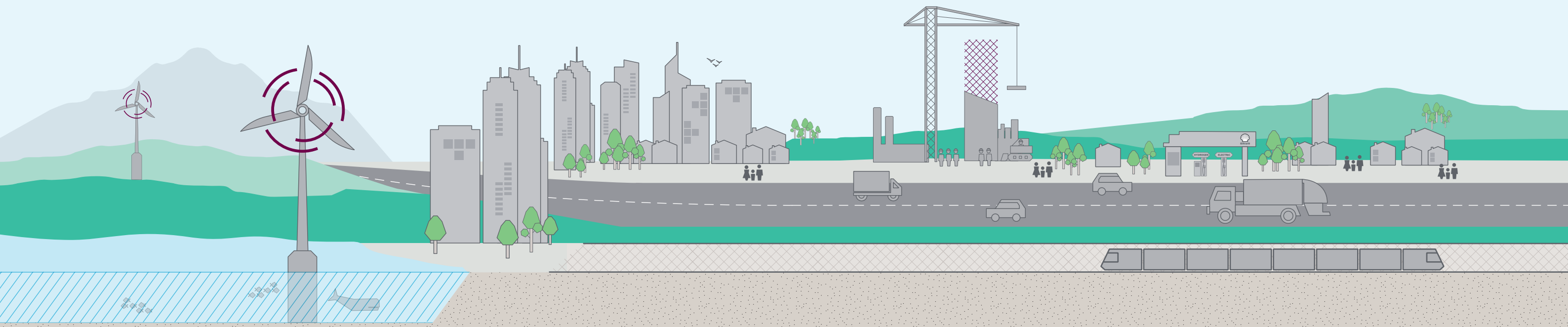
Tackling the climate change challenge by delivering resilient, sustainable infrastructure

PROJECT MANAGEMENT

Helping our clients to deliver their projects on time and on budget

TRANSPORT INFRASTRUCTURE

Delivering smart, safe and sustainable transportation assets



DELIVERED THROUGH OUR FOCUS ON PEOPLE, CLIENTS AND CONNECTIVITY

PEOPLE

Make RPS a great place to do great work

Focusing on...

- Safety and wellbeing
- Efficient and effective performance processes
- Fair and transparent reward
- Investment in learning

Creating a winning culture

CLIENTS

Grow our business by delivering great work for our clients

Focusing on...

- Repeatedly delivering experiences our clients value
- Digitally connecting clients to our deep expertise
- Training our people in quality sales conversations

Creating profitable growth

CONNECTIVITY

Making it easy to work together

Focusing on...

- Technology enabled consulting
- Ongoing investment in the modern workplace
- Connected data and insights

Creating cohesion

SEGMENT STRATEGIC PROGRESS

Underpinned by three enduring thematics - Natural Resources, Urbanisation and Sustainability

ENERGY

John Tompson
CEO

People:

Key renewables appointments in South Korea and North America

Clients:

Marine science technology services expansion with new Australian defence client

Connectivity:

Initiated project to look at global, multidiscipline, renewables service offering

CONSULTING UK & IRELAND

John Chubb
CEO

People:

Matched capacity to demand to preserve jobs and capability during the COVID-19 pandemic

Clients:

Net zero carbon strategy and action plan for major blue-chip client

Connectivity:

Virtual technology expertise developed in the UK and Republic of Ireland leveraged by RPS teams globally

SERVICES UK & NETHERLANDS

Paul Aitken
CEO

People:

Occupational health expertise supported client and employee mental health and wellbeing

Clients:

Awarded eight long-term water and infrastructure framework agreements in The Netherlands

Connectivity:

WaterNet Pro expansion to support water and waste water network management

Urbanisation p.26
Natural Resources p.20
Sustainability p.34

NORWAY

People:

Employee engagement during the COVID-19 pandemic retained talent and influenced decision-making

Clients:

Supporting Norcem Heidelberg with construction of new carbon capture plant

Connectivity:

Project managing one of Europe's largest 'green' cell providers with Consulting UK & Ireland team

Halvard Kilde
CEO

NORTH AMERICA

People:

High-potential employees developed through talent management and succession planning

Clients:

Developed digital Environment, Health & Safety client offering streamlining compliance-related processes

Connectivity:

Expansion of offshore renewable activity with Energy

Doug Matthys
CEO

AUSTRALIA ASIA PACIFIC

People:

Introduced flexible work arrangements in response to new ways of working post COVID-19

Clients:

Project managing one of Department of Defence's largest capital works initiatives

Connectivity:

Expansion of services for Inland Rail's once-in-a-generation rail infrastructure project

Ross Thompson
CEO

NATURAL RESOURCES

Offshore environments

RPS is at the forefront of a global and complex shift in resource supply and consumption. We work with clients to define, design and manage the sustainable use and protection of our natural resources – to secure water, food and energy supply.

RPS works with clients to adapt to increased demands and manage existing and potentially finite resources. Delivering projects in complex offshore environments is where we have deep expertise and where we delivered great work for our clients in 2020.

Oil spill modelling

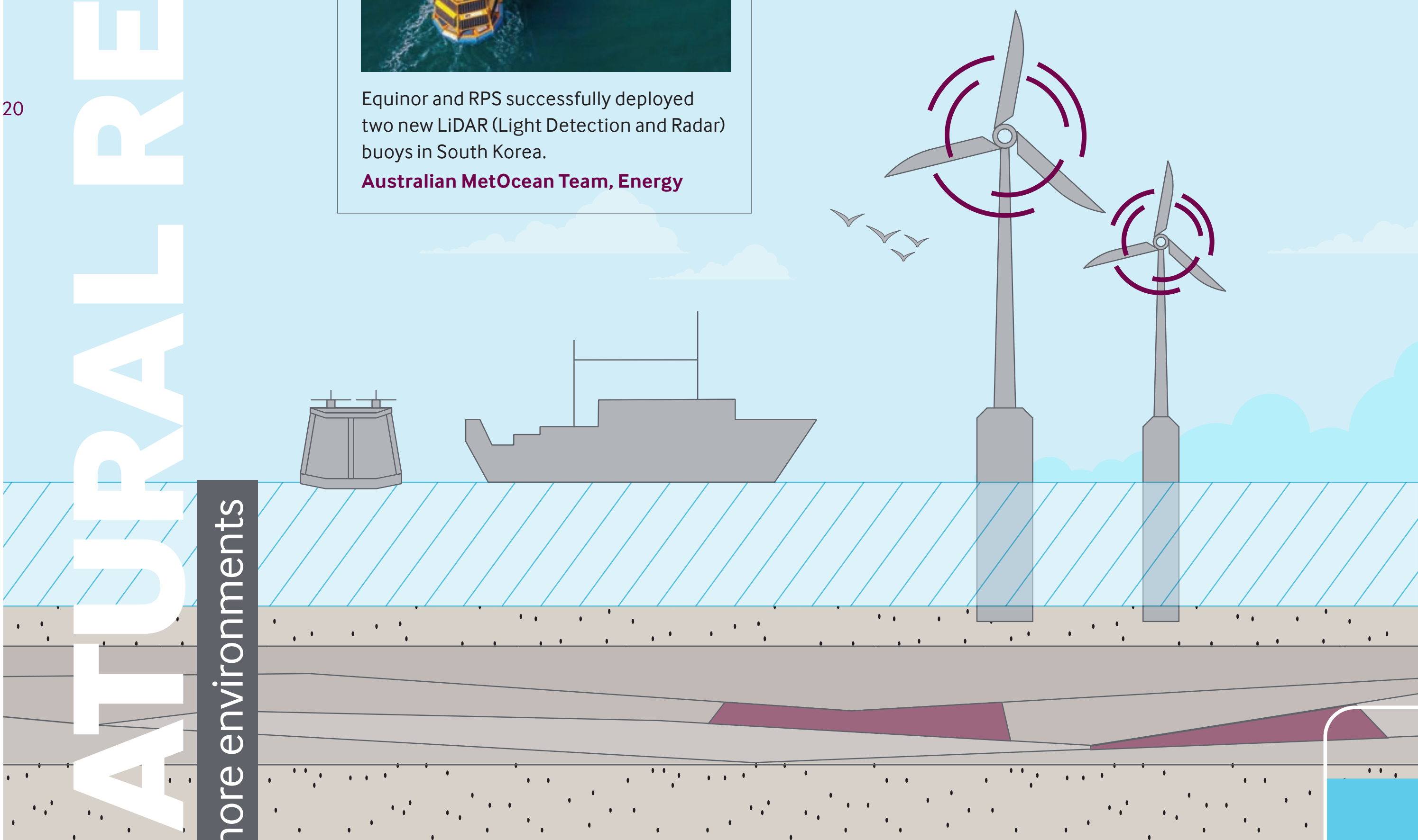
RPS teams supported the Mauritius Government oil spill response.
MetOcean North America and Australia

Consenting

Ørsted's Hornsea Project Three received development consent. **RPS was the lead EIA consultant, Energy and Consulting UK & Ireland**

Wind resource management

Equinor and RPS successfully deployed two new LiDAR (Light Detection and Radar) buoys in South Korea.
Australian MetOcean Team, Energy

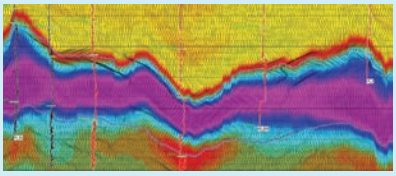


Environmental planning

RPS is providing environmental services and planning expertise to support Australia's first offshore wind project, Star of the South.

Environment Planning, Australia and Energy

Seismic survey



4D marine seismic survey over the Forties field in the North Sea.

Operations, Energy

Marine surveys

RPS are world leaders in the training and deployment of protected species/marine mammal observers with expertise in benthic sampling, global regulatory requirements and industry best practices and standards.

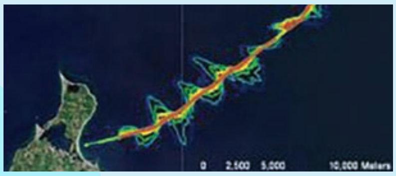
Marine Biology, North America and Energy

Geo hazard & survey

RPS delivers Bureau of Ocean Energy Management (BOEM) report on potential hazards for US Offshore Pacific Wind Farms.

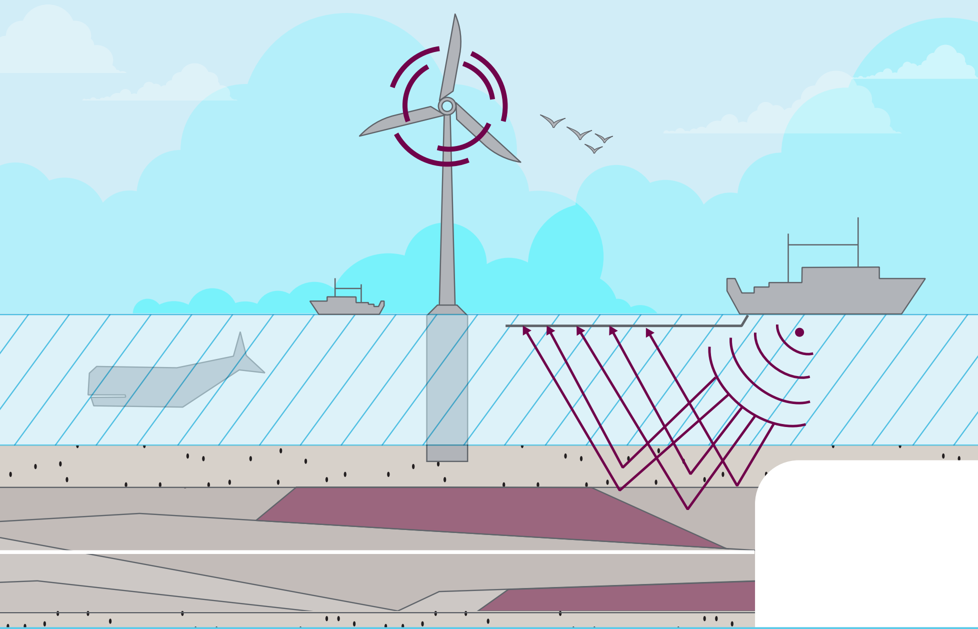
Ocean Sciences, North America

Sediment modelling



Sediment dispersion modelling for various offshore wind developers to determine the potential effects associated with burying cables.

Modelling, North America



RPS specialists support responsible natural resource investment, innovation and commercialisation of our offshore resources.

NATURAL RESOURCES

PEOPLE

A behaviour driven culture

Liza Kane
Group People Director

"Our people have shown tremendous goodwill under extremely challenging circumstances in 2020 as the global pandemic took hold. Their actions have been vital in supporting the business through a challenging 12 months"

We are an organisation driven by our people's behaviours. Behaviours that embrace an inclusive, diverse culture building trust, creating opportunity and providing resilience. These came to the fore in 2020 as we faced unchartered waters amid the COVID-19 pandemic.

Health, safety and wellbeing centre stage

Dean, installing an electro-magnetic velocity sensor, UK

In 2020, the health, safety and wellbeing of all our employees continued to be front and centre of our decision-making. Deeply alert also to the impact of COVID-19 on our employees and their families, local initiatives were launched to support employees, including a Wellbeing Committee for UK Consulting and Ireland employees. And in Australia, our partnership with Parents at Work led to the creation of Families@RPS to support working parents and carers to thrive. Globally, we also raised the profile of mental health awareness and trained mental health first aiders to support employees during this period. Our local employee assistance programmes have provided additional support and assistance to employees and their families.

Lowest level of **RIDDOR** incidents for five years

Preserving jobs, preserving capability, preserving value

We implemented prudent measures in the best interests of our employees and stakeholders. We mobilised all our teams in line with local lockdown restrictions. Employees were able to work from home or be safe on site and in the field, where teams such as our UK water services representatives provided critical national infrastructure support.

We responded quickly and decisively to preserve as many jobs as possible, preserve capability and preserve value. In doing so, we were able to draw on the trust and goodwill of our employees to make personal sacrifices to preserve as many jobs as possible during the pandemic. At the peak of the pandemic, we had 29% of our global workforce on some form of cost reduction measure, be that furlough, reduced hours and pay, or reduced pay. The quantum of pay reduction was at 20% of base pay for senior leadership across the business. During 2020, we availed of £4.2m furlough monies, of which we topped-up furlough pay to 90% for a small number of employees at the lower end of our pay-grades.

Our people were part of the solution

- At the peak, **29%** accepted a reward related cost reduction
  - **10%** – furlough
  - **4%** – reduced pay
  - **15%** – reduced hours and pay
- **0.8%** – on furlough December 2020
- **3%** – redundancies in 2020

As restrictions eased, we gave people the choice to work flexibly at home or in our COVID-secure offices so they could continue to deliver great outcomes with their teams for our clients.

Decisions guided by established reward principles

Remuneration Committee Report p.94

In April 2020 we chose to delay the payment of 2020 base pay awards and FY-19 short-term annual bonuses by six months. And we were pleased to honour the 2019 short-term bonus awards in October 2020 for the significant contribution made in 2019. In the interim, targeted base pay adjustments were made in Australia, Norway and North America, where markets had remained buoyant and our talented employees were being targeted by recruiters.

Trusted

In April 2021 it will be two years since the majority of employees received a base pay review. Consequently, we will continue with the April 2021 pay review as planned. To continue to build trust and motivate our key employees who will be critical to RPS's recovery post COVID-19, we have committed to the 2020 short-term bonus awards, to be paid in 2021.

Aligned

Market benchmarking for pay has increased to ensure we use like-for-like roles and pay is aligned to the relevant market median. A 50% reduction in leavers citing dissatisfaction with pay and benefits as a reason for leaving gives us confidence our strategic focus on performance and reward is working.

Targeted

Base pay decisions were linked to annual performance ratings as we continued to embed a high-performance culture through Progress@RPS.

Competitive

In 2020 we revised several of our benefits offerings globally to ensure we are getting best value for our employees, including the introduction of a flexible benefits platform for c.3,000 UK employees to enhance choices.

Responsive

Leadership teams and employees have demonstrated immense flexibility and responsiveness to ensure the future health and security of the business. We introduced an exceptions process to help us retain our most talented employees who we were at risk of losing.

RPS's overriding priority throughout the pandemic has been to preserve as many jobs as possible while continuing to deliver for our clients. This led to some tough decisions in 2020 including, regretfully, making 3% of our global workforce redundant. However, our swift and pragmatic response prevented that number being higher.

It has been a challenging and uncertain year for our employees and we sincerely thank them for their loyalty, commitment and trust as we move forward to recovery in 2021

Strengthening leadership capabilities

Despite the challenges, we continued to provide high-calibre talent with deep expertise to our clients. In 2020 we made strategic hires and promoted internally to further strengthen our leadership, technical and specialist capabilities across all areas of the business and levels of the organisation.

23

Inspiration and opportunity

Three years ago we laid the foundations for a long-term people strategy to make RPS *a great place to do great work* – and attract and retain the best people. Underpinned by six defining principles we have already highlighted in this report how four of these principles – culture, leadership, support and flexibility – came to the fore in 2020. This was a year where we stayed the course of a deliberate strategy of performance and development enabled by technology – investing in our people to provide opportunity and offer inspiration.

Our long term people strategy

Year end performance and development discussions

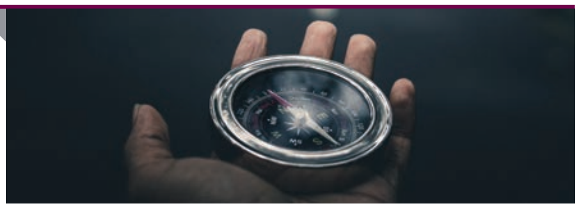
2017 **50%**

2018 **80%**

2019 **95%** (Progress@RPS launched)

2020 **98%**

2020 **40% INCREASE**
4,800 employees able to access online learning

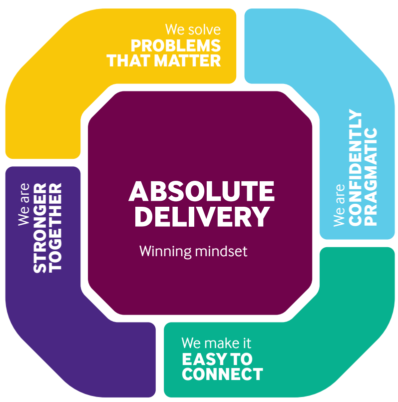


PROGRESS@RPS (POD) – our global, performance and development framework, symbolised by a compass, puts employees in the driving seat of their growth and development at RPS based on the principle of more frequent and meaningful conversations. Our people now have joint ownership of their careers. Since its launch in 2019 we have seen a dramatic increase in the number of employees having a meaningful cycle of ongoing conversations that drive their development throughout the year.

Building a diverse and inclusive culture

RPS is becoming an increasingly inclusive and diverse organisation. We are committed to doing everything we can to progress meaningful change – for our organisation and people to grow and prosper. It enables us to attract and retain the best talent, reduce risk, improve decision-making and generate the best ideas for the benefit of our clients and to create shared value.

Our behaviours are at the heart of building an inclusive and diverse culture. And for our new hires it starts with behaviours training – a key component of our onboarding experience. From their first day on site or in the office, we want employees to be respectful of each other, acknowledge diversity and recognise the potential and contribution of everyone.



Initiatives to drive change

In April, we implemented a revised diversity and inclusion policy, and introduced various initiatives to create a more inclusive work environment within our organisation and some of the communities we serve.

Networking in North America – Young Professionals (YoPros)
YoPros is a networking group led by our more junior employees that meets regularly to discuss career progression and other topics of interest. In 2020 they developed an internal Mentoring Programme and contributed to our decision-making about the Company response to the Black Lives Matter movement in the US.

Charlea Smith

Everyone should be supported to realise their potential – Our partnership with Yalari, Australia
Working alongside indigenous education organisation Yalari helps us put respect, compassion and fairness into action. Yalari gives children the opportunity to receive a full boarding school scholarship for their secondary education – and in 2020 RPS offered a scholarship for a Year 8 student to gain the opportunity they deserve at St Margaret's Anglican Girls school in Brisbane. RPS also gave a young person a three-month intern position in Darwin.

Closing the gender diversity gap – industry leaders

Our Board

2020 F57% : M43%
2019 F43% : M57%
2020 F50% : M50% (target)

UK Government's FTSE350 Board target – 33% women by the end of 2020

Global senior leadership group

2020 F39% : M61%
2019 F33% : M67%
2025 F40% : M60% (target)

Global employees

2020 F32% : M68%
2025 F40% : M60% (target)

UK 2019/20 gender pay gap is available at
www.rpsgroup.com/company/responsibility

A continued commitment
We are making good progress, but we still have some way to go in terms of continued promotion of diversity and inclusion. We will continue to focus on moving the dial and will be looking for tangible positive actions to increase the opportunities for under-represented groups in our workforce.

2021 and beyond – creating a winning culture

The strategy we put in place three years ago remains highly relevant. Our vision to make RPS a great place to do great work remains. Delayed due to COVID-19, we will also launch our second bi-annual global employee engagement survey in 2021 to further validate and reinforce our plans to:

- build our learning and development provision
- further develop technology enabled tools to engage with our people
- harness the deep talent we have throughout the organisation and attract new talent
- drive performance
- bolster line manager capability
- create the bench strength and succession pipeline for the future

Energy training course delegates, Petronas – Kuala Lumpar

URBANISATION

Expansion of Houston's I-10 highway – one of America's most congested interstate highways

North America, Consulting UK & Ireland

RPS used sophisticated 3D visualisation technology, developed in the the Republic of Ireland, to support local planning, design and environmental permitting services.

Rail network transformation – a shift towards a climate resilient society in Ireland

Consulting UK & Ireland

RPS planning, environmental, communications and project supervisor design process services will help improve the network, reduce CO2 emissions and create sustainable public transport.

Sustainable and efficient transportation – supporting a bold vision in Norway

Norway

RPS supported a project improvement programme for Mantena, providing advice, project training and system support to secure Mantena's leadership in railway maintenance into the future.

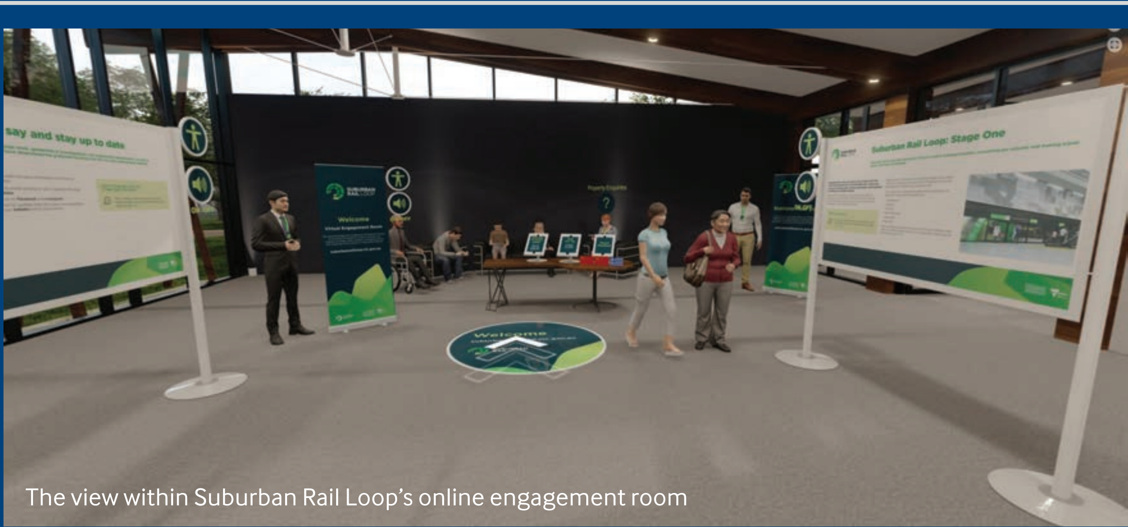
CITY AND STATE-SHAPING

Suburban Rail Loop, Suburban Rail Loop Authority, Melbourne, Australia Asia Pacific

Suburban Rail Loop is a city and state-shaping project that will change how people move around Melbourne, opening new possibilities in the neighbourhoods associated with new stations. With high tech turn-up-and-go trains and new stations connecting Melbourne's middle suburbs, Suburban Rail Loop will deliver fast and convenient travel between major hospitals; universities and technical and further education institutions; shopping and employment centres; and the airport.

As part of the Aurecon, Jacobs and Mott MacDonald joint venture, RPS was appointed to provide specialist communications and engagement services for the project's planning and design phase.

- An engagement programme for residents, businesses and stakeholders to ensure community input is integrated into decision-making.
- Additional support to the authority in its communications strategies, managing key social research projects on community sentiment and priorities, issues management, stakeholder workshop facilitation and in developing digital content.



The view within Suburban Rail Loop's online engagement room

URBANISATION

CLIENTS

A resilient brand delivering high value client experiences

Chantalle Meijer
Group Marketing Director

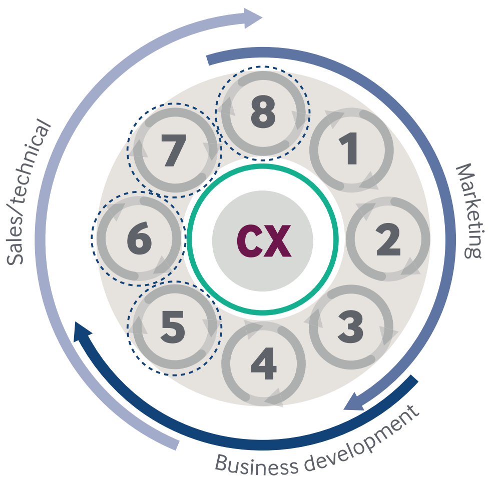
> 2020 has been the culmination of three years' hard work by our people who have built a client-centric brand that has proven to be resilient in the face of unprecedented market uncertainty.

Strong brands create emotional connections that build trust and surpass logic. During a period of unprecedented client and market uncertainty the three years' investment that our people have made towards building a connected, resilient, client-centric brand has maintained and grown client confidence and trust. By staying connected with our clients we've recognised that the way investment decisions are made has changed and we have responded to this. Our technical client-facing experts have continued to develop value-driven client solutions, building trust at every interaction, and delivering on our promise of making complex easy to understand. This sentiment continues to resonate with our investors as evidenced by our £19.4m share placing, which was oversubscribed.

Our promise
MAKING COMPLEX EASY

CX Project – consistently delivering integrated, recurring, high value client experiences (CX) at every opportunity

In early 2020, our Group Leadership Team committed to building a client-centric sales culture. Our CX Project is a global, client-led initiative comprising three distinct, complementary projects designed to connect our clients to our deep expertise at every stage of the buyer journey and deliver recurring profitable organic growth.



Influencing targeted client buyers' journeys at every opportunity 1–8. 1. Pre-awareness 2. Awareness 3. Education 4. Consideration 5. Evaluation 6. Rationalisation 7. Decision 8. On-going delivery

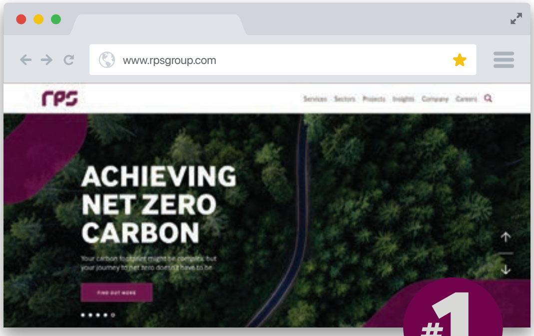
Having high value sales conversations and helping our clients rationalise investment decisions

Enabling technology, capturing, automating, tracking and reporting on data and insights – client relationship management, digital asset management and social media management

Accelerated digital client interactions delivering returns

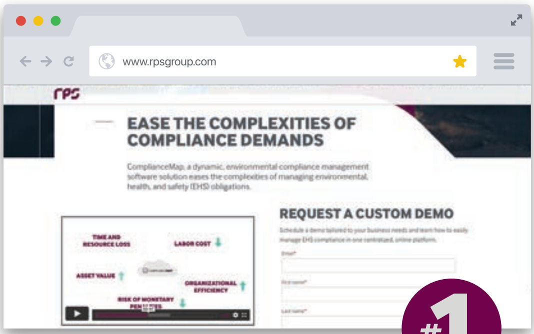
Optimising our social media and website presence through targeted, cross-segment client campaigns delivering organic Google search rankings at #1.

Virtual public consultation

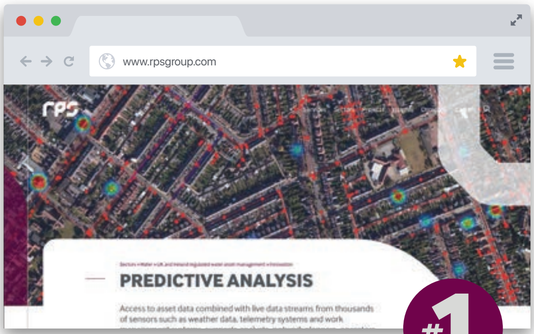


Net zero carbon consulting

Sustainability p.35



ComplianceMap



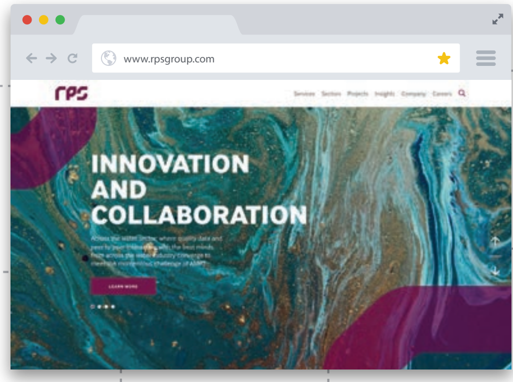
WaterNet Pro

One year on

AVERAGE GOOGLE RANK UP 17%

WEBSITE VISITORS UP 18%

WEBSITE GET IN TOUCH UP 68%



3 NEW SOCIAL CHANNELS LAUNCHED

WEBINARS ATTENDANCE RATE 65% (BENCHMARK 50%)

SOCIAL ENGAGEMENT RATE 4% (BENCHMARK 2%)

LINKEDIN FOLLOWERS UP 13%

Looking ahead

As part of the next phase of the CX project, we will continue to capitalise on the progress we've made by launching multiple client-focused campaigns targeted at key opportunities across each of our thematics – Urbanisation, Natural Resources and Sustainability.

Commercialising data, tech and connectivity

Services UK & Netherlands

In 2020 Services UK & Netherlands provided more services than ever that brought together our deep expertise and digital technologies. Helping clients interpret complex data, while delivering a high value client and user experience.

Innovation to meet the AMP7 challenge

With the UK in its seventh water asset management programme (AMP7) – five-year periods that set out key objectives for water companies – our UK Services Water division is developing industry leading water resource management software, and has done for more than 20 years.

AMP7 objectives

- customer engagement
- affordable bills
- resiliency in the water network
- innovation

WaterNet PRO®

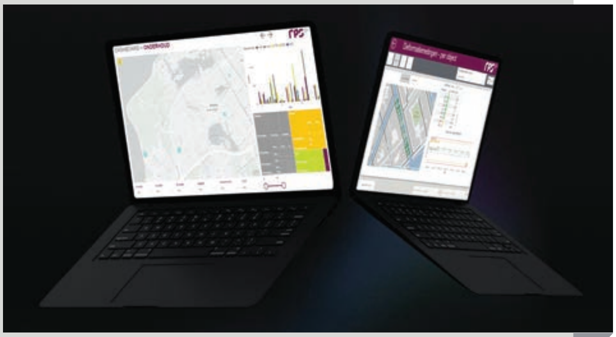
WaterNet Pro: live data, faster and better-informed decisions

Our Microsoft Azure cloud-based software platform provides one location where water catchment data can be accessed, interrogated and actioned before an incident occurs. This cuts costs and gives our clients a deeper understanding of their water flow network.

Clients have access to live telemetry and monitoring information so they can make informed, predictive, proactive and preventative decisions based on live data supported by historical performance.

Anglian Water: Enabling flood and pollution prevention

Having developed the tool that enabled Anglian Water's analysts to intervene to prevent flooding and pollution incidents, we were commissioned to make WaterNet Pro a key part of Anglian Water's strategic optimisation toolkit for AMP7. The platform, which is in production and scheduled for delivery during 2021, will be fully cloud based with greater interactivity, additional modules and functional improvements.



A risk management refurb

BHI – a web-based risk management system used by blue-chip companies, including British Airways, proactively manages compliance, including property assessments, health and safety, incident reporting and fire, asbestos and legionella assessments.

With increasingly complex needs to meet and technology nearing end of life, RPS is refurbishing BHI to create a single cloud-based application that will support our business and clients around the world.

Creating shared value

- improved margins for RPS
- added value for clients
- a single mobile app providing ease of use and streamlined workflow
- ability to sell and develop feature enhancements
- more efficient technology enabled consulting
- readiness for increasing data-driven ways of working

Captions from top left: **Paul**, running extracts using one of our stable liquid chromatography–mass spectrometry systems • **Mike**, TOTAL Metis project, Abu Dhabi • **Scott**, undertaking a an unexploded ordnance (UXO) magnetometry survey • **Jon**, Utility Surveyor Geomatics team, UXO survey, Netherlands • **Harry**, monitoring protected species on a nearshore wind farm survey, New Jersey, USA.

CONNECTIVITY – DATA AND TECH

Alastair Rutter
Chief Information Officer

"Adapting new technologies, migrating to cloud and being able to expand capacity on a global basis at pace proved very successful as the global pandemic took hold"

Connecting in a COVID-19 world

The key to a successful response to the pandemic – for our people and our clients – was being able to pivot, adapt and embrace our Modern Workplace initiative implemented in 2019.

The initiative was designed to upgrade our technology to give our people access to the tools and information they need to do their job anywhere, anytime – it would also allow them to easily connect, meet, chat, share and work on projects together.

The investment of time, money and resources we had made integrating technology services and migrating towards cloud technology meant that we were well placed to react swiftly when the world went into lockdown. The foundations had already been laid and we were able to expand capacity and retrain people at pace.

We are a people business and working face-to-face in the same room was the norm for many of our staff. We were able to adapt our technology swiftly enabling virtual consultations with clients, meeting their needs and keeping the revenue coming in. At the peak of the first wave of the pandemic in April 2020 around 90% of our employees across our global locations were collaborating remotely with colleagues and connecting with clients from their homes.

4,500 employees use Microsoft Teams on daily basis

We were able to measure and monitor the effectiveness of working remotely too. We continued to ramp up our cloud technology capability throughout the pandemic. When lockdown restrictions eased and our people began to return to their offices, they continued to use cloud telephony rather than switching back to their legacy desk-based phone systems, which had been removed.

Technology-enabled consulting

Our Services UK and Netherlands business has many examples of how client-facing teams have embraced digital, data and technology and put customer experience at the heart of their strategy. We have been developing industry-leading water resource management software for more than two decades that has been deployed onsite by water companies up and down the UK, but today WaterNet Pro, using Microsoft Azure software, is cloud based.

WaterNet PRO

Case study p.30

Our water company clients in the UK have live access to the data streams of tens of thousands of internet of things (IoT) sensors to help detect leaks, blockages and measure water quality. With access to live telemetry and monitoring information these companies can be proactive rather than reactive, instigating actions before incidents occur. Using WaterNet Pro's cloud-based software, water companies will also be able to retire legacy software infrastructure and be more agile in developing smart technology solutions going forward.

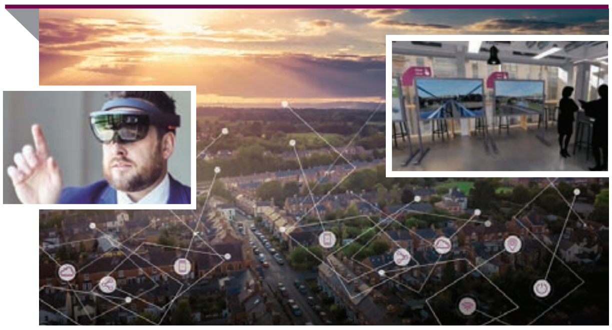
Amsterdam quay project

Meanwhile, in The Netherlands, an Amsterdam quay project utilised data derived from sensors within the canal walls – so our clients can understand the movement in the walls, from an environmental, safety and ecology perspective.

Digital transformation

RPS has deep expertise and rapidly developing digital capability which add value and make complex easy for our clients.

- Transforming complex information into interactive, intuitive and easily navigable content
- Connecting with stakeholders, bringing projects to life through virtual consultation
- Shaping the world of project management through artificial intelligence
- Bringing virtual reality into design projects using augmented reality (AR) computer-aided software



A global platform for HR

People p.22

The Global Technology Team supported HR in the global rollout of our global performance on demand (POD) platform that, through some new applications, supports managers and employees throughout the employee journey at RPS. The rollout means that our HR system, from recruitment to performance management, is no longer fragmented and is now on one global online technology platform increasing transparency, fairness and ease of use and efficiencies worldwide.

ERP: reflect and restart

In 2018 we announced the design and implementation of a global Enterprise Resource and Planning (ERP) system – a single common platform across our global business to seamlessly connect our 5,000 professionals working around the world. In late 2019 we rolled out a pilot of the new ERP system in the Netherlands and part of Australia.

During the initial stages of the pilot, we became aware of some issues with the software architecture that would be problematic for a business of our size and ambition. In light of this and a reappraisal of our capital spend in the wake of the pandemic, we decided to pause the ERP rollout to give us an opportunity to re-examine the underlying architecture. Following our reappraisal, we continue to believe that the Microsoft Dynamics 365 platform is the right platform for an organisation of our size. In 2021 we will restart the ERP implementation with a redesigned and more robust architecture and plan to continue our phased rollout.

Looking ahead

In addition to the restart of ERP in 2021, we have several technology initiatives planned for 2021, including:

- continuing our migration to the cloud – from tsunami modelling to WaterNet Pro where our focus switches from wastewater to clean water
- migrating our risk management system, BHI, to the cloud too. In the US, our BHI property map product enables construction-related organisations to assess prospects and the impact of what they do
- embracing alternative intelligence (AI) solutions, for example our Energy segment will use AI to detect and identify marine mammals in real time, which is key to offshore and renewable energy infrastructure planning

We have made significant progress with our technological advancement over the past year, connecting our people and enabling them to work through the pandemic. Our strategic priorities for 2021 will build on that advancement, with a particular focus on technology enabled consulting, developing initiatives to support new and existing clients.

SUSTAINABILITY

RPS is supporting clients around the world to meet their sustainability ambitions. From working with clients in North America to set the strategic direction for ESG planning, to supporting clients to reduce their greenhouse gas emissions in the UK and Ireland.

North America – a strategic partner in ESG planning

ESG is fast becoming a mainstream investment concept. Institutional investors and management teams are integrating ESG into their investment process to help secure capital during fundraising, identify risks during due diligence, capitalise on opportunities post-acquisition and facilitate information disclosure in exit.

$12 TRILLION*

61% INSTITUTIONAL INVESTORS**

38% GROWTH***

With the growing realisation that ESG adds value for financial institutions, private equity firms are increasingly focused on the effect on the bottom line of environmental impacts, social performance and governance practices.

Reputations are at stake. Investors and management teams cannot ignore ESG as an investment consideration

Making complex easy – RPS works with US private equity firms and portfolio management teams to implement ESG strategies to bolster investment processes, create short- and long-term value and strengthen a firm's reputation. From fundraising to exit, we help across the investment cycle.

Adding value by:

- clarifying the ESG vision, mission statement and priorities
- identifying investors' motivations and expectations during fundraising
- creating an ESG policy and implementation framework
- constructing a customised ESG action plan to fit present and future goals
- defining Key Performance Indicators (KPIs) to measure the ESG performance
- developing industry trend reviews and risk assessments
- providing tailored ESG training

* Of US professionally managed assets at year end 2017 focused on sustainable, responsible and impact investing
** Have developed ESG strategies, according to a recent survey
*** Of sustainable investments between 2016–2018

1.5°C

The goal set by the Paris Agreement to limit global warming to well below 2, and preferably 1.5 degrees Celsius

2050 net zero target date

2010–2019 warmest decade on record

YOUR CARBON FOOTPRINT MIGHT BE COMPLEX BUT YOUR JOURNEY TO NET ZERO DOESN'T HAVE TO BE...

CONSULTING UK & IRELAND – OUR NET ZERO CARBON SERVICES

Climate change poses a huge threat to the environment and society, which is why businesses and governments around the world are pledging their commitment to net zero carbon. Both the UK and Irish governments, alongside nations around the world, have committed to net zero carbon by 2050; but many organisations and industries are already falling short. Urgent action is needed to avert a humanitarian and economic disaster.

In the UK, over half of the total carbon footprint is made up of emissions from the built environment and so the sector has a very important role to play. The transformation to a net zero carbon society requires a shift in the way supporting infrastructure is planned, designed and built.

Our team makes complex easy by supporting clients at every step of their net zero journey; from pragmatic advice for strategy and goal setting; to consenting and implementing design and development solutions; through to assessing and reporting energy usage.

SUSTAINABILITY

RESPONSIBLE BUSINESS REPORT

Making a difference that matters to our clients, people, investors and our communities is intrinsic to the way RPS works.

A responsible business culture

We have a responsible business culture built on our purpose to inform our interactions and decisions and reinforce our behaviours. A culture underpinned by our corporate responsibility framework that ensures good governance and influences the way we manage our environmental and social impacts. This framework applies to all elements of our business and incorporates Sustainability, Environmental Social Governance (ESG) and Corporate Responsibility (CR) – all of which overlap and are complementary.

For RPS, sustainability means adopting practices to ensure we live within our means and resources available under a sustainable framework of social, environment and economic activity. ESG resonates with our corporate strategy, stewardship and operations, while CR embraces philanthropy, community engagement and being socially accountable.

Our corporate responsibility framework is focused on 9 of 17 United Nations (UN) Sustainable Development Goals (SDGs)*

* 17 aspirational goals defined with the purpose of progressing and sweeping positive environmental, social and governance change for the world by the year 2030

SDGs for our clients and investors

SDGs for our people

Responsible business: a three-pronged approach

These goals have been purposefully aligned to link to our three thematics – Sustainability (services), Urbanisation, Natural Resources – growth markets where we have the services and the people to make a difference.

SUSTAINABILITY

Sustainability p.34

Rapidly changing demographics and technological developments have given rise to a way of living that brings a range of environmental issues and global challenges including resource scarcity, climate change, instability and conflicts, inequality, achieving sustainable development, and maintaining biodiversity and food security.

RPS works with clients to identify and design innovative opportunities and solutions that embrace sustainability. We understand changing availability, prices and risk, dependencies and vulnerability and the nature of evolving policy, regulation, investor focus and emerging sustainability standards. Our long-standing expertise in environmental consultancy and the impacts of a changing world puts us in a strong position to deliver high value sustainable client solutions in a responsible way.

With deep expertise in:

- environment
- social issues
- governance
- climate change
- compliance
- consenting

Delivering solutions that recognise:

- environmental factors – natural resource use, efficiency and impacts
- social factors – impact and engagement
- governance factors – oversight and management

URBANISATION

Global megatrends are rapidly changing demographic patterns and accelerating rates of urbanisation. Nearly 60% of the world's population live in urban areas, and there is strong appetite for the development of sustainable infrastructure needed to support growing communities. Striking a balance between social, environmental and commercial needs is one of the biggest challenges in the design and development of our built environment – but it is also a huge opportunity to build sustainable infrastructure.

We work with clients to build sustainable futures for communities through:

- designing new models and planning approaches
- digital and technology – challenging traditional ways of doing things
- supporting clients to make better choices

We ensure the optimal solution is delivered through careful management

- enhancing the productivity, sustainability and liveability of cities
- improving connectivity and delivering integrated infrastructure networks
- stimulating enterprise and entrepreneurism

Urbanisation p.26

NATURAL RESOURCES

Countries and organisations globally are working hard to develop responsible energy supplies using renewable resources that are derived from sustainable sources such as wind and solar to ensure a sustainable future for the generations to come.

We can be on the front foot of a global and complex shift in resource consumption. We work with clients to define, design and manage the sustainable use of our natural, finite resources to secure water, food and renewable energy supplies as we adapt to increased demands.

We work with our clients to optimise the performance of energy and water networks:

- resource definition and viability
- high yield, low impact infrastructure
- asset survey, monitoring and management
- applying new technologies to reliably collect and analyse data

We identify ways for clients to manage assets and projects to deliver viable, sustainable outcomes:

- water management: building asset resilience, reducing leakage and preventing flooding and pollution, using data to maximise capital maintenance programmes
- energy: applying existing expertise in oil and gas in renewables and leveraging our extensive renewables experience

Natural Resources p.20

A responsible, purposeful culture

We are an organisation driven by our people's behaviours. Our behaviours are at the heart of an inclusive and diverse culture. A culture that builds trust, creates opportunity and provides resilience.

This belief is underpinned by an approach that puts health, safety and the wellbeing of all our employees front and centre of our decision-making. An approach that looks to provide inspiration and opportunity by creating a great place to do great work that attracts and retains the best people.

We believe this is how you create meritocracy. This in turn is a fundamental driver of diversity and inclusion. Operationally, we are also committed to a responsible culture. Our people want to be part of a business that supports our clients in their sustainability ambitions, but that also delivers positive environmental and social impact itself.

In 2020, we continued to increase the breadth of our commitments and policies to reinforce our responsibilities.

Policies and standards

- RPS Group Tax Strategy
- RPS Group Environmental Policy Statement
- RPS Group Quality Policy Statement
- RPS Group Anti bribery and corruption Statement
- RPS Group Diversity Inclusion Policy and Statement
- RPS Group UK Gender Pay Gap Statement (snapshot 5 April 2019)
- RPS Group UK's compliance with government guidance on managing COVID-19 risk
- RPS Group Modern Slavery Act Statement
- RPS Group Health, Safety and Wellbeing Statement
- RPS Employee Whistleblowing Policy and Guide
- Committed to setting science-based targets

External benchmarks and standards

- Health and Safety– OHSAS 18001
- Quality management – ISO 9000
- Environmental management and reporting – ISO 14001, Carbon Disclosure Project, Streamlined Energy and Carbon Report (SECR),
- Science Based Target Initiative
- Green Economy Mark (London Stock Exchange)

Further information on our corporate responsibility governance and management can be found on p.73 of this report.

Heightened focus

The COVID-19 pandemic has heightened the focus on the environmental and sustainability agenda. Yet, it is an agenda that isn't new to RPS. It is embedded in our culture. Our roots are in environmental consultancy and we support our clients to develop environmental and socially responsible solutions. Our focus is unwavering and we will always continue to work this way.

Left: **Beth** conducting a stormwater inspection at Tresca Brother Sand and Gravel, Millis, MA, USA

RESPONSE TO THE EVENTS OF 2020

From top left: **Andrew** going the extra mile with his team through the pandemic • Bush fires, Australia • **Image by International Maritime Organization**– International Maritime Organization helping to mitigate the impacts of MV Wakashio oil spill in Mauritius • Bush fire LiDAR research project • Occupational nurse, **Vikki**, supporting clients through the pandemic • Building and medical gas design for Preston and Deeside Nightingale Hospitals, UK

FINANCIAL REVIEW

Judith Cottrell
Group Finance Director

"The business demonstrated its resilience and ability to adapt to the operational challenges as a consequence of the global pandemic. Our swift proactive response in making prudent decisions on costs and actions helped us mitigate the impact on profit with costs broadly reducing in line with our fee revenue."

Our strong financial management and disciplined billings and collections delivered an exceptional cash performance, resulting in a significant reduction in net bank borrowings. With the actions taken to reshape the business in 2020 and the low net bank borrowings the business is well placed to capitalise on the future growth opportunities as our clients emerge from the ramifications of the pandemic.

Performance summary

The Group's key financial performance metrics for the year are summarised in the table below:

	2020	2019 restated	2019 constant currency	% change	% change constant currency
Alternative performance measures (1)					
Fee Revenue (£m) (2)	**457.3**	528.2	522.2	(13%)	(12%)
Adjusted operating profit (£m) (2)	**20.5**	43.4	42.9	(53%)	(52%)
Adjusted operating profit margin (2)	**4.5%**	8.2%	8.2%	(3.7%pts)	(3.7%pts)
Adjusted profit before tax (£m) (2)	**13.4**	37.4	37.4	(64%)	(64%)
Adjusted earnings per share (diluted) (p) (2)	**4.29**	12.31	12.31	(65%)	(65%)
Cash and debt measures					
Conversion of profit into cash	**239%**	90%	90%		
Net bank borrowings (£m)	**10.8**	94.1	93.1		
Leverage	**0.7x**	2.0x	2.0x		
Statutory measures					
Revenue (£m)	**542.1**	612.6	606.4	(12%)	(11%)
Operating (loss)/profit	**(24.2)**	10.9	9.4	(322%)	(357%)
Statutory (loss)/profit before tax (£m)	**(31.3)**	4.9	3.4	(739%)	(1021%)
Statutory (loss)/earnings per share (diluted) (p)	**(12.83)**	(0.54)	(1.09)	(2276%)	(1077%)
Dividend per share (p)	**–**	2.42	2.42	n/a	n/a

(1) Alternative Performance Measures are used consistently throughout the Financial review: these include adjusted profit before tax, fee Revenue, items prefaced 'adjusted' such as adjusted EPS, segment profit, underlying profit, adjusted operating profit, amounts labelled 'at constant currency', EBITDAS, conversion of profit into cash, net bank borrowings, leverage. For further details of their purpose, definition and reconciliation to the equivalent statutory measures see note 3 to the consolidated financial statements.
(2) Fee Revenue, adjusted operating profit and adjusted profit before tax have been restated – see note 3 to the consolidated financial statements for further information.

Trading performance

Revenue for 2020 was £542.1m (2019: £612.6m, £606.4m at constant currency). Our key performance measure is fee revenue. For 2020 this was £457.3m (2019: £528.2m, £522.2m at constant currency). While the Group made a statutory loss before tax of £31.3m (2019: profit £4.9m, £3.4m at constant currency) this was after significant exceptional items, many of which were non-cash items and largely driven by actions taken to mitigate the impact of COVID-19. The profit performance of the business is measured using adjusted operating profit. For 2020 this was £20.5m (2019: £43.4m, £42.9m at constant currency). The trading performance of the Group by segment is summarised in the tables below:

Fee revenue

£m	2020	2019	2019 (at constant currency)
Energy	**75.7**	104.3	103.5
Consulting – UK and Ireland	**108.0**	126.2	126.6
Services – UK and Netherlands	**85.7**	96.6	97.1
Norway	**56.0**	64.7	60.1
North America	**39.0**	46.1	45.8
Australia Asia Pacific	**92.9**	90.3	89.1
Fee Revenue	**457.3**	528.2	522.2

The period under review started well with good growth in Energy, North America and Australia Asia Pacific. As expected, the level of activity in Water Services was lower in Q1–2020 ahead of the UK water industry's new five-year asset management period (AMP7). Our Consulting UK and Ireland and Norway segments were impacted during the early period of the pandemic.

From the second quarter COVID-19 impacted our business across all segments of the Group, with fee revenue reducing by 18.1% (at constant currency) compared to Q2–2019. As restrictions eased in Q3–2020, the business started to recover with fee reduction improving as our people began to return from furlough or reduced hours with the reduction on prior year of 15.6% (at constant currency). This improving trend continued into Q4–2020 and coupled with a slow ramp up in the AMP7 cycle as well as increased activity with mid-market PE in the US resulted in a 12.1% (at constant currency) decline in Q4–2020 fee revenue compared to Q4–2019.

Full year fees of £457.3m were down 12.4% (at constant currency) on the prior year. RPS generates circa 55% of fee revenue from government or quasi-government organisations, which provided resilience to the impact of COVID-19 and enabled Australia Asia Pacific to continue to deliver fee revenue growth in 2020.

Adjusted operating profit

£m	2020	2019	2019 (at constant currency)
Energy	**4.5**	11.1	11.0
Consulting – UK and Ireland	**6.3**	15.1	15.1
Services – UK and Netherlands	**5.4**	10.8	10.9
Norway	**4.5**	6.0	5.5
North America	**2.9**	3.3	3.4
Australia Asia Pacific	**8.2**	6.4	6.3
Total segment profit	**31.8**	52.7	52.2
Unallocated costs	**(11.3)**	(9.3)	(9.3)
Adjusted operating profit	**20.5**	43.4	42.9

In response to COVID-19 the Group took swift and considered action to match capacity to market demand, reduce discretionary spend and make changes to our operating model. As a result of these actions, which included the receipt of £4.2m of furlough income, segment costs reduced by 9.5% at constant currency, versus 12.4% lower fee revenue at constant currency. Segment profit margin was 7.0% (2019 at constant currency: 10.0%), reflecting the impact of lower fee revenue, fixed costs in the business that were not able to be reduced in line with fees and a £0.6m cost for maintenance of a property in the Republic of Ireland.

Unallocated costs were higher in 2020 as a result of continued investment in the strategic initiatives of People and Connectivity and the retirement package for the outgoing Group Finance Director. The investment in People and Connectivity includes investment in an online performance development tool, operating costs of the new ERP system and strategic hires within the technology team.

Net finance costs

Net finance costs were £7.1m (2019: £6.0m), which includes £1.9m in respect of IFRS 16 (2019: £1.9m). Excluding lease obligations, the average total net borrowings in 2020 were £63.9m (2019: £104.4m). Interest expense includes imputed interest on deferred consideration of £0.2m in 2020 (2019: £0.2m).

Exceptional items

Exceptional items of £39.2m have been recognised in 2020 (2019: £23.4m), of which £32.6m are non-cash. The exceptional items are detailed in note 7 and include:

- A goodwill impairment charge of £25.9m after revising our view on the assumptions used for impairment modelling given the market uncertainty caused by the pandemic. This led to an impairment of goodwill at the Half Year in our Consulting UK and Ireland and North American segments, where the impact of the pandemic was more pronounced.
- Restructuring costs of £6.0m as a result of the cost mitigating actions taken in light of the impact of the pandemic on the Group and aligning our operating models to the new environment. These costs included redundancy for a limited number of roles, and closure of offices with surplus space resulting in impairment of right-of-use assets and onerous contract provisions for associated property costs.
- ERP stabilisation activities of £2.2m for the new ERP implemented in the Netherlands and parts of Australia in addition to an impairment of the ERP of £2.9m in respect of those parts of the system which were identified in 2020 as needing to be redeveloped or are no longer part of the global design for future implementations. Further exceptional costs in respect of change management and data migration will be incurred in 2021 as the rollout of the ERP continues.
- Further legal fees of £1.8m investigating potential issues regarding the administration of US government contracts and/or projects. The investigation is ongoing and further exceptional costs for legal fees will be incurred in 2021. This matter is disclosed as a contingent liability in note 26 to the consolidated financial statements.
- A loss of £0.4m on divestment of our Specialist Geology business in the Energy Segment, supporting our strategy of migrating the business away from traditional oil and gas to renewables. The divestment took the form of an asset and trade sale with proceeds of £0.7m in return for net assets transferred of £nil. Goodwill in respect of this business of £1.0m was written off and transaction costs of £0.1m were incurred resulting in a small loss on disposal.

In 2019, the Group invested £1.0m in a global rebranding of RPS. This project was completed in 2019 and no further costs have been incurred in 2020.

We anticipate that exceptional costs will be incurred in 2021 associated with the continued rollout of the ERP system and ongoing legal fees in respect of the US government contracts investigation.

Foreign exchange

Over 73% of segment adjusted operating profit was derived from operations other than in the UK, mainly in Australia, the 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.

Profit in 2020 suffered marginally from exchange movements on the conversion of overseas results in comparison to 2019. Adjusted profit before tax (PBT) in 2020 would have been £0.4m higher than reported had 2019 exchange rates been repeated in 2020. The Adjusted PBT in 2019 would have been £0.5m lower than reported if 2020 exchange rates had prevailed in 2019. Statutory profit before tax in 2019 would have been £1.5m lower than reported if 2020 exchange rates had prevailed in 2019.

Organic growth

The acquisition of Corview was completed in February 2019 and Reservoir Imaging Limited in September 2019. There were no acquisitions in 2020 and the one divestment was completed on 31 December. Hence, the impact of acquisitions and divestments on the reported growth numbers is not material.

Tax

The effective tax rate for the year on adjusted PBT is 22.4% (2019: 25.4%). The reduction was mainly due to the impact of carrying back losses in the US under the US CARES Act and recognising UK deferred tax balances at 19% rather than 17%. Our underlying tax rate prior to these adjustments increased in the year due to a rise in the proportion of taxable profit from higher rate tax jurisdictions, mainly Australia.

The statutory effective tax rate for the year is 0.6% (2019: 125.4%). The statutory tax credit for the year was £0.2m (2019 charge: £6.1m) on a loss before tax of £31.3m (2019 profit before tax: £4.9m). The effect of tax on the impairment of goodwill incurred in the year of £25.9m is nil.

Deferred tax assets of £11.2m (2019: £3.8m) include tax losses in the US and UK, deferred tax on employee benefits, and deferred tax on provisions and accruals. The Directors have considered the recoverability of these assets and remain satisfied that it is probable that sufficient taxable profits will be generated in the foreseeable future, against which the recognised assets can be utilised.

Amortisation of intangible assets and transaction-related costs

Amortisation of intangible assets and transaction-related costs totalled £5.5m (2019: £9.1m). Included in this total is amortisation of acquired intangibles £5.5m (2019: £8.6m), and acquisition related third-party transaction costs of £nil (2019: £0.5m).

EPS

Adjusted diluted EPS was 4.29p (2019: 12.31p, 12.17p at constant currency), a decrease of 65% over last year at constant currency. The Board considers that adjusted EPS, which is statutory EPS excluding exceptional items and amortisation of intangible assets and transaction-related costs and the tax thereon, provides a useful indication of performance and trends over time. Statutory diluted loss per share was 12.83p (2019: 0.54p).

Dividends

In 2019 an interim dividend of 2.42p per share was paid in respect of H1 2019, but the payment of the proposed final dividend of 2.00p per ordinary share was cancelled as one of the measures in response to COVID-19.

Due to the ongoing restrictions in the UK and wider uncertainty over the timing of recovery in our markets, the Board of Directors has taken a prudent approach and decided not to recommend a dividend in respect of 2020. The Board recognises the importance of dividends to shareholders and anticipates resuming the dividend payment for 2021 providing markets continue to recover. When dividends resume the Board will assess the appropriate level of dividend to be paid.

Divestments

On 31 December 2020 we divested the assets and trade of our Specialist Geology business, part of the Energy segment, for £0.7m. Specialist Geology is a niche oil and gas focused business and its divestment is aligned with our strategy to grow our energy offering in line with our clients' needs and to diversify into new markets, such as renewables.

The consideration of £0.7m was in respect of the net assets transferred of £nil and the goodwill of the business of £1.0m. After transaction costs of £0.1m the loss on disposal was £0.4m.

Intangible assets

The net book value of intangible assets at the year end was £350.5m (31 December 2019: £378.7m), which largely comprised goodwill. The decrease during the year is attributable to intangible assets divested through the divestment of Specialist Geology, amortisation and impairment offset by investment in the new ERP, and the effect of foreign exchange movements.

Borrowings and cash flow

During the 12-month period, significant focus was placed on cash management and ensuring disciplined billings and cash collections. This focus and the equity placing in September, which raised a net £19.4m, reduced net bank borrowings by £83.3m to £10.8m at 31 December 2020 (31 December 2019: £94.1m).

Net cash from operating activities was £84.0m (2019: £37.6m). Our conversion of operating profit into operating cash was excellent at 239% (2019: 90%). This reflected a significant focus on billing and collections, the actions taken to protect cash in light of COVID-19, the unwinding of working capital as a result of a reduction in revenue, reduced corporate taxes and £10.2m deferral of payroll/sales taxes under government COVID-19 schemes. Excluding the tax deferrals, cash conversion was 213%. Lock-up days at the end of December 2020 were exceptionally low at 48 days compared to 69 days at the end of 2019. Our focus on improving collections is demonstrated by average lock-up days for the year that were 65 days for 2020 compared to 69 days for 2019.

Net cash used in investing activities was £9.7m (2019: £30.9m), the decrease due to no acquisition costs in 2020 (2019: £10.1m), lower net capital expenditure of £7.8m (2019: £21.1m) and proceeds on the divestment of Specialist Geology. The capital expenditure figure includes £2.5m (2019: £7.8m) invested in our new ERP system. In 2019 we completed the global design phase and implemented pilots in the Netherlands and part of Australia. The pilot implementation identified issues with the global design created by our implementation partner, and hence in 2020 the investment has been focused on progressing revisions to the global design and stabilisation of the initial rollout. In 2021 we plan to finalise the revised global design and continue with the global rollout programme.

Deferred consideration outstanding at the year end was £5.8m (31 December 2019: £8.7m).

The amount paid in respect of dividends was £nil (2019: £16.9m) reflecting the cancellation of the 2019 final dividend and the decision not to pay an interim 2020 dividend. Included within financing activities are the £19.4m net proceeds of the September share placing.

Our leverage (being net bank debt plus deferred consideration expressed as a percentage of adjusted EBITDA) at the year end was 0.7x (31 December 2019: 2.0x) compared to our target operating range of 1.0x to 2.0x. We expect this will increase during 2021 to within our target operating range of 1.0x to 2.0x as we invest in growing the business, as government clients revert to normal payment terms and the COVID-19 cash initiatives reverse. The bank covenant limit that applies to all our facilities is 3.75x for December 2020 and March 2021, 3.25x for June 2021 and 3.0x thereafter.

Bank facilities

The Group's main banking facility is a committed multicurrency revolving credit facility (RCF) with Lloyds, HSBC and NatWest totalling £100m which expires in July 2022. This may be extended to July 2024 with the banks' agreement.

On 28 April 2020, to ensure adequate liquidity and financial flexibility through the pandemic, the Group secured an additional £60m 12-month COVID-19 liquidity facility which formed part of the RCF facility. In September 2020 the expiry of this facility was extended to July 2022.

The amount drawn under the facility at the year end was nil resulting in headroom of £160m. The margin payable on the drawn funds is variable and is set for the following six months dependent on the leverage of the Group at 31 December and 30 June.

In 2014 the Group issued 7-year US private placement notes of $34.1m and £30.0m that are repayable in September 2021. The Group is currently investigating its options for refinancing these loan notes. They are non-amortising and, following the modifications to the covenants in April 2020, carry fixed interest of 4.59% pa and 4.73% pa respectively (previously 3.84% and 3.98%). These notes represent the Group's core debt.

Capital structure

As at 31 December 2020 the Group had shareholders' funds of £349.0m (31 December 2019: £348.5m). The Company had shareholders' funds of £275.7m (2019: £249.1m) and 277m fully paid ordinary shares in issue at 31 December 2020 (31 December 2019: 227m).

Basis of preparation and new accounting standards

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The financial statements have also been prepared in accordance with International Financial Reporting Standards as issued by the IASB. The Group's significant accounting policies are detailed in note 1 to the consolidated financial statements. During 2020, the Group changed its adjusted revenue measure from fee income to fee revenue. Details of the restatement can be found in notes 3 and 4 to the consolidated financial statements.

SEGMENT PERFORMANCE

Energy

Profitable performance for the year despite significant impact of COVID-19 and oil price

£m	FY 2020	FY 2019
Fee revenue	**75.7**	104.3
Segment profit	**4.5**	11.1
Margin	**5.9%**	10.6%

FY 2020

- Renewable fee revenue doubled from 2019 and assisted the overall profitability of the Segment in 2020
- Improved performance in H2 by the Technical Advisory business after the reorganisation completed in H1
- Continuing impacts on activity through the year due to COVID-related travel restrictions

Outlook

- Market transition to sustainable energy is creating significant opportunities for our business – offshore wind market continues to require our services at ever increasing levels
- Markets will continue to be impacted by COVID-19

Consulting – UK & Ireland

Public sector demand and matching capacity to demand ensured profitable outturn

£m	FY 2020	FY 2019
Fee revenue	**108.0**	126.2
Segment profit	**6.3**	15.1
Margin	**5.8%**	12.0%

FY 2020

- Strong public sector demand in Ireland and UK providing resilience to parts of the business
- Private sector demand reduced due to COVID-19
- Careful management of staff numbers and pay resulted in profitable outturn for 2020
- Introduction of agile working has lowered office rental costs by approx 25%

Outlook

- 2020 marketing efforts are delivering real traction on 'outperforming sectors' in 2021: logistics, health, affordable residential and data centres
- Net zero carbon market proposition is delivering blue-chip clients

Services – UK & Netherlands

Fee revenue down due to a slow start to AMP cycle and a reduction in private sector workload

£m	FY 2020	FY 2019
Fee revenue	**85.7**	96.6
Segment profit	**5.4**	10.8
Margin	**6.3%**	11.2%

FY 2020

- Continued improvement in fee revenue seen across H2 with AMP cycle slowly ramping up
- Increase in demand for water services in UK and Netherlands
- Markets remain resilient under unprecedented pressure

Outlook

- UK water market expected to improve through 2021
- In Netherlands long-term frameworks secured with key water boards and provinces
- Good Laboratory Practice (GLP) accreditation secured in our UK labs opening up new markets

Norway

Good performance in 2020 despite COVID-19 impact from mid-March

£m	FY 2020	FY 2019
Fee revenue	**56.0**	64.7
Segment profit	**4.5**	6.0
Margin	**8.0%**	9.3%

FY 2020

- Retained the market position as #1 within Project and Programme Management in Norway
- Stable and partly growing investment levels in the public sector in Norway, increasing our share in the public sector
- Strong focus on cost control and cash conversion
- Good overall performance in a difficult year due to COVID-19 impact

Outlook

- Activity and investment levels remain strong in the public sector
- New opportunities in emerging markets (green energy, green technology and aquaculture)
- COVID-19 impact on our business during H1

North America

Private sector recovery in H2 and improved efficiency led to strong half-on-half profits growth; fee growth held back by delays in Infrastructure activations

£m	FY 2020	FY 2019
Fee revenue	**39.0**	46.1
Segment profit	**2.9**	3.3
Margin	**7.4%**	7.2%

FY 2020

- Ocean Science business continued its run of consistent growth
- Infrastructure delivered strong profit growth and improved margin
- Environmental risk capitalised on buoyant private equity market in H2 to deliver credible results
- FY growth undermined by COVID-19 impact but segment emerged leaner with strong position in key markets

Outlook

- 2020 groundwork to mature processes in people, clients and connectivity established foundation for return to growth in 2021
- Positioned to expand sustainability services with top level focus and enhanced offering
- Strong public sector order book poised to support activity in Infrastructure and Ocean Science

Australia Asia Pacific

Government stimulus spending in defence, transport and property infrastructure provided benefits across the AAP business.

£m	FY 2020	FY 2019
Fee revenue	**92.9**	90.3
Segment profit	**8.2**	6.4
Margin	**8.8%**	7.1%

FY 2020

- Government spending in defence, transport and property infrastructure provided resilience to COVID-19 and enabled fee growth of 3%
- Continued to benefit from the Corview acquisition tied to our exposure in transport and defence
- Benefited from a residential property spike due to temporary government stimulus 'Home Builder'
- Continued focus on costs and driving efficiency delivered improved margins

Outlook

- Well positioned to continue to win new federal and state government infrastructure work
- Market uncertainty remains due to governments' strong responses to COVID-19 and as property stimulus ends
- Increased focus on renewables, leveraging our experience in the wind and solar markets, expecting to generate benefits in H2

Deep expertise in project management

Norway – Metier OEC

Our experience and expertise in project management makes complex easy and creates value for our clients.

The Norway experience

For more than 30 years our business in Norway has been operating as strategic advisers, providing expert help to both private and public project-oriented businesses to strengthen their capacity and abilities. We help players from private property developers to municipalities execute the right projects within the framework of good practice in project management.

Multisector expertise: construction, real estate, transport, industry, energy and health buildings.

Value-driven project development that:

- maximises the value of invested capital
- delivers faster completion time for an entire project process
- increases predictability for the parties
- integrates processes for enhanced collaboration

Delivering successful projects through:

- in-depth project management expertise
- professional project governance
- project excellence framework and best practice
- easy to use project management systems

RPS Project Academy

Developed in Norway, RPS Project Academy offers a modular development programme for external clients covering everything from the essentials to advanced skills for project and strategic leaders.

The programme is structured, progressive and flexible to accommodate the differing needs of our global business and teams, delivered through a blend of e-learning and digital or face-to-face workshops.

RPS Project Academy is a recognised route to professional project management qualifications.

16,000
client participants

200+
RPS participants

Making complex easy for our clients who are…

Building an 8km stretch of tramline combining suburbs in the west to central Oslo

Planning more than 40 GWh of lithium battery cell production capacity by 2025 in Northern Norway to position Norway as one of Europe's largest 'green' cell suppliers

Managing Oslo's new water supply to 1m people that needs 1.2m cubic metres of solid rock to be removed and three 5km tunnels constructed

myProjects offers cloud-based connectivity and customisation…

… assisting clients in their programme reporting and portfolio information with ease, in real time, with the click of a mouse. Drawing on our experience supporting the Norwegian Ministry of Defence and Defence Material Agency, myProjects was customised to give access to the most relevant, up-to-date data for informed decision-making to support a major ten-year resource management programme.

Deep expertise in project management across RPS

Deep expertise and project management services can be found across RPS. In Global Energy, Consulting UK & Ireland, Services UK & Netherlands, Norway, North America and Australia Asia Pacific.

AUSTRALIAN PROJECT MANAGEMENT EXPERTISE

Recognised by Australian Institute of Project Management

Australian Capital Territory (ACT)

Defence PFAS Investigation and Management Program

ACT Project of the Year

Queensland (QLD)

Australian Centre to Counter Child Exploitation (ACCCE), Australian Federal Police

QLD Project of the Year

National

Australian Centre to Counter Child Exploitation (ACCCE), Australian Federal Police

Australian Project of The Year

Northern Territory (NT)

Palmerston Police Station, Northern Territory, Department Infrastructure Planning Logistics

Project Award

PROJECT MANAGEMENT TEAM OF THE YEAR

Birmingham (UK) team win at the Insider Property Awards, West Midlands 2020

The Mercian

Broad Street, Birmingham – prestigious build to rent project. Client: Moda Living

The Mercian stands at 42-storeys high, currently Birmingham's tallest residential building in construction

Port Loop

Birmingham – major regeneration project. Client: Urban Splash

Port Loop is a 43-acre multi-phased residential development, pivotal in delivering much needed housing within Birmingham

Beatrice Shilling Building

Coventry. Client: Coventry University – new education building

The Beatrice Shilling Building is a new 57,000ft² learning centre for STEM students at Coventry University, featuring state-of-the-art learning spaces for virtual reality, 3D printing and more.

RISK AND RISK MANAGEMENT

Risk management

The nature of the activities that the Group undertakes and its business model are described on p.12 to p.13. This gives rise to a range of risks consistent with a commercial organisation of this type, the principal of which are itemised and explained below. This explanation encompasses the nature of each risk, the steps taken to mitigate them and changes in the magnitude of such risks during the year.

There are two principal components to the Group's system of risk management. The Group's formal system of Risk Management and Internal Control and its principal components are described on p.85 to p.86. Through the adoption of appropriate controls and related audit this seeks to mitigate financial and commercial risks which are inherent in the Group's operating processes. Given the nature of the Group's activities, however, the effective management of risk also requires collective responsibility and engagement across the business. The Board is routinely informed by the Group Leadership Team of its ongoing management of risks within the business.

The Group CEO meets weekly with the Segment CEOs and the Group Finance Director meets fortnightly with the Segment Finance Directors. The Group CEO and Group Finance Director receive monthly reports from the Segment CEOs/Finance Directors, the functional heads and the Company Secretary. These monthly reports detail key risks and opportunities. The Segment reports are discussed in monthly finance reviews between the Group CEO/Group Finance Director and Segment CEOs/FDs. The Group CEO talks weekly with the Chairman of the Board who considers the need to share any current matters with the other Non-Executive Directors outside the routine monthly reporting process.

As part of the annual strategy, planning and budgeting we monitor and manage key risks and, as part of the annual strategy review with the Board, all Segment CEOs and function heads present their key risks and opportunities.

The management of risk is not therefore separated from the business and is treated as an integral part of the Group's culture and the way it operates. Our Segment Leadership Teams accordingly consider the risks and emerging risks to which their component businesses are exposed and their mitigation on an ongoing basis and at each of their regular meetings.

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 and emerging 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 risk and emerging risks facing the Group including those that would threaten its business model, future performance, solvency or liquidity. Management prepares for the Board an Annual Review of Risk Management and Internal Control. 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 taken to achieve their mitigation, and in each case any change that has happened in the year, are detailed in the table below.

RISK – Health, safety and wellbeing

EXPOSURE	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.
MITIGATION	Our Health and safety policy was revised in Q1 to become the Health, safety and wellbeing (HSW) policy. 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 HSW is described more fully in the Non-financial reporting section on p.59.
CHANGE IN THE YEAR	We implemented our response to COVID-19 rapidly as an employee was one of the first 40 in the UK to test positive. This tested our business continuity plans very early on in the pandemic. We complied with the local public health advice across the business during the various lockdowns and easing of restrictions. We mobilised employees rapidly to work from home while ensuring our offices were COVID-19 compliant. For employees working in critical national infrastructure we ensure they remained COVID-19 compliant and increased the sick pay allowances for water services employees. Across a number of our global businesses this remains an unsettling period for some employees. We maintain regular contact with our staff through videos from the CEO, all employee emails briefing them on the regulations and regular townhall meetings with staff over Microsoft Teams. We have increased the number of mental health first aiders, promoted our Employee Assistance Programs and offered mental health awareness training. Our RIDDOR reportable cases were down on 2019 largely due to a focus on homeworking.

RISK – COVID-19

EXPOSURE	The COVID-19 pandemic has led to a reduction on projects that the Group is able to complete, with people unable to travel and customers pulling back on projects, which will have an adverse effect on the Group's operating performance.
MITIGATION	The Group has introduced measures to reduce costs, including cancelling the final dividend for the year ended 31 December 2019, the pausing of all planned work on the further implementation of the Group's new ERP system, deferral of salary increases through to October 2020, where pay reductions were also taken in the year by the Board, Group Leadership and Senior leadership teams at a rate of 20%. At the peak of the pandemic 10% (520 employees) were on furlough (see People section on p.22) during the year. Covenant amendments and an additional RCF providing for increased liquidity were agreed with the Group's banks. The Company issued up to 20% of new shares on a non-pre-emption basis raising circa £19.4m and further improving the Company's liquidity. In order to ensure business continuity in its day-to-day operations, the Group implemented a series of actions globally to protect the health and safety of our employees following the advice from local authorities and governments in the jurisdictions in which the Group operates. These are monitored and reviewed daily and include regular dialogue with employees and clients, the enforcement of office health and hygiene practices which follow specific health protection protocols, making offices COVID-19 compliant and the adoption of flexible working arrangements and restriction on travel and meetings. There is also unprecedented client uncertainty arising from COVID-19 and we are making investments to digitally connect with our clients. We have introduced processes to allow movement of people around the globe. These have been developed during the year to service clients' requirements while maintaining the safety of our people.
CHANGE IN THE YEAR	This is a new risk and mitigations have been put in place wherever possible.

RISK – Recruitment and retention of staff

EXPOSURE

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.

MITIGATION

The Group retains the key strategic priority of being recognised by its people as being a great place to do great work. This entails the development of an appropriate culture and related management systems. The ongoing work in this area is fully described on p.22 and p.25, the successful completion of which will serve to substantially mitigate overall risk in this area.

CHANGE IN THE YEAR

Stayed the course of a deliberate strategy of performance and reward and maintained our focus on implementing a global online Performance and Development platform. Launched an online learning platform which employees could avail of on demand. We moved quickly to preserve capability in the business by calling on the goodwill of our global employees to accept cost reduction measures and minimise redundancies. While our offices remain open and COVID-19 secure we have offered flexible homeworking approaches as a means to retain talent. 2020 annual base pay and bonus awards were deferred for six months until more certainty was apparent. In early Q4 where markets picked up, targeted base pay awards were made and FY19 bonus payments were honoured. An ongoing reward exceptions review process has enabled a prompt response when required to retain talent at risk. Targeted strategic technical hires continued to occur with both Group and Senior Leadership team member replacements made to provide capability upgrade, succession and bench strength. This will remain an ongoing focus. The competition for talent in a number of the Group's markets has remained intense. The planned global all employee engagement survey in early 2021 will further inform initiatives taken to mitigate risks in this area.

RISK – Political events

EXPOSURE

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, or present further opportunities for the business.

MITIGATION

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.

CHANGE IN THE YEAR

Overall risk lessened during the year. The UK left the EU and although there was political unrest in the US following the presidential elections, the political situation has stabilised.

RISK – Economic environment

EXPOSURE

Changes in the economic environment have historically proved to be the greatest risk to which the Group is exposed. 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. The uncertainty around Brexit and the impact that this would have was a constant factor and although the government entered into a trade deal with the EU, the full economic impact of this has still to be felt. The COVID-19 outbreak has impacted on many countries with growth slowing and job losses increasing, particularly within the UK.

MITIGATION

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 to address threats or opportunities. The contracted order book is monitored relative to the productive capacity of fee earning staff and actions taken to match costs with anticipated workload.

CHANGE IN THE YEAR

It is too early to say whether the UK leaving the EU will have a positive or negative impact on the UK, but with the COVID-19 pandemic continuing to have a worldwide impact the risk has increased during the year. A continuing emerging risk for the business was the fluctuation of oil prices and how we build resilience against these price fluctuations. We have looked to diversify the sectors we work in, particularly into renewables. Our Energy segment doubled its fees in this area during the year.

RISK – Financial risks environment

EXPOSURE	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 and its ability to win work.
MITIGATION	During the year the Group successfully raised a further £60m multicurrency revolving credit facility, on top of the £100m facility already in place, for a 27-month duration and agreed new covenants for the next 12 months. In September 2020 the Company raised £19.4m net through a non-pre-emptive issue of 44.6m shares to existing shareholders and other institutional investors. The Group also has in issue seven-year US private placement notes of US$34m and £30m repayable in 2021 under a facility provided by Prudential Management Inc. The raising of funds through the issue of shares reduced the debt level and increased the availability on the bank facility, which will enable the Company to repay the notes when they fall due. 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 30 to the consolidated financial statements.
CHANGE IN THE YEAR	Following the actions taken by management during the year to preserve cash, cut back on expenditure, increase the funds available under the revolving credit facility and the subsequent share placing, the Group has adequate financing. The Group continues to manage financial risks on a prudent basis. Although a number of actions have been taken in the year, the extent and duration of the COVID-19 pandemic means that the risk has increased during the year.

RISK – Business acquisitions

EXPOSURE	The Group will look for acquisitions that are complementary to the markets that we operate in and add value to our business proposition. 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 businesses can all result in a business failing to deliver anticipated profit and cash flow.
MITIGATION	The Group's strategy will in general dictate that acquisitions are only made in market areas with which senior management is familiar. Detailed commercial, financial and legal due diligence is undertaken prior to completing any acquisition and clear corporate integration plans are agreed.
CHANGE IN THE YEAR	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 – Regulatory and compliance

EXPOSURE	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.
MITIGATION	While 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.
CHANGE IN THE YEAR	While the detail of applicable laws and regulations 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.

RISK – Information technology and security risks

EXPOSURE	The loss of availability and access to critical business systems and data could cause significant disruption to the operation of the business and/or to the businesses of our clients. A cyber-related incident incorporates a wide range of possible attack vectors, some of which are opportunistic and indiscriminate but high in volume, while others are specifically motivated, targeted and are therefore more sophisticated in nature. Such an incident could lead to significant operational disruption to RPS and/or our clients. Furthermore, these could result in the unauthorised access to, loss and/or disclosure of, personal data, commercially sensitive data, or intellectual property, and could result in financial theft or fraud, the loss of competitive advantage, or, in the most extreme cases, the imposition of legal/regulatory action, fines and the custodial imprisonment of Company executives.
MITIGATION	The business continues to move towards a global set of security and quality focused standards and principles, with a particular focus on delivering a cohesive approach to the design, delivery and effective management of systems and data, while incorporating the right balance of visibility, control, resilience and protection. Existing technologies and systems are subject to close review and will be maintained and upgraded or replaced as necessary throughout their lifecycle, in order to maintain the right balance of security, operational effectiveness and value. The Group employs a Security Team that is currently in the process of being re-augmented to provide the appropriate blend of proactive monitoring and incident response, plus operational support and engagement with the business, in the form of advice, guidance and the definition and implementation of effective quality and security standards, to be incorporated into the products and services that RPS develops and delivers to its clients. The continuous development of our cybersecurity roadmap remains a high priority, to ensure rigour and effectiveness. Policies, procedures and security measures are reviewed and enhanced, as necessary. The deployment of additional technical and operational security measures in the last year includes: cloud monitoring, vulnerability management, enhanced user authentication, device hardening, encryption, security awareness training and attack simulations.
CHANGE IN THE YEAR	As the business has responded to the effects of the global pandemic, and therein moved to support a more distributed and remote way of working, we have observed a notable rise in the volume of opportunistic cyber-attacks that seek to exploit individuals through techniques such as phishing and social engineering. An increase in security awareness has therefore been at the forefront of our efforts to counteract this as effectively as possible. The ongoing programme of system and security review and refinement should serve well to continue to improve the resilience, reliability and security of our systems and data. Notwithstanding these additional measures, the level of threat from cyber-attacks remains high and is unlikely to diminish.

RISK – Service failures

EXPOSURE	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.
MITIGATION	The Group operates quality control systems, many of which are externally certified 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.
CHANGE IN THE YEAR	There was no overall change in the year. The nature of the Group's activities and the environments in which they are conducted have not changed materially.

Long-term viability

The Group's results have been impacted by the COVID-19 pandemic during 2020 but the Group's decisive action during 2020 has helped us retain strong cash performance and has given us significant headroom on our debt facilities. While we expect 2021 to continue to be impacted by the ongoing ramifications of COVID-19, there are good reasons to believe that we will see an ongoing recovery in 2021. We see four key strategic opportunities around renewables, sustainability, project and program management and transport infrastructure where there are significant growth opportunities that RPS is well positioned to exploit.

The Group's short and medium term business plans assume a recovery from the impact of COVID-19 through 2021 and then growth in 2022 onwards as we exploit these opportunities. These business plans have formed the basis of the Group's assessment of its longer term viability (which the Board has undertaken in accordance with the requirements of the UK Governance Code). This assessment was undertaken over a three-year period to March 2024 taking account of the principal 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 is supported by the detailed strategic review work undertaken, giving greater certainty over the forecasting assumptions used.

The Board considered cash flow models derived from the Group's budgets and business plans over that period. The Board monitors performance against budget on a monthly basis and reviews longer term strategy and business plans annually. The Board monitors the management of the key risks to which the Group is exposed, as described on p.50.

The cash flow scenarios are based on a range of assumptions relating to trading performance, working capital management, exchange rates and other outflows. This modelling included severe but reasonable scenarios of selected principal risks to analyse the cash and borrowing levels, covenant tests and headroom under the Group's facilities and the potential for and effectiveness of mitigating actions.

Various scenarios were modelled, some of which took account of the impact of multiple risks occurring and these included a slower recovery from the COVID-19 pandemic than anticipated in our budgets, the impact of a downturn in one or more markets, a strengthening of sterling versus all other major currencies in which we operate, a deterioration in working capital and a significant uninsured claim against the Group. These scenarios reflect the potential impact on the Group resulting from the manifestation of any of the principal risks identified on p.51 to p.54, along with combinations of those risks.

The Directors have also made key assumptions in the modelling of the long-term funding for the Group. The Group's loan notes are repayable in September 2021 and we have a reasonable expectation of being able to replace these with adequate funding on acceptable terms. The Group expects to have sufficient headroom on its other facilities to pay down these loan notes when they are due if necessary. The revolving credit facility was successfully refinanced during 2019 on a three-year term with the possibility of extending for a further two years and this extension has been assumed in the modelling.

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 2024.

Going concern

In assessing the going concern basis for the financial statements, the Directors considered a range of scenarios to estimate the potential impact of COVID-19 on the Group's activities and our responses over the next 12 months from signing.

At 31 December 2020 the net bank borrowings were £10.8 million, down from £94.1 million as at 31 December 2019. In April 2020 we agreed a further £60 million revolving credit facility ('B facility') for a period of 12 months with the existing lenders and this was in addition to the existing £100 million revolving credit facility ('A facility'). This £60 million facility has been renegotiated and extended to July 2022. At the balance sheet date, the B facility was undrawn and the total headroom on both facilities was £160.0 million. The US loan notes of £54.9 million are repayable in September 2021 and our scenario modelling assumes that these will either be refinanced on similar terms or will be repaid using funding provided under the RCF.

COVID-19 has impacted our segments and markets in different ways as detailed in this report. The key judgement is the likely time period before the remaining COVID-19 restrictions are lifted in each of our markets or if further restrictions are implemented later in the assessment period. For each of our segments we have considered different recovery scenarios. In each scenario we have assumed that the deferrals of tax payments are unwound in accordance with local requirements and that where we have taken advantage of job retention schemes all staff return to work on a phased basis as those schemes finish. Approximately £10 million of tax payments were deferred and 0.8% of employees in the UK were furloughed as at 31 December 2020.

Under each scenario we have modelled the headroom available on our revolving credit facilities and calculated the covenants (leverage and interest cover) at each test date. The covenant calculations required as at 31 March 2021 and 30 June 2021 were amended as part of the additional financing in April 2020 and subsequent renegotiation in September 2020. Leverage is calculated as the ratio of adjusted net bank borrowings to annualised EBITDAS and must not exceed 3.75x at March 2021, 3.25x at June 2021 and reverts to 3.0x thereafter. Interest cover is the ratio of annualised EBITAS to annualised net finance costs and must be at least 2.5x at March 2021, 3.0x at June 2021 and 4.0x at all test dates thereafter.

Leverage and interest cover covenant tests are within the permitted limits at all test dates in the base case and are within the covenant limits in all scenarios with no mitigating actions required.

After fully considering the current uncertain economic environment and the forecasting and modelling performed, the Directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for at least 12 months from the date of signing this report and that it is therefore appropriate to adopt the going concern basis in preparing the Group's financial statements.

NON-FINANCIAL REPORTING

Corporate responsibility

Our approach to corporate responsibility ensures good governance and management of our environmental and social impacts applies to all elements of our business: our people, our clients, investors and the communities in which we work.

On p.4, 20-21, 26-27, 34-35 and 48 of this report we have given examples of the work we are doing across the business to deliver our purpose. We provide information on the development, performance and impact of our activity across environmental and social matters, our employees, human rights and business ethics.

People

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. They are our greatest asset and have been a focus of 2019 and 2020.

A full report in relation to this area is presented on p.22 to p.25.

Environmental management

RPS's roots are in environmental consultancy and we have always been mindful of our responsibility to the environment in which we work. During the year we updated our Group Environmental Policy so that it was consistent with our commitment towards people, place and environment. The Group's greatest contribution to the environment is through its own expertise and many of the projects we work on. We advise 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. Our direct impact on the environment is comparatively modest; however, 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
- Provision of an inter-office IT network together with communications and video conferencing technology in order to reduce business travel

A number of the Group's operating businesses have achieved ISO 14001, the internationally recognised environmental management system standard.

During 2020 many of our offices continued to recycle waste paper, spent toner and ink cartridges, obsolete computer hardware, printers and mobile phones.

We are a participating member of the Carbon Disclosure Project to which we provide data on an annual basis.

Streamlined Energy and Carbon Report (SECR) 2020

For the reporting year 1 January to 31 December 2020 we have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and emission factors from the 2020 UK Government's Conversion Factors for Company Reporting and the International Energy Agency CO2 Emissions from Fuel Combustion, OECD/IEA, Paris, 2020 for consumption in our international offices. Greenhouse gas emissions are reported using the following parameters to determine what is included within the reporting boundaries in terms of RPS energy consumption:

Scope 1 – direct emissions includes any gas data and fuel use for Company owned vehicles. Fugitive emissions from air conditioning are included where it is RPS's responsibility within the tenanted buildings

Scope 2 – indirect energy emissions includes purchased electricity throughout the Group's operations

2020 Energy consumption and GHG emissions

Due to COVID-19 and the significant impact it has had on RPS employees' ability to work from RPS owned/leased offices as well as the travel restrictions implemented in all regions where RPS operates, for the duration of 2020, Scope 1 and 2 emissions from electricity usage and vehicle usage dropped significantly compared with the previous reporting year.

While most RPS employees were working from home for the majority of the year, offices remained open. As such, office BMS systems were still functioning at full capacity, hence why there has not been a significant decrease in Scope 1 emissions due to natural gas combustion for space heating. Furthermore, in the previous reporting year, natural gas consumption for the RPS Belfast office (a large, relatively energy intensive building) has been calculated based on assumptions whereas this year metered annual gas consumption was available. This represents a methodological improvement in our GHG reporting procedure and is partially responsible for the relatively high natural gas consumption for the 2020 reporting year (given the working from home situation).

	GHG emissions			GHG emissions			Energy consumption			Energy Consumption		
	2020 (tCO_2e)			2019 (tCO_2e)			2020 (MWh)			2019 (MWh)		
	UK	GLOBAL	TOTAL	UK	GLOBAL	TOTAL	UK	GLOBAL	TOTAL	UK	GLOBAL	TOTAL
Scope 1	3,808	2,427	6,235	4,677	2,635	7,312[1]	15,242	8,489	23,731	18,305	9,239	27,543
Natural gas	178	689	868	152	720	873	970	1,684	2,653	829	1,845	2,674
Fuel (diesel & petrol for Company owned vehicles)	3,618	1,715	5,333	4,498	1,875	6,374	14,272	6,805	21,077	17,476	7,393	24,869
Refrigerant losses	12	23	35	27	39	66						
Scope 2 location-based (electricity)	432	1,306	1,738	873	1,971	2,843	1,855	3,128	4,983	3,414	4,075	7,489
Intensity metric	tCO_2e/£M			tCO_2e/£M			MWh/£M			MWh/£M		
Total emissions and energy/£m revenue	22.21	10.63	14.7	23.88	12.11	16.58	90	33	53	93	90	57

[1]2019 figures for UK gas usage have been restated due to methodological errors/improvements (namely meter reading errors for UK gas consumption) in last year's reporting. This has resulted in an overall restatement of 2019 Scope 1 emissions from 9,074 tCO2e to 7,312 tCO2e.

The Group has set a target to reduce per capita office energy consumption by 2.5% on a five-year rolling average basis. Using this approach, the five-year rolling average up to 2019 was 1.96 MWh per capita, which decreased to 1.65 MWh per capita up to 2020. This equates to a decrease of 16%, which is above our target but can be attributed to the effects of COVID-19 on working practices. Going forward for 2021 we will be reviewing our strategy and approach to our carbon and energy management.

This will include defining new challenging targets and identifying efficiencies and opportunities such as expanding the use of electric cars within the Company car fleet.

Energy efficiency actions undertaken in the 2020 reporting year

RPS has increased the number of alternative vehicles in the Company fleet since the previous reporting year. Through the inclusion of electric vehicles (EVs) into the Company fleet, it is estimated that 99 tCO2e have been avoided this reporting year (this calculation is based on the assumption that, in the absence of the increased proliferation of EVs in the Company fleet, the equivalent amount of mileage would have been undertaken by petrol and diesel vehicles).

Methodology

The energy and carbon statements disclosed in this report have been calculated using an operational control reporting boundary and in accordance with the following standards:

- WRI/WBCSD (2004). Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard-Revised Edition
- Department for Environment, Food & Rural Affairs and Department for Business, Energy & Industrial Strategy (2019): Environmental reporting guidelines: Including Streamlined Energy and Carbon Reporting requirements

Community involvement

We have a clear responsibility to the communities in which we work. This is key to delivering our purpose to create shared value. Our people work in their local communities every day and we are always mindful of the impact our work has. In addition to this, our people take part in a range of activities to support local communities, organisations and charities.

As a Group, we continued to support Tree Aid. Since 2006, we have provided £1.0m of funding, which has been used across projects in Ghana, Mali and Ethiopia. We are currently supporting a project in Ethiopia focusing on healthy ecosystems and sustainable livelihoods.

Health, safety and wellbeing

We have a moral and legal responsibility to safeguard our employees and others affected by our operations and services. Health, safety and wellbeing is also recognised as one of the Group's principal risks.

The Group sets an overall policy for the management of health, safety and wellbeing and the Group People Director retains general oversight in this area. The Chief Executive takes a direct interest in health, safety and wellbeing and discusses performance on a regular basis with business segments. He also reports to the Board on overall performance and any more serious incidents that arise. Operational responsibility lies within the Group's operating businesses which are closest and best positioned to manage their risks. The nature of these risks is dependent on the activities of particular businesses and health and safety systems vary accordingly to ensure that key areas are addressed. All 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 on 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 incidents occur these are investigated to ensure they are fully understood and appropriate action is taken to minimise risk of occurrence.

Health and safety performance is monitored at business and segment level. This incorporates analysis of incidents, dangerous occurrences and near-misses in order that appropriate remedial action can be taken where required. As noted above, the Group Board receives and reviews 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 the Group People Director.

OHSAS 18001 is an internationally recognised standard for health and safety management that is aligned with the ISO 9000 (Quality Management) and ISO 14001 (Environmental Management) standards. A total of 68% (2019: 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 2020 was 0.8 accidents per 1,000 employees (2019: 1.2). Accidents that do occur most commonly relate to field staff and involve manual handling activities, slips and falls.

Reportable accident rates

Group	2020	2019
Reportable injuries	4	7
Reportable injuries incident rate per 1,000 employees	0.8	1.2

Business relationships

In 2019 we launched our behaviours and embedded them across the Group with over 75% of employees completing the online training. Our behaviours are at the core of how we do business and a key element of annual employee performance and development discussions. Sitting alongside our approach to corporate responsibility, they ensure we conduct business in a transparent and fair way with a focus on delivering our purpose of creating shared value.

We have policies and procedures that support our people and provide us with a framework to ensure they act in a consistent way with our behaviours. Employees are required to be sympathetic to the cultures and comply with the laws and regulations of the countries in which they operate, as well as giving due regard to the safety and wellbeing 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, they are expected to report it promptly.

Policies

Anti-bribery policy

The Group has in place an anti-bribery policy, which clearly states a number of obligations for our employees. Under no circumstances to offer, give, solicit, or accept a bribe whether by cash or other inducement. Under no circumstances to encourage or procure any third party to offer, give, solicit or accept a bribe. To promptly report any suspicion of bribery.

Our anti-bribery policy is communicated to our suppliers, sub-contractors, agents, partners and intermediaries with whom we are dealing.

The Group has a clearly stated zero tolerance policy in relation to acts of bribery and corruption and supports the UN Global Compact and the UN Convention on Anti-Corruption. There have been no allegations made under this policy during the year.

Modern slavery statement

We support the objectives of the Modern Slavery Act and will not tolerate modern slavery or human trafficking within our own supply chain. During the year the Group conducted a further review of its supply chain and published its statement accordingly. As far as is reasonably ascertainable none of the Group's activities has directly or indirectly given rise to the abuse of human rights. We support the introduction of the Australian Federal Government's Modern Slavery Act and will review our Group position in line with its guidance.

Health, safety and wellbeing policy

Our commitment to employee health, safety and wellbeing sits at the core of our Global People Strategy and is grounded in our Global RPS behaviours. Explicit in stronger together behaviour is that "We act reasonably for our own health, safety and wellbeing and that of others." It is our belief that accidents can be prevented, and we are committed to maintaining exemplary standards of health, safety and wellbeing. We aim to promote a working environment that supports the physical and mental wellbeing of our employees, and it is our intention to achieve continuous improvement in our management systems, activities and performance. The policy is a standing agenda item and discussed at each Board meeting.

Environmental policy

A new environmental policy was introduced at the beginning of 2020 and outlines that we recognise that a changing climate, together with the pressures of population growth and urbanisation, require that society and business work together to adapt. RPS has unrivalled global capabilities that enable our clients to take a balanced approach to delivering a sustainable future.

Whistleblowing policy

Our whistleblowing policy, which we updated this year, ensures our employees feel empowered to raise concerns relating to malpractice or wrongdoing in confidence through an independent hotline/online portal administered by Ethics Point. To date we have had no incidents of whistleblowing reported into the hotline/online portal. Where any incidents of whistleblowing are reported, there is a process of bringing this to the Board's attention to seek guidance on how to respond.

Respect for human rights

We do not maintain a standalone human rights policy. The Group supports and is guided by 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.

Cyber and data security

Throughout 2020 we have strengthened our approach with new automatic technical and security measures. This is a key risk which is referred to on p.54 where we talk about the mitigations we have put in place.

Signed on behalf of the Board

David Gormley
Company Secretary

8 March 2021

Non-Financial Information Statement

Our Annual Report and Accounts details our approach to environmental, social and employee-related matters. The table below outlines where in this report you can find this information and where additional information can be found on our website.

Anti-fraud, bribery and corruption	**Anti-bribery policy,** see **p.60** **Whistleblowing policy,** see **p.60** **Code of conduct,** https://www.rpsgroup.com/media/6618/hr-78-code-of-conduct.pdf
Business model, principal risks and non-financial KPIs	**For the business model,** see **p.12** of the Annual Report and Accounts **For principal risks,** see **p.50** We currently have no non-financial KPIs. These will be developed during the year as we review and update our policies.
Employees	**Corporate responsibility,** see **p.36** **Environmental policy,** see **p.60** **Diversity and inclusion policy,** see **p.22** and Nomination committee report **Health, safety and wellbeing policy** see **p.6, 22** and **60** **Recruitment and retention of staff** see **p.52** of Risk section and **p.23** of people section
Environmental matters	**Corporate responsibility,** see **p.36** **Environmental Policy,** see **p.60** and **p.50** of Risk section **For sustainability,** see **p.20, 26, 36, 34, 48**
Human rights	**Corporate responsibility,** see **p.36** **Modern slavery statement,** see **p.60** **Code of conduct,** **https://www.rpsgroup.com/media/6618/hr-78-code-of-conduct.pdf**
Social matters	**Corporate responsibility,** see **p.36** **Environmental policy,** see **p.60** **Diversity and inclusion policy,** see **p.22**

REPORT OF THE DIRECTORS

Image: Trine, interview with hospital in Tønsberg, Norway

REPORT OF THE DIRECTORS

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 2020. Certain matters that would otherwise be disclosed in the Report of Directors are reported elsewhere in the Annual Report and Accounts. The Directors' report should therefore be read in conjunction with the Strategic Report on p.7 to p.62, the Corporate Governance Report on p.73 to p.117 and other parts of the Annual Report and Accounts as referred to below.

Directors

The Directors of the Company as at 31 December 2020 were those listed on p.70 to p.71. During the year Gary Young retired as Group Finance Director at the Company's AGM on 30 April 2020 and was replaced by Judith Cottrell. The Directors' interests in the share capital of the Company are as shown in the Annual Report on Remuneration on p.99. None of the Directors was materially interested in any significant contract to which the Company or any of its subsidiaries was party during the year.

Results and dividend

The Consolidated Income Statement is set out on p.129 and shows the profit for the year. Our dividend policy is to pay 40% of the adjusted earnings for the financial year as full year dividends. The Directors have not recommended a final dividend for the year (see p.43). The Directors did initially recommend a final dividend of 2.00p (2018: 5.08p) per share for the year ended 31 December 2019, but after the outbreak of COVID-19 and forced lockdowns throughout the year, the Company sought to retain cash and cancelled the final dividend.

Strategic report

The Group's Strategic Report can be found on p.7 to p.62. 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 as 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

Board Director diversity

2020 F57% : M43%
2019 F43% : M57%
2020 50% : 50% (target)

UK Government's UK FTSE350 Board target – 33% women by the end of 2020

The Board: (left to right) Ken Lever, Liz Peace, John Douglas, Judith Cottrell, Catherine Glickman, Michael McKelvy, Allison Bainbridge, David Gormley

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 p.4 to p.5. 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 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.

Non-financial information

The Company is required to report on non-financial information and the risks and polices in place. This can be found on p.57 to p.61.

Corporate governance

The Directors' report on Corporate Governance can be found on p.73 to p.117 and incorporates other parts of the Annual Report and Accounts as detailed therein.

Engagement

The Company uses various mechanisms to engage with its employees, suppliers and customers. How we engage with our employees can be found on p.7 and p.22 to p.25 and our engagement with our clients is covered within our Strategic Report on p.28.

Change to the Board during the year – Judith Cottrell appointed Group Finance Director, April 2020

Employees

The Group's policies in relation to employees are disclosed on p.22 to p.25.

Corporate responsibility

The Group's Corporate Responsibility statement is included on p.57 to p.61. This includes disclosures concerning Greenhouse Gas emissions as 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 5 March 2021.

Shareholder	Total holding	% of ISC
Aberforth Partners	39,101,950	14.10
RWC Partners	22,532,118	8.13
UBS Asset Management[1]	18,477,884	6.67
Chelverton Asset Management	15,262,117	5.50
Columbia Threadneedle Investments	13,661,069	4.93
Artemis Investment Management	13,247,299	4.78
BMO Global Asset Management (UK)	10,888,697	3.93
Montanaro Investment Managers	10,206,899	3.68

1 Tameside MBC re Greater Manchester Pension Fund holds 16,485,940 (5.95%) shares included within the shares held by UBS Asset Management.

Going concern

The Group's business activities, a review of the 2020 results together with factors likely to affect its future development and prospects are set out on p.7 to p.62. Note 20 to the Consolidated Financial Statements sets out the borrowings of the Group and considers liquidity risk, while note 30 describes the Group's approach to capital management and financial risk management in general.

The going concern statement together with the viability statement is set out in the Strategic Report on p.55 to p.56.

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and Accounts in accordance with applicable laws and regulations. Each of the persons who is a Director at the time of this report confirms that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware and that they have taken all the steps necessary to make themselves 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 accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB. The Directors 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 they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group 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
- Make an assessment of the Group'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 judgements 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
- 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 responsible for safeguarding the assets of the Company and taking all reasonable steps for the prevention and detection of fraud or 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
- 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 30 to the consolidated financial statements.

Post balance sheet events

There are no significant post balance sheet events requiring adjustments to the year-end results or disclosure.

Takeover Directive

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

Share capital

As at 31 December 2020 the Company's issued share capital consisted of 276,903,032 ordinary shares of 3p each. Substantial shareholder interests of which the Company is aware are shown on p.66.

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. While the Board can appoint a Director, any Director appointed in that manner 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 p.105.

Change of control

The Company's debt facilities include provisions that take effect on a change of control and 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.

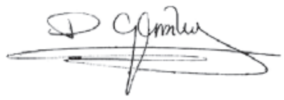
Directors' indemnities

Directors and Officers of the Company benefit from Directors' and Officers' liability insurance cover in the event of legal actions being brought against them as Directors of the Company. 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 28 April 2021. 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.

Signed on behalf of the Board



David Gormley
Company Secretary

8 March 2021

OUR BOARD

Ken Lever
Non-Executive Chairman

Appointed: 1 November 2016

Tenure: 4 years 2 months

Skills and competencies: Ken has been RPS Chairman since November 2016 and has extensive listed company experience in a number of UK industry sectors. A former partner at Arthur Andersen, Ken has spent more than 25 years working as an executive director at several leading international companies including Alfred McAlpine, Albright & Wilson, Tomkins and Xchanging plc. He holds a number of non-executive roles, including Chairman of Biffa plc, the FTSE 250 integrated waste management company.

External appointments: Biffa plc, Blue Prism Group plc, Gresham House Strategic plc, Vertu Motors plc

Liz Peace
Senior Independent Non-Executive Director

Appointed: 11 July 2017

Tenure: 3 years 6 months

Skills and competencies: A former policy and corporate affairs expert at the Ministry of Defence and subsequently QinetiQ plc, Liz spent the next two decades as a leading and influential figurehead at the heart of the UK's property industry. First, as CEO of the British Property Federation and latterly as chair and non-executive director in a number of public and private entities and as a founding member of Real Estate Balance, an organisation seeking greater diversity and inclusion in the property industry.

External appointments: NED at Howard de Walden Estates and RDI REIT plc; Chair of the Architectural Heritage Fund, Centre for London, Old Oak and Park Royal Development Corporation, Sponsor Board for Houses of Parliament R&R Programme, and University of Cambridge Property Board

John Douglas
Chief Executive

Appointed: 1 June 2017

Tenure: 3 years 7 months

Skills and competencies: A civil engineer by trade, John is an experienced senior executive having held chief executive officer positions since 2011. John previously headed Coffey International, the Australian stock market listed global engineering and project management company before joining RPS three years ago.

External appointments: None

Judith Cottrell
Group Finance Director

Appointed: 30 April 2020

Tenure: 8 months

Skills and competencies: Appointed to the Board in 2020, Judith, a former KPMG accountant, has worked for more than 20 years in senior finance and operational roles, including Chief Executive for RPS's Consulting UK & Ireland business, Chief Financial Officer for RPS Europe and Group Strategy Director. Over her career, Judith has experience of all aspects of acquisitions and divestments, together with corporate finance activities such as placings and rights issues.

External appointments: None

Key Urbanisation Natural Resources Sustainability People Clients Connectivity

Allison Bainbridge
Independent Non-Executive

Appointed: 1 June 2017

Tenure: 3 years 7 months

Skills and competencies: Allison brings her significant knowledge and expertise of the UK's water and utilities sector to RPS, having joined the Board on a three-year term in 2017. Allison is currently Group Finance Director of Vp plc, the stock market listed equipment rental business having formerly held finance director roles at Yorkshire Water and Kelda Group.

External appointments: Vp plc

Catherine Glickman
Independent Non-Executive

Appointed: 2 August 2018

Tenure: 2 years 5 months

Skills and competencies: Catherine has 40 years of HR experience, which includes two decades at Tesco – latterly as its Group HR director but also a member of its CSR committee. At Tesco, Catherine led major initiatives to deliver diversity and redesign of employee reward schemes. During her six years at biotechnology company, Genus, she led its global sales academy – and introduced performance management and talent planning.

External appointments: Renishaw plc, TheWorks.co.uk plc

Michael McKelvy
Independent Non-Executive

Appointed: 1 May 2018

Tenure: 2 years 8 months

Skills and competencies: Michael brings to the Board table his deep experience in infrastructure, environmental and engineering that has spanned over 40 years across North American and global markets, including 27 years with CH2M. Michael, a chartered architect, has been CEO of Gilbane Building Company, the Rhode Island based global construction business with commitment to ESG and the built environment since 2016.

External appointments: Gilbane Building Company

David Gormley
Company Secretary

Appointed: 4 December 2018

Tenure: 2 years 1 month

Skills and competencies: David has held company secretarial roles since 1985 when he joined Diageo (formerly Guinness) as Assistant Secretary during the takeovers of Bells Whisky and the Distillers Group. Since 1991, David has extensive listed plc experience having held various company and group company secretary roles including those at The Albert Fisher Group, BskyB and Brit plc, where among other things he has been involved with company flotations, capital restructures, acquisitions and disposals.

External appointments: None

CORPORATE GOVERNANCE

Image: Surveyor, measuring rail using Amberg Trolley, Willemstunnel Netherlands

CORPORATE GOVERNANCE

Chairman's Introduction

Dear Shareholder

On behalf of the Board, I am pleased to present the Group's Corporate Governance Report for this year.

It was an unprecedented year for the business as the global COVID-19 pandemic took hold and the Board, together with management moved quickly to mitigate our risks. Prudent and pro-active steps were swiftly taken to reduce costs and contain cash outflows while continuing to match capacity to market activity to retain our operational capability.

During this time the health and safety of all our employees and clients remained paramount and we initiated a series of actions globally following the advice from the local authorities and national governments in the jurisdictions in which we operate. Details of our response can be found on p.6.

Changes to the Board

During the year, after more than 20 years' service, Gary Young retired from the Board and was replaced by Judith Cottrell as Group Finance Director on 30 April 2020. There have been a number of changes in the past years, but we now have a settled and interacting Board, as the results of our Board Evaluation have confirmed (see p.83 for details).

Governance

This is the second year of reporting under the 2018 UK Corporate Governance Code and the Group's Corporate Governance Report can be found on p.73 to p.117. Maintaining high standards of governance and our values are vital ingredients in driving success for RPS. The Board is fully committed to ensuring these standards and values come from the top and are embedded throughout the Group. The work to define purpose, promise and behaviours, which are an important component of this process, is described throughout the Annual Report.

Section 172 and Stakeholder Engagement

The Board has demonstrated how it has fulfilled its Section 172 duties in its quick and swift response to the COVID-19 crisis, and how it engaged with its stakeholders during this challenging time. All of our stakeholders have been affected in some way and the Board has supported the business to act fairly at all times. The Board increased the regularity of its meetings to remain abreast of the business performance and operating challenges and input rapidly into the decision-making process. I have held regular weekly calls with our Chief Executive and held calls with members of our Group Leadership Team. There is still some way to go before the effects of the COVID-19 crisis ease, but the actions that the management has taken position the business well for the times ahead.

The Board's statement in relation to Section 172 and stakeholder engagement and the matters taken in the interests of its stakeholders is included on p.8 to p.9.

The requirements of Section 172 and how they have been met are set out in the table opposite. Directors of the Company act in a way he or she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and in doing so have regard to:

S172 requirements	Actions taken by the Board
the likely consequences of any decision in the long term	· Annual strategy process to determine current and medium-term (three years) priorities and set three year financial plan · COVID-19 impact - cost management, cash outflow, appropriate leverage of Government support to deliver value for the long term (see p.6) · Undertook share placing to position the Group to capitalise on future growth opportunities · Cancelled the 2019 dividend to preserve cash and enable protection of capability
the interests of the Company's employees	· Health, safety and wellbeing centre stage · The Directors receive a monthly report from the Group People Director · Preserved jobs and capability during 2020 · For examples of how the Directors discharged their responsibilities in this area go to p.8, People report p.22 to p.25 and workforce engagement on p.76
the need to foster the Company's business relationships with suppliers, customers and others	· The Directors receive monthly reports from the Segment CEOs and Function leads which cover these areas, explaining pipelines in progress and how the Company is engaging with its clients through a renewed focus on client centric sales culture and initiated client experience projects, all of which are discussed and reviewed by the Board as a part of the marketing plans see p.28 to p.31 · Accelerated digital interactions with clients · Please refer to p.8
the impact of the Company's operations on the community and the environment	· The Board receives monthly updates on health, safety and wellbeing of our employees · The Board has endorsed the recruitment of a Group Sustainability Lead to drive our sustainability and corporate responsibility agenda · Group activities aligned to targeted UN sustainability goals p.36 to p.38 and further community and environmental issues discussed on p.9
the desirability of the Company maintaining a reputation for high standards of business conduct	· Introduce global whistleblowing line for employees and the public · The Company also has in place a code of conduct on how employees are to conduct themselves · The Board receive a monthly update from the CEO which reviews the operations of the Company and highlights the reputational and business risks and opportunities to the Group · The Board also receives a monthly litigation report on any legal actions that the Company is involved in and how these are being managed · RPS behaviours are embedded across the Group – 75% have completed online training and our behaviours are a key element of annual employee performance and reward discussions · Please see the responsible business report on p.36 to p.39
the need to act fairly as between members of the Company	· Annual report sent to all shareholders and available online · AGM open to all investors and questions to the Board are welcomed and encouraged · Investor relations contact details available on website for easy direct access to the Company, where questions are directed to and answered by the Board · Please see more information of how we engaged with our shareholders through the year on p.9

Shareholder consultations

The Remuneration Committee consulted and received positive feedback with our major shareholders in relation to the Chief Executive's remuneration. Catherine Glickman, the Chair of the Remuneration Committee, provides further information on these discussions in her Remuneration report found on p.94 to p.97.

Naturally, I was pleased to be reappointed to the role of Chairman in 2020, and I would like to thank Liz Peace our Senior Independent Director who consulted with shareholders on my reappointment. Liz has again written to our shareholders on my proposed reappointment for 2021 and her letter can be found on p.78 to p.79.

During 2020, we also raised £19.4m net in cash via a non-pre-emptive issue of circa 46m shares into the market, which was supported by our major shareholders. I know that the Chief Executive and Group Finance Director held numerous calls with our shareholders to secure their support and backing, for which we are most grateful.

I and our Senior Independent Director also as a matter of course offer to meet with our major shareholders in the time between the year-end results announcement and prior to the Annual General Meeting.

Workforce engagement

Notwithstanding the formal framework within which the Board operates, it is important that it remains connected with and understands the wider business. The Board receives regular presentations from the business segments and functions, and we had in place a programme of holding Board meetings at operating business locations. However, due to the various lockdown restrictions, the Board has not been able to visit RPS businesses and meet with as many of our employees as we would have liked. Employees have been receiving regular video updates from John Douglas, our CEO, and from segment leaders, but we will look to reintroduce Board visits to our sites as soon as we are able to do so.

The two-day strategy review took place in October, when for a short period of time we came out of lockdown, and was again undertaken in conjunction with the Group Leadership Team. It provided an excellent opportunity for the Board to gain greater insight into the challenges facing our business.

The Non-Executive Board members are encouraged to visit the offices of the Company individually and meet and hear from our people about their expectations and experience of working for RPS. Catherine Glickman is the Non-Executive Director with Board responsibility for workforce engagement. However, with the restrictions imposed by the pandemic during the year it has curtailed somewhat the engagement with colleagues.

Looking forward

Needless to say, 2020 was a challenging year for everyone. We, as a Board, continue to focus on the performance of the business and to address the ramifications of the pandemic so that we can emerge from this as a stronger, more resourceful Company and take advantage of the economic recovery as it comes through.

Ken Lever
Chairman

8 March 2021

Response to

SHAREHOLDER FEEDBACK

Liz Peace
Independent Non-Executive Board Member

Report from the Senior Independent Director

The principal role of the Senior Independent Director is to act as a sounding board and support for the Chairman, to provide an independent means of appraising their performance and, where necessary, to act as an intermediary between other Directors and the Chairman.

In the case of Ken Lever, the task has been a straightforward one since, as my most recent appraisal of his performance has confirmed, he has performed the Chairman role with skill, sensitivity and enthusiasm, bringing the best out of the Board and managing a highly productive relationship with both Board members and the rest of the senior executive. This has been particularly important during the past year when the COVID-19 pandemic has threatened to bring unwelcome pressures on the Company and where a thoughtful and calm leadership presence has proved invaluable to all of the Board, including the Chief Executive and the relatively newly appointed Group Finance Director.

Prior to last year's AGM, there were concerns expressed among a small number of shareholders regarding the number of directorships which the Chairman held. I wrote to our major shareholders setting out the Board's reasoning as to why Ken was exactly the right person to lead the Company forward and pointing out that his other directorships did not impact in any way on the time he devoted to the Company and his availability for both regular and, where necessary, unscheduled Board meetings and discussions. I am pleased to say that at the AGM his reappointment to the Board was supported by 81.84% of our shareholders. I should perhaps add that in my letter to shareholders I offered to meet with any who continued to be concerned about Ken's capacity and commitment to the Company; no-one took up that offer.

During the last few months there have been further concerns raised by shareholders regarding the Chairman's time commitment given his chairmanship of another listed company and his three other non-executive directorships. I have discussed this at some length with the other Board members and with the Chairman and I can confirm that we have not changed our view since last year and are of the firm view that Ken devotes more than adequate time to his Chairman duties at the Company and has never in our experience been unavailable when needed or been prevented or distracted from giving the issues at hand the time and attention they require.

As I have previously pointed out, the Chairman does not hold a full-time executive role and had calculated that during 2018/2019 he had to commit to circa 150 days in fulfilling his various directorship roles including as Chairman of RPS. This would have left him with at least 70 free business days within a year to devote to other activities or to respond to any crises arising in his businesses, including RPS. During 2020 the Chairman calculated that he committed circa 160 days in fulfilling his various roles, including being Chairman of RPS. Again, leaving him more than sufficient uncommitted time to deal with any unforeseen issues or problems.

Clearly the spare capacity in the Chairman's working life is more than adequate to provide the required amount of time for RPS Company duties in a normal year. But this has not been a normal year. Following the lockdown introduced by the UK Government in March 2020, and in order to keep abreast of how the pandemic was affecting the Company and its stakeholders, it was agreed that the Board should meet every two weeks and, in some cases, weekly. In all, over the period that the country was in lockdown, the Board of Directors met on 14 different occasions through to the end of August. The Chairman led the Board through each of these meetings and in addition made himself available when needed for separate discussions with the Chief Executive and Group Finance Director. Because of COVID-19 restrictions, he did not carry out as many site visits as in previous years, nor have the rest of the Non-Executive Directors, but this time was more than taken up with additional Board discussions and on calls with members of the Executive.

In a separate section of the Annual Report, you will read how we responded to the COVID-19 outbreak and the measures we as a Board took to act in the best interests of the Company.

The Board of RPS believes that the Chairman plays a pivotal role in helping drive the strategy of the Group and we remain fully supportive of the role and guidance he provides to the Company, particularly in these challenging times. We fully endorse his continuation as Chairman of the Company and have absolutely no concerns about his ability to devote sufficient time and attention to the role.

I should mention for completeness that the Board continues to monitor the appointments held by all Non-Executive Directors in order to avoid any conflicts of interest or any over commitment.

Liz Peace
Senior Independent Director

CORPORATE GOVERNANCE REPORT

Effective Board

The Chairman's statement on p.10 to p.11 incorporates comments relating to the governance of the Group and provides a backdrop to this detailed report.

The Board operates within the framework of a charter incorporating the key aspects of the Group's governance arrangements. This includes the definition of roles, responsibilities and authorities as applicable to the Board, its Committees and its individual Directors.

How governance supports strategy

The Board is responsible for delivering value for shareholders by setting and approving the Group's strategy and overseeing its implementation by the Group Leadership Team. Information on our strategy is set out on p.16 to p.17.

During the year the Board held a strategy meeting over two days in October 2020 and plan to have a follow up to this in spring 2021. With the uncertainty around COVID-19 the Board is mindful to keep this under regular review. As previously mentioned, the Board received a presentation from each member of the Group Leadership Team on the strategies and business plans for each segment and functional area. The Board receives regular updates from each segment and functional area at Board meetings, which provide updates on strategy.

At the annual strategy meeting held in October, the Board confirmed that RPS's enduring strategy framed around our purpose, promise and behaviours remains the right course of action. They also identified four global key strategic opportunities where there are known prospects for future growth. These are renewables, sustainability (ESG), project management and transport infrastructure.

The Board is responsible for setting the Group's purpose, promise and behaviours and we talk about these extensively throughout the Annual Report. These core elements of our strategy align to our focus on making RPS a great place to do great work (people), to deliver great work for our clients (clients) and make it easy to work together (connectivity).

This year, 2020, was dominated by uncertainty in our markets. But RPS is a brand built on a strong sense of purpose and this feeds through to our culture and consequently our behaviours. At every level of the organisation our people worked hard to solve problems that matter, be confidently pragmatic, make it easy to connect and focus on absolute delivery for our clients, all underpinned by an attitude and belief that we are stronger together (see People Report on p.22 to p.25 and Client Report on p.28 to p.29).

Our behaviours are at the heart of building an inclusive and diverse culture. And for our new hires it starts with behaviours training a key component of our onboarding process. From the first day on site or in the office we expect employees to be respectful of each other, acknowledge diversity and recognise the potential and contribution of everyone. The Board receives regular reports from the Group People Director and its activities and actions taken in its assessment and monitoring of culture are set out on p.22 to p.25. The Board was satisfied that the policies, practices and behaviours throughout the business were aligned to the Company's values and strategy and that it did not need to take any corrective action. In 2020, we published a revised Diversity and inclusion policy and updated the Health, safety and wellbeing policy. During 2021, we will launch our second biannual global employee engagement survey to further validate and reinforce our plans and policies in this area.

Workforce policies and practices

The Board and Group Executive Team review and approve all key workforce policies and practices. During the year we updated the following policies, which the Board approved.

The Health, safety and wellbeing policy: The Company takes the health and safety of its employees very seriously and the Board receives a regular health and safety report at all of its meetings.

The Whistleblowing policy: This was updated during the year following the appointment of a new, independent whistleblowing line and from concerns raised by our employees through social changes such as black lives matter and being able to report on any issues of significance.

We also introduced during the year our Diversity and inclusion policy, which laid out the foundation stones on which to build on action items commencing in 2021. This is further discussed in the People report on p.22 to p.25.

All of our polices are published on the Group intranet.

The Board engages with our stakeholders through many different forums and in accordance with our duties under section 172 and this is further expanded on p.8 to p.9.

Board structure

At the date of this report the Board comprised two Executive Directors, four Non-Executive Directors and the Chairman. During the year Gary Young resigned as the Group Finance Director and was replaced by Judith Cottrell.

The Board Charter 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 all Directors receive the right 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 Non-Executive Directors provide independent and considered advice to the Board in matters of strategy, risk and performance, while providing governance oversight through the operation of the Board's Committees.

The Senior Independent Director provides a sounding board for the Chairman to discuss confidential issues, leads the Board in the evaluation of the Chairman, leads the process and nomination for a new Chairman, is the focal point for Directors to raise any concerns regarding the Chairman, agrees the Chairman's portfolio time commitments, acts as a trusted intermediary for the Non-Executive Directors and addresses shareholders' concerns which have failed to be resolved by the Chairman, Chief Executive or Group Finance Director.

Independence of the Non-Executive Directors

A review of the independence of the Non-Executive Directors is carried out on annual basis to determine whether there are any relationships or circumstances that would impact on a Non-Executive Director's independence and the review has confirmed to the Board that it considers each of the Non-Executive Directors being Ken Lever, Allison Bainbridge, Catherine Glickman, Michael McKelvy and Liz Peace to be independent in accordance with the Code. Catherine Glickman was formerly engaged in a consultancy capacity by the Group for a short period during 2017-18 to undertake specific tasks. The Board was satisfied at the time of her appointment that this did not constitute a material business relationship that would affect her independence.

The Chairman and 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 Board is assisted by the Audit, Remuneration and Nomination Committees. Separate reports from each of these Committees can be found on p.88 to p.117. The Chairman of each Committee provides regular updates at Board meetings.

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
- approval of annual budgets and business plans
- financial reporting including annual and half year results and market updates
- recommendation and approval of dividends and other capital distributions
- approval of material corporate transactions including all acquisitions
- approval of policies and systems for risk management and internal control
- appointment of key advisers to the Group

- approval of major items of capital expenditure
- any substantive change in the nature of the Group's activities

Matters falling outside 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. The Group Leadership Team meets regularly throughout the year and retains operational oversight of the Group's activities. This team currently comprises the Chief Executive, Group Finance Director, Group Marketing Director, Group People Director, Chief Information Officer and the Group's six Segment CEOs.

Board meetings and operation

The Board has eight scheduled meetings during the year. Following the outbreak of the COVID-19 pandemic the Board moved to a more regular meeting schedule and from the end of March through to the end of September met on a fortnightly (and sometimes weekly) basis. Overall, the Board met on 21 occasions during the year. The Board's agenda seeks to achieve a balance between review of performance, strategy development, adoption of appropriate corporate policies, risk management 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 to these, and at the appropriate point, the Board also considered:

- The Group's Annual Budget and Business Plan
- Group results and the Annual Report and Accounts
- Significant market announcements
- Board performance
- Review of internal control and risk management
- Dividends and dividend policy
- Reports from Board Committee Chairpersons

A presentation from the Australian management team on the Beaton Benchmark survey results, which measure brand, business development and client service, showed that in comparison with the previous year, AAP's benchmark increased across all three sectors.

The Board also received a separate presentation from Doug Matthys following his appointment as Chief Executive for North America, sharing the results from his review of the segment and revised strategy plan to deliver growth in the market.

As expected, the major focus of the Board during the year was ensuring that the Group was able to come through the COVID-19 crisis and also considered a number of cost saving and cash management actions focused on preserving jobs, ensuring client delivery, which included:

- Payroll action included furlough, reduced pay, reduced hours and pay and redundancies
- Cancellation of the final dividend of 2.00p per ordinary share, which was initially announced on 19 February 2020, saving £4.5m in cash
- Pause of all planned work on the further implementation of the Group's new ERP System, which was due to be rolled out to the remainder of Australia towards the end of 2020 and the UK and Ireland in early 2021. The cessation of works had a cash flow saving of approximately £5m
- All salary increases for 2020, and 2019 senior leadership bonuses being deferred. The Directors and the majority of senior management in the Company took a 20% pay cut
- Cessation of all non-essential capex and discretionary operating expenditure

Furthermore, as well as the actions taken to protect the Group's operations, the Board agreed with its bankers, as well as the £100m committed Revolving Credit Facility (RCF), a further £60m RCF expiring in July 2022. The Group therefore had available £160m of committed RCF, which significantly added to the available headroom. A number of new financial covenant tests that allowed for financial flexibility were agreed for the period from April 2020 to June 2021. This new facility and covenants provided the Group with increased financial liquidity to enable RPS to navigate the challenges of the pandemic and take advantage of the economy when it starts to come through.

In September, the Company also raised an additional £19.4m net with the placing of 45,881,365 new ordinary shares to certain existing and other institutional investors at a price of 44p per share.

A summary of our COVID-19 response can be

	Full Board	Audit Committee	Remuneration Committee	Nomination Committee
Ken Lever	21	–	–	1
John Douglas	21	–	–	–
Judith Cottrell*	15	–	–	–
Gary Young**	6	–	–	–
Allison Bainbridge	21	3	6	1
Liz Peace	21	3	6	1
Michael McKelvy***	21	2	6	1
Catherine Glickman	21	3	6	1
Number of meetings held	21	3	6	1

* Although Judith Cottrell was appointed to the Board on 30 April 2020 and therefore attended 15 meetings in her role as a Director of the Board, she attended all the Board meetings in the year in her former role.
** Gary Young resigned as a director of the Company on 30 April 2020.
***Michael McKelvy missed one Audit Committee meeting in the year due to a private family reason as he was travelling but was able to attend the Board and Remuneration Committee meetings held on the same day.

found on p.6.

Detailed papers are available in advance of Board meetings in support of relevant agenda items through a Board portal. 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.

Prior to the holding of a majority of the board meetings the Chairman will either hold a private session with the Non-Executive Directors, or phone each Director individually to discuss the forthcoming business of the meeting and any particular issues they should focus on in the Board meeting, or raise any areas of concern they have. Outside of Board meetings the Chairman holds regular discussions with all Directors on issues that may arise between meetings and to provide briefings. The Non-Executive Directors met once during the year without the Chairman present.

Conflicts of interest

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

Independent advice

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.

Board performance and evaluation

During the year the Board conducted an internal evaluation of its performance, the performance of the Committees and the individual Directors, which was overseen by the Chairman. The evaluation of the Chairman was overseen by the Senior Independent Director. The Board Evaluation consisted of each Director receiving a questionnaire which they were asked to complete and return to the Company Secretary and the Chairman and this formed the basis for one to one discussions held between the Chairman and the individual Directors.

The evaluation of the Chairman was conducted by the Senior Independent Director who spoke with the Chief Executive Officer and Group Finance Director, discussing their working relationship and interaction with the Chairman. The Senior Independent Director then held a meeting with the Non-Executive Directors where she reported on her discussions with the Chief Executive Officer and Group Finance Director.

She also covered a number of areas: the Chairman's time commitment to his role; his leadership style; his ability to engage the Board and Committees in discussions by drawing on their skills, experience, knowledge and, where appropriate, independence; setting an effective agenda for the Board; acting on the results of the Board evaluation; and working well with the Chief Executive Officer. The Board concluded that the Chairman performs a strong role on behalf of the Company and has an open dialogue with all members of the Board speaking frequently prior to and after Board meetings to seek the views ahead of the meeting and the outcome of the discussions that have taken place. The Board review identified some items for the Board to progress through the year:

With the current pandemic the Board has been unable to visit the various offices of the Company and meet with the employees. The Board intends to reinstate site visits as soon as possible.

- Devote additional time on strategic discussions and further progress the Company's sustainability ambitions.
- Continue to enhance the outlook/forward looking information it receives and work on a framework to provide details on the contracted order book/ pipeline information.
- Review and consider the Your Voice survey that will be conducted with the employee workforce during the year and act on recommendations.
- Conduct a root cause analysis of the challenges arising in the ERP project.
- Consider more frequent shorter meetings to take advantage of technology such as Microsoft Teams, but noting that these should not be a substitute for in-person meetings.

The Nomination Committee is to further develop succession planning for the Executive Directors and the Group Leadership Team members.

The Board noted in the evaluation of the Audit Committee that the internal audit department requires additional resources to further develop the process for monitoring risks and systems of internal control.

The Remuneration Committee evaluation noted the need to formalise the reward for the international workforce, including fair pay, gender pay gaps and ethnic pay gaps.
The Board will continue to review progress in these areas as an ongoing action during 2021. We will also consider for the 2021 evaluation whether we involve an external facilitator, if we feel it is required.

Training and induction

Directors receive information on the Company as well as the Board and its procedures on appointment. They also meet with 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, auditor and brokers if required. Updates on key technical matters are provided 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 members of the Group Leadership Team as well as engaging with the Group's wider business activities 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. The Group website includes financial presentations, general information about the Group and its services, as well as regular corporate reporting including public details on projects the Company is engaged on.

In addition to presenting financial 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.

Compliance with the Code

The Board complied with the provisions of the Code in 2020, with the exception of provision 38 where the pension of the Chief Executive was not fully aligned with that of the workforce. The Board intend to bring his pension contribution down to 15% over time. The Board recognises this is not in line with provision 38 but, as stated in our Remuneration report on p.99 and the Chair's letter on p.94, it is consistent with the fixed remuneration which was agreed with John when he joined the Company. In future, all new appointees to the Board, including any future Chief Executives, pension contributions will be in line with the wider workforce. The pension contributions of the wider workforce are 5% rising to 7% after five years' and 10% after ten years' service.

Descriptions of how the Board complies with the principles of the Code can be found on the following pages:

Board Leadership and Company Purpose – Our stakeholders report refers to how we engage with our stakeholders (see p.8 to p.9). We further developed our purpose and behaviours in the year and this can be found in the People report (see p.22 to p.25). We further talk about the Board's activities and action taken in relation to its assessment and monitoring of culture on p.82. Our codes and associated policies ensure our workforce can meet our expected values (see p.60).

Division of Responsibilities – We clearly define in this report the roles of the Chairman, the Chief Executive and the Non-Executive Directors (see p.81) and we consider external appointments prior to Board approval to ensure there is no compromise on time commitment, this is covered in the Nomination Committee report (see p.88 to p.89). The Directors also took into account the time commitment of the Chairman, whose ongoing tenure the Board fully supports (see p.78 to p.79).

Composition, Succession and Evaluation – We have a clear process when considering appointments to the Board (see p.89) and are further developing our succession plans (p.89). Our Board biographies demonstrate the skills and competencies of the Board and the areas in which they contribute to the long-term success of the Company (see p.70 to p.71). The results of the Board evaluation and items to progress during the year are discussed on p.83 to p.84.

Remuneration – The report of the Remuneration Committee and how we apply the remuneration policy and determine Executive Director and Group Leadership Team remuneration, are discussed on p.94 to p.117. No Director is involved when deciding their own remuneration.

Audit, Risk and Internal Control – We understand the importance and benefits of ensuring both the internal audit function and the external auditor remain independent and that further the accounts present a fair, balanced and understandable assessment of the Company's position and this is discussed further in the Audit Committee Report on p.90 to p.93. The effectiveness of our risk control environment is reviewed by the Board who considered both emerging risks and principal risks during the year (see p.50 to p.54)

The only instance where it varies from the principles is in relation to the Company's Whistleblowing policy, which is overseen by the Audit Committee. The Board reviewed the current structure of the Company's whistleblowing arrangements, resulting in the first instance that the Whistleblowing policy should remain under the remit of the Audit Committee but with the addition that any incidents reported through the policy be reported to the Board together with recommendations for follow up actions or processes to be instigated.

As all Board members attend meetings of the Audit Committee either as a member or an invitee, it is to be expected that the Board will be aware at all times of any incidents that arise in this area.

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. The Board has maintained procedures in accordance with this throughout the year and up to the date of approval of the financial statements, as recommended 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 those risks are described on p.50 to p.56.

The key procedures established by the Company's Directors to ensure effective internal financial controls are:

Financial reporting
The Financial results for the Group are reviewed at each Board meeting. The detailed formal budgeting process for all Group businesses culminates in an annual Group budget approved by the Board.

Financial and accounting principles and internal financial controls assurance
The Group's accounting policies, principles and standards for effective financial control are clearly communicated to all its accounting teams, and are assured by the Internal Audit Manager through periodic detailed reviews to ensure close adherence to policies and procedures as well as to identify any control weaknesses.

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 daily monitoring of bank balances and cash receipts. Appropriate payment authorisation processes are in place throughout the Group. Speculative trading in financial instruments is not permitted.

Base controls
The internal controls self-assessment system launched in 2017 by the Group Assurance Manager is now operational throughout the Group. Within this, the Finance Directors of the Group's operating units regularly assess their operational controls against a standard base control set, to identify and mitigate any shortcomings effectively and inform new controls where appropriate.

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

Review and reporting
Internal controls and in particular any failures are reported to and reviewed at Group and operating Board meetings to facilitate effective implementation of system changes wherever required. The Audit Committee maintains a brief to keep the overall internal control systems under review. A detailed review of the Group's internal control system and risk management was undertaken and reviewed by the Board during the year. The Board and the Audit Committee were satisfied that the systems in place are appropriate and effective.

Annual review
A detailed report of the Group's systems of risk management and internal control was prepared during the year. Having reviewed and discussed this report the Board was satisfied that these systems are effective.

The respective responsibilities of the Directors and the independent auditor in connection with the financial statements are explained on p.66 and p.120. The statement of the Directors in respect of going concern appears on p.55. The long-term viability statement is on p.55.

Takeover directive

Disclosures required under the Takeover Directive are included on p.67 and form part of the Report of the Directors.

NOMINATION COMMITTEE REPORT

Ken Lever
Chairman

I am pleased to report to shareholders in my capacity as Chairman of the Nomination Committee. This report outlines the key responsibilities of the Committee and activities during the year. Following a number of changes to the Board over the last three years, the last year has seen a settling down of the Board.

Membership and meetings

I and all of our Non-Executive Directors, Allison Bainbridge, Catherine Glickman, Mike McKelvy and Liz Peace are members of the Committee. The Company Secretary acts as secretary of the Committee while Executive Directors and external agents may be asked to attend as required. The Committee met once 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 retiring Directors for re-election as relevant, and where appropriate considering any issues relating to any Director's continuation in office. 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, some 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

We announced in our Annual Report last year the appointment of Judith Cottrell to the Board of Directors with effect from the date of the Annual General Meeting on 30 April 2020, following her nomination by the Committee and approval by the Board. I am pleased to say that 99.45% of votes were cast in approving Judith's nomination to the Board.

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 mentioned above and set out in full on p.70 to p.71. 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 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.

All of our Non-Executive Directors bring their skills and expertise to the Board:

- Ken Lever, our Chairman, has extensive experience of listed companies both in the UK and at an international level
- Liz Peace brings her property experience, which is especially relevant to the planning and development work that RPS undertakes
- Catherine Glickman has 40 years of HR expertise, which is key to our strategic priority of making RPS a great place to do great work and brings considerable HR knowledge in her role as Chair of the Remuneration Committee
- Allison Bainbridge is the recognised person on the Board having relevant financial experience from her role as Group Finance Director of Vp plc and has considerable knowledge and experience of the UK water and utilities sectors, particularly relevant to our Services segment

- Michael McKelvy has deep expertise in infrastructure and environmental engineering from his role as Chief Executive Officer of Gilbane and considerable knowledge of the North American market

Succession planning

The Board and Group Leadership Team have been through a period of substantial change over the past three years and subsequently a significant number of new appointments have been made as the new team was built. While the Committee has considered succession issues against the backdrop of a stable Board and executive team, it intends to further develop and formalise succession plans for key roles during 2021 and beyond.

The Committee has recognised the work that has gone into succession planning with the Group within the last year. Judith Cottrell succeeded Gary Young as Group Finance Director, having previously been Group Strategy Director, and Doug Matthys succeeded Peter Fearn as President and Chief Executive Officer for North America having previously been Executive Director – Infrastructure North America. Both of these were internal appointments emphasising the strong talent pool that exists among the Management Team.

We always consider external candidates – Alistair Rutter, for instance, joined the Group as Chief Information Officer last year – but we will at the same time look to promote employees who have shown the necessary skills and development.

People p.22

Diversity

The Committee is aware that the Code places an increased emphasis on the role of the Nomination Committee in the areas of diversity and inclusion. To achieve our purpose of creating shared value, deliver on our promise to 'make complex easy' for our clients and provide our staff with 'a great place to do great work', we aim to create and support a diverse and inclusive network.

We are committed to embedding diversity and inclusion principles in all people processes in order to be as diverse as the communities and clients we work with, thereby securing, developing and retaining the best available talent for the Company's future.

During the year, Black Lives Matter and major social unrest were highly public prominent issues across the globe and we were asked by a number of our employees what our response to this issue was. We have managed our response locally and proportionally, where we are seen to be doing rather than talking. We continue to insist on 'Stronger Together' as a guiding principle for our interactions with each other and with all people. This reinforces itself through our new Diversion and Inclusion Policy detailing our commitment to diversity and inclusion.

When 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. While the Committee will look to recruit the best available candidate for any role, the Group has previously set and announced a target that a minimum of 25% of its Board should be female. We continue to make great strides with gender diversity. Females now form the majority of our Board – the split in their favour is now 57:43. This is a notable landmark and is considerably higher than the Government's target of having 33% of women on FTSE350 Company boards by the end of 2020.

We continue to increase the number of females in our leadership teams with the ratio of females in our senior leadership team rising to 39% from 33% in 2020 – and we are on track to comfortably beat our target of 40% by 2025. We are also working hard to address the gender pay gap and we committed to reporting our gender pay report for 2019/20, even though compulsory reporting was suspended in light of the global pandemic.

Further information on gender balance is also given in the People Report. The Committee is pleased to report these trends and believes that the enhanced balance of skills this has brought will be an important component in achieving the Group's strategic priorities.

Ken Lever
Chairman

8 March 2021

AUDIT COMMITTEE REPORT

Allison Bainbridge
Chair of the Audit Committee

I am pleased to present our Audit Committee report for the year ended 31 December 2020. The report 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

The membership constitutes myself, Liz Peace, Catherine Glickman and Mike McKelvy. There were no changes to the membership of the Committee during the year.

As the serving Finance Director of a fully listed public Company I am identified as the Committee member having recent and relevant financial experience, although the Board considers that all members of the Committee have experience that is relevant to the role. The Company Secretary acts as secretary of the Committee.

We hold three meetings during the year, one to consider audit planning and one to coincide with each publication of the Group's annual and interim financial results. Other matters that 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 in addition, a private session with the Committee without executive management present, at least once a year.

Responsibilities and activities

The Audit Committee provides an independent overview of the effectiveness of the financial reporting process and internal financial control systems. The Committee also has responsibility for the appointment of the external auditor 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 auditor. The Committee reviews this report, as well as the integrity of the financial 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. The Committee additionally 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 Whistleblowing Policy whereby employees may on a confidential basis raise concerns where they discover information or observe behaviour which an employee believes shows serious malpractice or wrongdoing within the Group. There have been no whistleblowing reports made during the year.

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

It was a challenging year given the global pandemic with many countries in which we operate going into lockdown. This caused the auditor to provide greater scrutiny of the Group's accounts specifically around the area of going concern. The Group reviewed the going concern assumption at both the half and full year and more clarity around this can be found on our going concern statement on p.56.

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 who need to be satisfied that its carrying value is appropriate. Goodwill impairment testing is normally undertaken at 30 November each year. In 2020, impairment testing of all the Group's cash generating units (CGUs) was also undertaken as at 31 May due to the impact of the pandemic upon segment results and their consequent underperformance against budget.

The Board and the Committee considered the appropriateness of the CGUs for goodwill testing along with the assumptions and estimates used in the modelling, including forecast 2020 performance, approved budgets for 2021 and the three-year strategic plan.

Following the May review, and after careful consideration, the Board and Committee concluded that it was appropriate to book impairment charges of £17.4m against the value of the Consulting UK and Ireland CGU group and £8.5m against the North American CGU group.

After the year-end review, the Board and Committee concluded that no further impairment charges were necessary.

Income statement classifications
The Group Finance Director recommended the Group adopt a changed definition of fee income, an APM, for 2020. After careful consideration the Board and Committee agreed to adopt the change for the 2020 reporting period, and the consequent restatement of the 2019 financial statements. Further information on this change can be found in notes 3 and 4 to the consolidated financial statements.

The Group Finance Director also recommended the Group adopt new descriptions for its main adjusted profit measures: Operating profit before amortisation, transaction costs and exceptional items becomes Adjusted Operating Profit; and Profit before tax, amortisation, transaction costs and exceptional items becomes Adjusted profit before tax (see note 3 to the consolidated financial statements). The Board and Committee accepted the Group Finance Director's recommendation.

Contingent liability
The Board and Committee considered in detail potential issues regarding RPS' administration of government contracts and/or projects in the US. RPS has informed the US government of these potential issues and is continuing to identify the implications, if any, of the conduct under review. The related employment claims against the Group were also considered.

After careful consideration, the Board and Committee are satisfied that, at this stage, the impact (if any) is unknown and that it is not appropriate to recognise a provision in respect of these matters at this time. The Board and Committee are also satisfied that it is appropriate to treat these matters as contingent liabilities.

Exceptional items
The Group has presented exceptional items in the Income Statement since 2019. A paper was presented to the Committee detailing the items in question and confirming that those items are significant in quantum and are expected to be non-recurring. The Board and Committee are satisfied that it is appropriate to separately disclose those items.

Recoverability of trade receivables and accrued income

Potential risks arising from trade debtors not collected and/or non-billable accrued income therefore being overstated in the accounts is considered by the Board at its regular meetings as part of its review of business performance.

The Committee does not consider this to be a key area of risk. The number of fee-earning projects undertaken by the Company at any time is significant and there are relatively few that are individually material. The procedures in place for recognising such revenue are well established and a good level of assurance is secured through the Committee's comprehensive financial review of monthly results.

Internal Audit reviews COVID-19

The office closures and travel restrictions caused by the COVID-19 pandemic meant that much of the planned work for the 2020 Internal Audit plan could not be delivered. In response to the new risks brought about by the pandemic, Internal Audit delivered an alternative programme of work which included carrying out a number of reviews covering COVID-19 assurance work, which covered the following areas:

HR and Payroll: a review of the processes operated to negotiate with our staff the changes to employment terms and the calculations for both the payroll and our Job Retention Scheme (JRS) applications.

Management's reconciliations found very few errors, all of which were minor in nature. Management continues to work through these reconciliations on a monthly basis and once this is completed, a more detailed assurance review of controls operated will be commenced.

IT: A review was conducted of the Group Technology Team's (GTT) response to managing external and internal risks brought about by the lockdown and remote working from home. The review found that GTT responded timely to new risks in working with management to find solutions for remote working, including where staff do not have use of RPS devices at home.

Invoice payments: The UK finance team implemented at very short notice an invoice scanning process to expedite approvals remotely. The Group has compensatory controls to ensure full compliance with the Group's Delegation of Authority policies.

Fair, balanced and understandable view

Having reviewed the Annual Report and Accounts, the Committee concluded and advised the Board that in its view the Annual Report and Accounts for 2020, taken as a whole, is fair, balanced and understandable. The Board 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 Annual Report and Accounts.

New accounting standards

No new or revised accounting standards or interpretations that have a material impact on the Group have been adopted or early adopted for the first time in the year.

Auditor independence

Deloitte LLP was appointed as Group auditor 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 10 years. The Board will be putting the appointment of the Group auditor out to tender in time for the 2022 audit.

The Group audit partner is Alex Butterworth who performed his first audit of the Group in 2019. The Committee ensures that the Group auditor remains independent of the Group and reviews this on an annual basis, with Deloitte providing a written report to the Committee showing its compliance with professional and regulatory requirements designed to ensure their independence.

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 auditor for the provision of non-audit services. Under the terms of this policy the provision of certain services is prohibited, including 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 Group auditor 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 2020 appears in note 11 in the consolidated financial statements.

Re-appointment of auditor

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 and the effectiveness of the audit firm prior to making recommendations as to the annual re-appointment of the auditor. This assessment is based upon the Committee's interactions with the external auditor throughout the year and the quality of the reports, advice and guidance received. The Committee also receives feedback from finance teams across the Group on the effectiveness of the audit covering areas such as procedures performed, suggested process improvements, competency of audit teams and their understanding of the Group and markets in which we operate, and adherence to our timetables.

The Committee is satisfied that Deloitte continues to provide an effective service across the Group and accordingly recommended to the Board that a resolution to re-appoint Deloitte as auditor 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 p.85 as well as assisting the Board with its annual assessment of this area. Internal audit within the Group is undertaken by the Internal Audit Manager, who has a dual reporting line to the Chairman of the Audit Committee and the Group Finance Director. The Internal Audit 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

8 March 2021

REMUNERATION COMMITTEE REPORT

Catherine Glickman
Chair of the Remuneration Committee

Our focus in 2020 was to conserve cash and align the reward experience of our Executive Directors with RPS employees globally.

I write this report while we are still managing through the global pandemic, which continues to have a profound impact on all of us. This statement, together with the People section on p.22 to p.25, outlines decisions made in relation to reward to ensure continued business operations and employee retention while preserving liquidity during 2020 along with our reward plans for FY21. You will find the Annual Report on Remuneration on p.99 to p.117.

Throughout the year, our reward decisions were guided by our established reward principles. We adopted a fair, prudent and balanced approach that considered the experience of our employees, shareholders and other stakeholders. Decisions for the Executive Directors were taken in the context of decisions for the wider workforce and within the policy approved by shareholders, effective 1 January 2020. The management team is highly valued and has led the business skilfully and confidently throughout the crisis.

Pay policy

Our pay policy for Executive Directors is to target the median for the relevant market taking into account both geography and role. Annual percentage increases, should they be awarded, 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.

Further information on RPS' pay for performance culture can be found on p.23 of our People Report.

Response to COVID-19

During March 2020, it became clear that the pandemic was a health and economic crisis of an unprecedented scale. Our Executive and Non-Executive Directors volunteered to accept a 20% reduction in their salaries and fees between April and October 2020. The Group Leadership Team also volunteered to accept a 20% reduction in salaries.

Salary adjustments for employees below Director level were also implemented. In some areas of the business, up to 80% of employees were asked to agree to take pay reductions of up to 20%, take unpaid annual leave, or were furloughed. Employees on reduced salaries and furlough were reported to and discussed monthly by the Board. The reductions contributed to the cash preservation measures during the year and the Committee is grateful to the RPS employees for agreeing to reductions or for accepting being furloughed. We discuss in more detail the actions we took in respect of COVID-19 on p.6 and p.23.

Retaining key employees

The Group Leadership Team made the decision to defer salary awards in April and agreed there would be no all-employee core awards in 2020, to conserve cash and preserve jobs. As a Committee, we supported management in investing in targeted increases, based on performance, for valued employees, particularly where their pay was out of line with the market.

Annual Bonus Plans for FY20

We know bonuses play a key part in retaining employees in professional services. We introduced the Annual Discretionary Bonus Plan (ADBP) for employees in 2019 to reward performance and give them a share in the success of the business.

At the height of the first wave of the pandemic, the Group focused on conserving cash until we knew we had financial stability and adequate liquidity. In March 2020, we reluctantly made the decision to postpone the FY19 ADBP bonus awards, which were due to be paid to employees in April.

In October 2020, as the Group's financial position became clear, we reviewed our decision and all eligible employees received their full FY19 entitlement. The Committee deliberated on Judith Cottrell's award (which related to her previous role in which she was not a member of the Board) and decided it should be paid in shares rather than cash and vest after three years.

Executive Director Short-Term Annual Bonus Plan (STABP)

The Remuneration Committee has met and reviewed the out-turn of the FY20 STABP. We achieved Adjusted Profit Before Tax of £13.4m and a stellar cash conversion of 239% on the back of disciplined billing and cash collections and COVID-19 tax deferrals. The results for the year were as follows:

- Adjusted profit before tax of £13.4m failed to meet the threshold for payout
- Cash conversion was outstanding, achieving 239% which equates to the maximum payout of 20%
- Personal objectives were rated as 8% out of 10% for both John Douglas and Judith Cottrell.

We explain performance against the objectives in the Report.

Following discussion with the Executive Directors it has been agreed that, because of the extraordinary circumstances surrounding the global pandemic and its impact on our shareholders, employees and other stakeholders, it would not be appropriate to pay a bonus for FY20. The Executive Directors have asked that the monies accrued should be distributed to the wider workforce recognising their contribution and to some RPS supported social justice charities. The Committee fully supported this.

Executive Long-Term Incentive Plan (ELTIP)

The three-year ELTIP is linked to the long-term growth of RPS, with performance metrics linked to total shareholder return (TSR), earnings per share (EPS) growth and cash conversion.

The 2017 award – the first made to John Douglas – matured in June 2020 with 12% vesting. Based on FY20 year-end performance 25% of the 2018 LTIP will vest on 8 March 2021.

The Remuneration Committee agreed that there should be no adjustment to the inflight ELTIP awards.

FY21 variable incentives

The Committee has agreed that the STABP and ELTIP structures continue to be appropriate for the Executive Directors for FY21.

Targets under the STABP will be disclosed in the FY21 Remuneration Report as is usual due to market sensitivity. There will be some small changes to the measures. Fee growth is critical for FY21. To reflect its importance, a 'Fee Growth' element will be introduced, worth 20% of the maximum. Given the significant cash achievement in 2020, for 2021 cash targets will be set in "lock up days", rather than cash conversion, to ensure continuous stretch, and the value reduced from 20% to 10%. Adjusted Profit Before Tax will be adjusted from 70% to 60%. Personal objectives remain at 10%.

Details of the FY21 ELTIP can be found on p.112. There are no changes to the metrics and weightings. The Committee did consider at length whether to adjust the number of shares given the share price movement over the last year. The Committee agreed to award the full award of 150% to John and 125% to Judith (who is new to the Board): we want to motivate them, reward them for resilient future performance and retain talented executives. The Committee retains discretion under the policy to adjust out-turns if their payments are not a fair reflection of business performance. The Committee decided, after long debate, that there is too much uncertainty to set meaningful EPS targets at the time of award, and that these would be delayed until later in the year. Similarly, given the stellar FY20 performance on cash, we agreed to set cash targets at the same time. Both EPS and cash targets will be published to shareholders through a RNS, following the release of the interim results.

Chief Executive remuneration

When John Douglas was appointed as CEO, in determining his remuneration the Committee structured a package which would appeal to a high calibre candidate, while taking account of shareholder feedback and market benchmarks. Fixed pay was an important discussion between John and Ken Lever and was agreed at £495,000 (c.15% lower than his predecessor's base salary of £581,400) with a pension contribution of 20%.

On base pay for 2021, we are planning to make an award to the wider workforce in recognition of their commitment, resilience and professionalism. In line with the UK wider workforce, the Committee reviewed John's salary and approved an increase of 2%.

Pension contribution

As reported in our 2019 Annual Report and Accounts, John volunteered to offset annual increases in base salary with a corresponding decrease in pension contribution. We will continue to do this until the pension contribution is 15% of salary. Following the decision of the Committee to increase John's salary by 2%, there will be a corresponding decrease in his pension contribution of 2% taking his total contribution for the year down to 16%. We recognise this is a higher pension contribution than that available to the wider workforce, but it is consistent with the fixed remuneration as detailed in John's employment agreement. We sent a letter to our top 20 shareholders confirming our plans, followed up with meetings over Microsoft Teams in the autumn. We would like to thank them for their engagement and support.

As we confirmed when we updated the policy, pension contributions for all new appointees to the RPS Board, including any future CEO, will be in line with the wider workforce.

Shareholding

To date, John has voluntarily chosen to invest any cash element of bonus out-turn in shares. John also made a significant personal investment at the placing. As a result, John is the Group's 28th largest shareholder and the largest individual one. The Committee would like to commend John for building such a significant holding in RPS and demonstrating his deep commitment to RPS's growth, aligning himself with shareholders. The current value of his 1.8m shareholding, at a share price of 99p, is £1.8m, and represents 347% of salary.

Group Finance Director pay and pension

Judith Cottrell was appointed as Group Finance Director and Board Director in April 2020 on a base salary of £250,000 per annum. Judith was internally promoted and we stated last year that there may be increases to her salary at a rate higher than general awards for employees, to ensure she is appropriately rewarded for her role once established.

Judith took over the reins in the middle of the pandemic – an immense challenge for even the most experienced of finance directors. Judith has demonstrated the skills and calmness of a seasoned Group Finance Director, delivering a bank refinancing and renegotiation of covenants, supporting the placement and providing high quality forecasts enabling the Group to navigate the most volatile year in our history. In recognition of this, and to ensure that she is paid fairly against her internal and external peers, we intend to increase her salary to £280,000 per annum with effect from 1 January 2021. We will continue to move her pay in line with performance until it is aligned with her role, her peers on the Group Leadership Team and her contribution to the business.

In accordance with the Group's revised policy on pension contributions for future appointees to the RPS Board and in line with the wider workforce, Judith's pension contribution increased from 5% to 7% in July 2020, after five years' service with the Company.

In conclusion

We will continue to review any decision on Executive Director remuneration in the context of all employees' remuneration. The Committee receives employee updates monthly, which include retention, morale, health and wellbeing, safety, reward, benefits and flexible working. We believe the decisions we have made this year align the experience of the Executive Directors with that of employees.

Both Ken Lever and I thank the shareholders that engaged with us in 2020. Sadly, because of the restrictions of the global pandemic, we are not likely to be able to meet in person for the foreseeable future. But we encourage you to contact us by emailing investor.relations@rpsgroup.com to discuss any aspect of the report. With the full disclosure of the rest of the remuneration decisions, we hope that you will be able to support the report and vote in its favour.

Catherine Glickman

Catherine Glickman
Chair of the Remuneration Committee

8 March 2021

REMUNERATION AT A GLANCE

Summary of our current Remuneration Policy and structure for FY20

Key reward component	Key features
Base salary and core benefits	Competitive salary and benefits to attract right calibre of executive
Short Term Annual Bonus Plan (STABP) **70% Adjusted PBT** **20% Cash** **10% Personal**	Max potential 150% of salary for CEO Max potential 125% of salary for GFD Key financial KPIs and personal objectives
Executive Long Term Incentive Plan (ELTIP) **50% TSR** **25% EPS** **25% Cash**	CEO Award up to 150% of salary GFD Award up to 125% of salary
Shareholding requirements	CEO: 200% of salary GFD: 150% of salary Ensure material personal stake in the business

Reward linked to performance. What did we do?

Key reward component	What we have done
Base salary	Increased salary for CEO by 2% and GFD (new appointment) **CEO salary effective from 1 January 2020 and GFD salary effective from 30 April 2020** CEO: £518,600 GFD: £250,000
Short Term Annual Bonus Plan (STABP)	**Bonus** No bonus paid
Executive Long Term Incentive Plan (ELTIP)	CEO: 533,539 shares, value of £777,900 at grant GFD: 214,334 shares, value of £312,500 at grant

ELTIP performance of awards vesting in 2021

	Weighting	Performance Condition (20% vesting at threshold)	Result	Proportion Vesting
TSR	50%	Threshold of Median TSR Vest in full at upper quartile	Below Median	0%
EPS	25%	3% to 12%	Below Threshold	0%
Cash Conversion	25%	Threshold of 80% Vest in full for 100%	141%	100%
Total weighted result of amount vesting to Directors				25%

ANNUAL REPORT ON REMUNERATION

This Report details how the Company's Remuneration Policy for Directors was implemented during the financial year ended 31 December 2020.

It has been prepared in accordance with the provisions of the Companies Act 2016, 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 scheduled for 28 April 2021. The remuneration for the Executive Directors has been implemented in line with the disclosures presented to shareholders in 2019.

Director remuneration for the financial year ended 31 December 2020 (audited)

Executive Directors' 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.

In response to the impact of the pandemic, John Douglas and Judith Cottrell volunteered to take a 20% pay reduction for the period 1 April 2020 to 1 October 2020, which is reflected in the following table.

Executive Director £000s	Base salary		Benefits[3]		Bonus[5]		Long-term incentives		Pension[9]		Total fixed remuneration		Total variable remuneration		Total	
Year	**2020**	2019	**2020**	2019	**2020**	2019	**2020**[6]	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Executive																
John Douglas	467	508	92[4]	182	–	114	56	22[7]	93	108	652	798	56	136	708	934
Judith Cottrell[1]	146	–	15	–	–	–	–	–	11	–	172	0	0	0	172	0
Gary Young[2]	433	325	23	19	–	61	30	7[8]	70	49	526	393	30	68	556	461

Notes:
1. Judith Cottrell was appointed to the Board on 30 April 2020 and the figures in the table pertain to her service from that date.
2. Gary Young retired from the Board on 30 April 2020 and served 12 months' notice in accordance with his service contract. His termination date with the Company ended four months short of the 12-month notice date and he was paid the additional four months' salary and pension at 31 December 2020. His private medical insurance will cease on 31 March 2021.
3. Benefits – the value for benefits for each Executive Director shown comprises a Company car or Company car allowance, private medical insurance, life assurance, tax advice and Group income protection.
4. In the case of John Douglas, the benefit figure includes the grossed-up value of a serviced apartment provided which for 2020 amounted to a grossed-up value of £70,000.
5. The Remuneration Committee and Executive Directors agreed that it would not be appropriate for the Executive Directors to receive any bonus payments in light of the stakeholder experience in 2020; as such any bonus earned will be redistributed among the broader employee population and RPS social justice charities.
6. Long-term incentives 2020 – this relates to the award made in 2018 that vests in March 2021 and was based on the three-year financial period ended 31 December 2020. Twenty five per cent of the award vested (including dividend equivalents) and is calculated using the year-end closing price of 70p per share.
7. Long-term Incentives 2019 – in respect of John Douglas this relates to an exercise of 35,909 shares under the ELTIP which were exercised on 8 June 2020 at 60.9p per share.
8. Long-term Incentives 2019 – in respect of Gary Young this relates to an exercise of 20,754 shares under the ELTIP which were exercised on 30 March 2020 at 34.95p per share.
9. 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.

Accommodation allowance

As we shared with our largest shareholders in October 2020, we intend to extend John's accommodation allowance for a serviced apartment in the UK. While the original plan was for John's family to join him in the UK, due to a change in family circumstances, John's main family home will remain in Australia. Given the impact of COVID-19, and the further national lockdown since we spoke to shareholders, we wish to retain a settled UK base for him for the foreseeable future so that John can operate immediately on his arrival in the UK, subject to any quarantine restrictions. John remains a UK resident and plans to spend the majority of his time in the UK. John will continue to be provided with a serviced apartment up to a total cost of £76,000 per annum including tax and national insurance.

Pension allowance

RPS has committed to aligning pension contributions for any new appointees to the Board with those paid to the wider workforce. For our incumbent Executive Directors, we have aligned Judith Cottrell's contributions to 7% of salary and are in the process of reducing John Douglas' pension contribution from 20% to 15% of salary.

Initially, Judith's contribution was reduced from 10% to 5% of salary on appointment to the Board; however, on completing five years' service this increased to 7% in line with treatment for the wider workforce.

As reported in last year's Annual Report, John Douglas volunteered to offset any increases in base salary with a corresponding decrease in pension contribution until this reaches 15% of salary. While this is a higher percentage of salary than that available to the wider workforce, the total of salary and pension is consistent with the fixed remuneration detailed in John's employment agreement on appointment as CEO in 2017. The Committee believes this is the most appropriate approach going forward and balances our commitment to the agreed terms provided to John while acting in the spirit of reducing pension contributions to align with those of the wider workforce. For 2021 John Douglas received a 2% salary increase and a corresponding reduction in his pension allowance to 16%.

Short Term Annual Bonus Plan outcomes for the financial year ending 31 December 2020 (audited)

For 2020, John Douglas and Judith Cottrell had a maximum annual bonus opportunity of 150% and 125% of salary respectively. For both Executive Directors, the 2020 annual bonus determination was based on performance against Adjusted PBT (70%), cash conversion (20%) and personal objectives (10%).

The table below shows the FY20 targets for each measure, actual performance and the formulaic result. The Committee and Executive Directors discussed the experience of shareholders and other stakeholders, particularly employees, during the year. As a result of this, the Executive Directors and Remuneration Committee mutually agreed that it would not be appropriate to pay a short-term bonus for FY20 and as such any bonus earned would be redistributed among the broader employee population and to RPS supported social justice charities. In addition, the bonus due to the Group Finance Director for the period preceding her appointment to the board, i.e. January to April 2020, will also not be paid.

		Performance required		**Actual performance**		**John Douglas**	**Judith Cottrell**
Measure	Weighting	Threshold (0% vesting)	Maximum (100% vesting)	Actual	% of element	Value £000	Value £000
Adjusted Profit Before Tax	70%	£35.8m	£39.6m	£13.4m	0%	£0	£0
Cash Conversion	20%	80%	100%	239%	100%	£155,580	£41,667
Personal Objectives			10% See below.	8%	80%	£62,232	£16,667
					Bonus achieved for FY20	£217,812	£58,334
					Bonus to be paid for FY20	£0	£0

1. Judith Cottrell's award has been pro-rated from her appointment on 30 April 2020.

Performance against the personal objectives and the Committee's assessment of performance for each Executive Director are set out in the table below. Objectives were reframed in April to pivot towards reacting to and mitigating the implications of COVID-19.

Director	Personal objectives: objectives changed during the year due to the impact of the pandemic	Assessment against the targets
John Douglas	**Objectives April 2020** Ensure we have an intact business at the year end, with a strong forward order book Conserve cash Protect jobs	Revenue, cost and cash management were tightened during the year allowing RPS to emerge in a strong financial position at the end of FY20. In addition, through winning new work and delivering on client projects, RPS has a solid pipeline of work for Q1 FY21. As a result of tight debt management, we achieved net bank borrowings of £10.8m in Dec 2020 and lock up days of 48. Following a successful share placement, RPS raised £19.4m at a price of £0.44. Protecting jobs was crucial; balanced utilisation and workload assisted in managing costs. RPS retained staff through the use of reduced salaries, furloughing and minimal redundancies.
	Objectives January 2020 Develop and implement strategy for North American business Leadership team: succession of Group Finance Director, Segment CEO for North America and Chief Information Officer (CIO) Determining future direction of ERP project Develop a work winning culture and implement plans to accelerate top line growth Re-establish credibility with investors following disappointment of 2019 through enhanced interaction with investors and capital markets day Overall performance was judged at 8% of the 10% maximum	Throughout the year, the North American strategy was developed and delivered through rationalising the business and focusing on three key areas: financial performance, operational effectiveness and strengthened leadership with the internal appointment of Doug Matthys to the role of CEO North America, who has reinvigorated the business. RPS successfully developed internal talent through the promotion of Judith Cottrell to Group Finance Director. This resulted in improved financial control and reporting, and cash and bank facilities management. During 2020 we also saw the appointment of a seasoned CIO resulting in retention of key IT staff and adjusting the IT strategy in line with investment budget. During the year we were able to review and clarify the future configuration of ERP under new IT leadership, governance and with financial control reasserted. RPS progressed the Sales Academy, encompassing sales and business development training and client experience projects: the impact has been delayed due to COVID-19. RPS continued its interaction with major shareholders; considerable support was shown for the share placing in September 2020; our Capital Markets Day has been deferred until 2021.

Director	Personal objectives: objectives changed during the year due to the impact of the pandemic	Assessment against the targets
Judith Cottrell	Secure adequate liquidity to position RPS to be able to take advantage of medium-term opportunities and meet banking covenants Ensure tight cash management to maximise cash inflow Upgrade the strategic and financial reporting processes, so forecasts and monthly financial accounts inform operational decision-making Build Finance Team's capability ERP implementation – lead the financial implementation to ensure we achieve the planned benefits Build profile and confidence with investors and analysts Support business portfolio development Overall performance was judged at 8% of the 10% maximum	During the year, Judith renegotiated the RPS banking facilities and covenants to ensure sufficient liquidity and significant headroom. She supported the successful placement, raising £19.4m, and achieved net bank borrowings of £10.8m, down from £94m. This resulted in RPS meeting FY20 banking covenants and is positioned to meet FY21 targets. Judith led the Company-wide focus on disciplined billing and cash collection in every segment, delivering cash conversion of 239% and average lock up days of 65 in FY20, 48 in December 2020. Financial reporting has improved significantly: high quality and timely cash forecasting supported decision-making through the COVID-19 crisis; rigorous process to develop FY21 budget. The financial reporting has enabled the business to match capacity and market demand during the pandemic, ensuring costs were managed in line with fee income. The shared services capability was upgraded. Clear direction to regional finance directors resulted in improved regional financial input into operational reviews. Judith supported decisions on ERP implementation, specifically on Essentials software removal; she led the stabilisation of the platform, enabling us to produce billing and finance closes. She supported FY19 year end and City presentations, FY20 results delivery, building relationships with current and potential investors. Judith also oversaw the management of the disposal of Specialist Geology.

Executive Long-Term Incentive Plan ('ELTIP') awards vesting in the financial year ending 31 December 2020

ELTIP awards that had been granted to John Douglas, Gary Young and Alan Hearne became exercisable during the year, subject to the achievement of performance targets. The table below provides the targets and performance for each measure.

	Weighting	Performance condition (20% vesting at threshold)	Result	Proportion vesting
TSR	50%	Threshold of Median TSR Vest in full at upper quartile	Below Median	0%
EPS	25%	4% to 12%	Below Threshold	0%
Cash conversion	25%	Threshold of 85% Vest in full for 105%	92%	48%
Total weighted result				12%

	Date of Vesting	Number of shares granted at award	Shares vested after pro-rata	Number of shares that vested	Market price at date of grant	Market price at date of exercise	Value on exercise
Director							
John Douglas	08/06/2020	270,324	0	35,909	274.67p	60.9p	£21,868.58
Gary Young	09/03/2020	153,264	0	20,754	252.85p	34.95p	£7,253.52
Alan Hearne	09/03/2020	229,956	27,595	5,000	252.85p	40.48p	£2,024.00

Notes
1. The vested award made to John Douglas included 3,470 shares accrued as a dividend reinvestment under the rules of the ELTIP
2. The vested award exercised by Gary Young included 2,362 shares accrued as a dividend reinvestment under the rules of the ELTIP
3. Alan Hearne resigned as Chief Executive Officer of the Group on 1 September 2017 and it was agreed that his outstanding ELTIP award would be pro-rated for the period 9 March 2017 to 31 August 2017. The vested award exercised by Alan Hearne included 569 shares accrued as a dividend reinvestment under the rules of the ELTIP.

Executive Long-Term Incentive Plan ('ELTIP') awards vesting in the financial year ending 31 December 2021

ELTIP awards that had been granted to John Douglas and Gary Young become exercisable on 8 March 2021 based on the performance conditions at the end of 31 December 2020. The table below provides the information on the targets and performance for each measure.

	Weighting	Performance condition (20% vesting at threshold)	Result	Proportion vesting
TSR	50%	Threshold of Median TSR Vest in full at upper quartile	Below Median	0%
EPS	25%	3% to 12%	Below Threshold	0%
Cash conversion	25%	Threshold of 80% Vest in full for 100%	141%	100%
Total weighted result				25%

The Remuneration Committee is satisfied that the vesting outcomes in respect of the ELTIP are appropriate and reflect the underlying performance of the Company.

ELTIP awards granted in the financial year ending 31 December 2020 (audited)

The table below sets out the details of the ELTIP awards granted on 24 February 2020 to John Douglas and Judith Cottrell. Vesting will be determined according to the achievement of certain performance measures. The Committee believes that the current application of the ELTIP drives behaviours that are consistent with the Company's purpose, values and strategy.

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	777,900	533,539	24-Feb-23
Judith Cottrell	Nil Cost Options	125% of salary	312,500	214,334	24-Feb-23

Note

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 19–21 February 2020, being 145.8p.

The awards will vest subject to achievement of the following targets over the performance period from 1 January 2020 to 31 December 2022.

Performance measure	Weighting	Measurement period	Performance target	Vesting level (% maximum)
Total Shareholder Return relative to the FTSE All Share	50%	Over the period to 31 December 2022	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%	Over the period to 31 December 2022	9% p.a.	100%
			Between 3% and 9% p.a.	Pro-rata on a straight-line basis between 20% and 100%
			Below 3% p.a.	0%
Cash conversion	25%	Over the period to 31 December 2022	100%	100%
			Between 80% and 100%	Pro-rata on a straight-line basis between 20% and 100%
			80% and below	0%

Inflight ELTIP Awards

The Committee has considered whether, as a result of the pandemic, the targets should be changed for inflight ELTIP awards and has agreed there should be no adjustment to the targets as published.

Share Incentive Plan ('SIP') awards granted in the financial year ending 31 December 2020 (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 2020.

Executive Directors	Number of shares	Value of shares (£)
John Douglas	3,365	1,800
Gary Young	3,365	1,800
Judith Cottrell	3,365	1,800

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

Payments to past Directors (audited)

On 12 May 2020 Alan Hearne (who resigned as Chief Executive Officer on 1 September 2017) exercised an option over 5,000 shares at a market price of 40.48p with a value of £2,024.

Gary Young retired from the Board on 30 April 2020 and served 12 months' notice in accordance with his service contract. His termination date with the Company ended four months short of the 12-month notice date and he was paid the additional four months' salary and pension in lieu of notice at 31 December 2020. His private medical insurance will cease on 31 March 2021. Gary was not eligible for a bonus in FY20. As announced to the market on 29 April 2020, Gary's ELTIP award made in March 2019, subject to good leaver treatment, will be pro-rated through to 30 April 2021. The pro-rated award amounts to 160,546 shares and will vest subject to the prevailing performance conditions and the credit of dividend equivalent shares. Gary's awards under the STABP will vest in full at the end of their respective three-year deferral periods.

Payments for loss of office (audited)

No payments for loss of office were made during the year.

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. The Non-Executive Directors took a 20% fee reduction during FY20 from the period 1 April 2020 to 1 October 2020 and this is reflected in the figures below.

Non-Executive Director £000s	Fee	Fee
Year	**2020**	**2019**
Ken Lever	127	140
Allison Bainbridge	50	55
Liz Peace	54	58
Michael McKelvy	46	52
Catherine Glickman	50	54

Note
1. No fees are paid in respect of membership, or Chair, of the Nomination Committee.

Statement of Directors' shareholding and share interests (audited)

Directors' share interests as at 31 December 2020 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	1,817,145	1,249,790	239,554	3,306,489
Gary Young	227,223	321,122	89,158	637,503
Judith Cottrell	30,071	214,334	80,796	325,201
Ken Lever	126,818	–	–	126,818
Allison Bainbridge	22,078	–	–	22,078
Liz Peace	18,363	–	–	18,363
Catherine Glickman	55,590	–	–	55,590

Notes:
1. Interests held under the Executive Long Term Incentive Plan.
2. Interests held under (i) The RPS Group Plc Short Term Annual Bonus plan and (ii) matching shares held for less than three years under the Share Incentive Plan.
3. The Directors participated in the share placing on 3 September 2020. The details are disclosed in note 27 to the consolidated financial statements.

Between 31 December 2020 and 5 March 2021 no changes in the share interests shown above occurred.

The Company's Remuneration Policy provides that John Douglas and Judith Cottrell are required to build and maintain shareholdings of 200% and 150% of basic salary respectively. 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.

As at 31 December 2020, John Douglas held beneficial shares in the Company equal in value to 245% of his salary and Judith Cottrell held 8% of her salary.

During 2020, John Douglas invested £770,000 of bonus awards and personal wealth in RPS shares, increasing his shareholding by 1.3m shares. At 31 December 2020, he owned 1.8m shares, ranking him as our 28th largest shareholder. Given he joined RPS in 2017, this demonstrates his commitment to RPS and alignment with shareholders. As at 5 March 2021, his personal shareholding of 1.8m shares is worth £1.8m.

Short Term Annual Bonus Plan

The interests of the Executive Directors under the STABP are set out below:

	Number of awards at 1 January 2020	Number of awards granted	Number of awards lapsed	Number of awards exercised	Number of awards as at 31 December 2020	Market price at date of grant	Market price at date of exercise	Date from which released
John Douglas	56,789	–	–	–	56,789	250.83p	–	08/03/2021
	98,198	–	–	–	98,198	181.47p	–	07/03/2022
	–	78,456	–	–	78,456	145.80p	–	24/02/2020
Judith Cottrell	–	34,982	–	–	34,982	50.50p	–	13/10/2023
Gary Young	25,403	–	–	–	25,403	250.83p	–	08/03/2021
	49,005	–	–	–	49,005	181.47p	–	07/03/2022

Note
1. The award made to Judith Cottrell represents her bonus earned in FY19 in her previous role as Group Strategy Director: originally due to be paid in April 2020, bonuses were delayed until the business stabilised. When FY19 bonuses were paid to other staff in October, the Remuneration Committee agreed that Judith should be awarded the bonus as shares deferred for three years.

Executive Long Term Incentive Plan

The interests of the Executive Directors under the ELTIP are set out below:

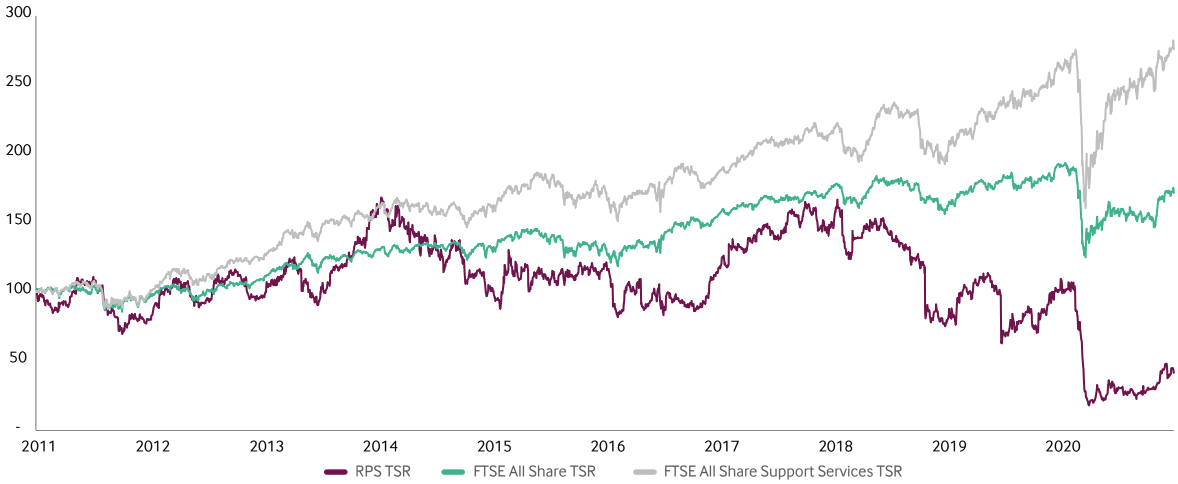
	Number of awards at 1 January 2020	Number of awards granted	Number of awards lapsed	Number of awards exercised	Number of awards as at 31 December 2020	Market price at date of grant	Market price at date of exercise	Date from which released
John Douglas	270,324 (1)	–	237,885	35,909	–	274.67p	60.9p	08/06/2020
	296,017	–	–	–	296,017	250.83p	–	08/03/2021
	420,234	–	–	–	420,234	181.47p	–	07/03/2022
	–	533,539	–	–	533,539	145.8p	–	24/02/2023
Judith Cottrell	–	214,334	–	–	214,334	145.8p	–	24/02/2023
Gary Young	153,265 (2)	–	134,873	20,754	–	252.85p	34.95p	09/03/2020
	157,576 (3)	–	–	–	157,576	250.83p	–	08/03/2021
	223,866 (4)	–	60,320	–	160,546	181.47p	–	07/03/2022

Notes:
1. The award exercised by John Douglas included 3,470 shares accrued as a dividend reinvestment under the rules of the ELTIP.
2. The award exercised by Gary Young included 2,362 shares accrued as a dividend reinvestment under the rules of the ELTP.
3. Following the retirement from the Board by Gary Young on 30 April 2020 this award will vest in full on 8 March 2021 subject to the prevailing performance conditions and the credit of dividend equivalent shares.
4. This award will be pro-rated from 7 March 2019 to the 30 April 2021, and the pro-rated award available for vesting will be 160,546 shares, subject to the prevailing performance conditions and the credit of dividend equivalent shares.

Chief Executive Officer and employee pay

Total Shareholder Return Performance

The graph below shows the value of £100 invested in RPS over the past ten 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.

	2011	2012[1]	2013	2014	2015	2016	2017[2]	2017[2]	2018	2019[3]	2020
Element	**A Hearne**	**A Hearne**	**A Hearne**	**A Hearne**	**A Hearne**	**A Hearne**	**A Hearne**	**J Douglas**	**J Douglas**	**J Douglas**	**J Douglas**
Total Remuneration (single figure for the year – £000s)	793	1,650	883	922	748	981	627	351	888	934	708
Annual bonus (% of maximum opportunity)	54%	77%	47%	32%	0%	20%	33%	33%	24%	15%	0%
Long-term incentives (%age of Maximum number of shares capable of vesting)	13%	100%	0%	0%	0%	0%	0%	0%	0%	12%	25%

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 for 2017 in respect of the period to 31 August at which time he retired from the Board. The total remuneration shown for John Douglas is in respect of 2017 is the period from 1 September 2017, when he was appointed as Group Chief Executive. The remuneration for John Douglas in 2017 includes a pro-ration of the annual bonus that was earned from 1 June 2017 being the date at which he joined the Board.
3. The total remuneration figure includes the value of the ELTIP exercised in FY20.

Chief Executive Officer Pay Ratio

As required by the reporting regulations the Committee has set out below the CEO pay ratio. The table provides the ratio between the CEO single figure total remuneration and total remuneration for all employees and the details of the salary and total remuneration for UK employees in 2019 and 2020. We have chosen option B as our method for calculating the pay ratio for this report, consistent with the methodology for reporting of the gender pay gap. Figures are correct as of 31 December 2020.

			Pay ratio			Remuneration		
	Year	Method	25th percentile	Median	75th percentile	25th percentile	Median	75th percentile
Salary	2019	B	23	16	12	£22,068	£32,050	£43,890
	2020	B	21	15	11	£21,856	£30,448	£41,336
Total remuneration	2019	B	40	26	17	£22,719	£34,487	£52,387
	2020	B	30	23	16	£23,756	£31,383	£45,588

The Committee is mindful that the ratio of total remuneration will be volatile over time (in large part due to the relative weighting in the CEO's package of variable performance-based incentives). The Committee has therefore decided to calculate and publish the pay ratio for salary only. We believe this additional perspective on relative pay (in particular the trend over time) will help ensure that RPS Group is delivering against its stated policy for Executive Director salary increases generally to be consistent with the range awarded across the Group more broadly.

2020 was an extremely unusual year with pay cuts across Executive Directors and among the wider employee population as well as Executives redistributing their earned bonuses towards the employee population. Furloughing of employees occurred during the year and as such neither the CEO's remuneration nor the quartiles for the wider workforce are fully reflective of RPS operating in a normal year. The Committee expects that ratios in 2021 will increase as a result of a return to normal operations.

The Committee has considered the findings of the pay ratio analysis, which appear to be reasonable in the context of the RPS Group's sector and taking into account the composition of the Group's UK workforce against which CEO remuneration is compared. Going forward, the Committee will review the trend in pay ratios as well as the ratio for the relevant year and seek to understand the drivers of any short and medium-term changes to this.

Percentage change in the remuneration of Directors

The following table shows the percentage change in the Executive and Non-Executive Directors' salaries, fees, benefits and annual bonuses between financial years compared to the percentage change for all global employees.

Percentage change from 2018 Financial Year to 2019 Financial Year

	Employees	CEO	FD	NEDs
Salary	1.67%	-8.19%	n/a	-10.00%
Taxable benefits	5.09%	-49.01%	n/a	0.00%
Annual bonus	-4.92%	-100.00%	n/a	0.00%

The salary/fee data for the Executive and Non-Executive Directors takes into account the 20% reduction that was in place for the six-month period from April to September 2020.

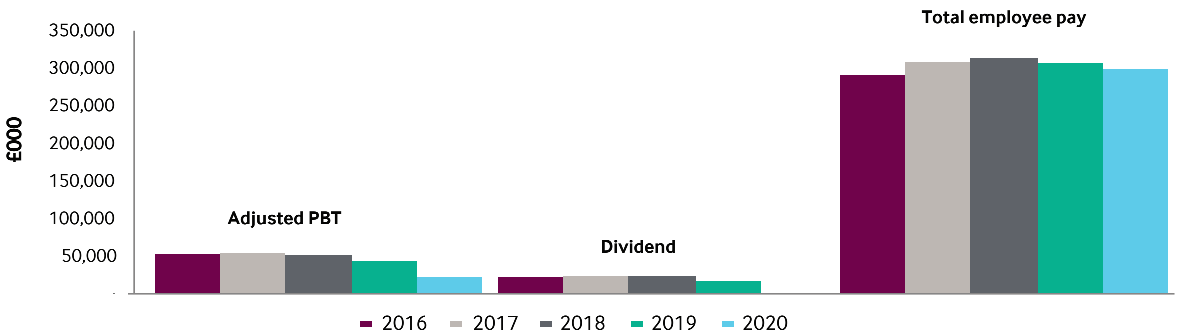
Judith Cottrell was appointed to the Group Finance Director role on 30 April 2020; as such there is no relevant percentage change in pay for this year. Disclosure will start from next year; however the Committee is aware that the percentage change will not be fully reflective until 2022 once two full years service have been completed.

Average employee data reflects the earnings of all employees.

Relative importance of spend on pay

The chart below shows the total remuneration paid to or receivable by all employees and total distributions to shareholders by way of dividends for the current and previous financial years. No dividends were paid to shareholders in 2020.

Adjusted PBT and amortisation is a key performance indicator for the Group and was the principal performance measure used under the Short Term Annual Bonus Plan.



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
Judith Cottrell	February 2020	12 months

None of the Directors' contracts provide for extended notice periods or automatic 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. Following the expiry of the initial term, each Non-Executive Director is then subject to annual re-election at the Annual General Meeting, irrespective of which, all Directors are 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 2020
Ken Lever	November 2016	4 months
Allison Bainbridge	June 2017	4 months
Liz Peace	August 2017	4 months
Michael McKelvy	May 2018	5 months
Catherine Glickman	August 2018	8 months

Committee organisation

Role of the Remuneration Committee ("Committee")

The Committee held six meetings during the year timed to ensure the proper discharge of the activities described below. The Group Chairman attends the meetings of the Committee. The Group Chief Executive, Group Finance Director, Group People Director and Head of Reward also attend meetings, although they are not present when discussion relates to their own remuneration. The Company Secretary acts as Secretary to the Committee and representatives from the Committee's advisors, Mercer Limited, attend meetings as and when required. The Committee considers reputational and other risks when assessing remuneration, particularly in relation to excessive and behavioural risks and believe that these risks have been properly mitigated.

The Committee is responsible for determining the overall policy for executive remuneration which is then subject to Board and shareholder approval. Within the context of the shareholder approved policy, the Committee is responsible for determining the specific remuneration packages for the Executive Directors. This incorporates review of salaries as well as determining opportunities under the incentive plans and performance conditions relating to these plans. Activities also include the determination of terms for any Executive leaving or joining the Board.

The Committee also has direct responsibility for the terms and conditions of those Senior Executives that sit immediately below Board level and form the Group Leadership Team. During the year, the Committee reviewed the terms and conditions of the Group including salary and incentives, approving any changes.

The Committee is cognisant of the provisions of the Code as they affect remuneration committees. A key provision related to the review of wider workforce remuneration and the Committee's remit has been extended to cover this. During the year, the Committee received regular updates from the Group People Director on the number of employees that were on furlough, reduced pay or reduced hours. The decisions taken in respect of the Executive Directors' and the Group Leadership Team's pay were taken whilst always considering the experience of the wider workforce.

The Committee's detailed terms of reference can be found on the Company's website.

Consideration of employee remuneration and shareholders

Consideration of shareholder views

The Remuneration Committee takes the views of shareholders very seriously and these have been influential in shaping remuneration policy and practice. We consulted with our shareholders and proxy voting agencies in October 2020, explaining the reasons for continuing the serviced apartment provision for John Douglas and the Company's stated intention to reduce John Douglas' pension contribution to 15% over time. The Chair of the Remuneration Committee and Company Chair virtually met shareholders in November to update them on the remuneration policy and the impact of COVID-19 on the wider workforce. We thank all those shareholders who engaged with us and have taken their feedback into consideration in our decisions. The Remuneration Committee will continue to consult 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 Board is regularly updated by the CEO, Group People Director and Head of Reward on pay, incentive plans and conditions of the RPS wider workforce. Decisions on the Executive Directors and Group Leadership Team are always taken in alignment with decisions on employees, including base salary increases, incentive awards and benefit changes.

The Remuneration Committee has not expressly sought the views of employees but the investment in people – their reward, development and retention - is a topic of debate regularly at the Board meetings. No remuneration comparison measurements were used when drawing up the Policy.

External advice

During the year the Committee received external advice in relation to executive remuneration from Mercer Limited ("Mercer"). Mercer is a member of the Remuneration Consultants Group and, as such, voluntarily operate under the code of conduct in relation to executive remuneration consulting in the UK. The fees paid to Mercer during the year were £8,700 in respect of advice for the Remuneration Committee and IFRS valuation of the ELTIP award. Another part of Mercer also provided support to the Company in relation to an employee engagement survey we propose to commence in 2021. The Committee is confident that the additional fees earned for the employee engagement survey are not sufficiently large to impact Mercer's independence as Remuneration Committee advisers.

Shareholder voting

The Remuneration Committee's Annual Report for 2019 was approved at the Company's 2020 Annual General Meeting on 30 April 2020. The voting for this resolution is shown below.

Annual report	Number of Votes cast	% of Votes cast
Votes for	178,349,265	96.30
Votes against	6,854,084	3.70
Total	185,203,349	100.00
Withheld	10,079	–

The Company's remuneration policy was approved by shareholders at a General Meeting held on 16 December 2019 and applies for 3 years until 31 December 2022. In respect of the Remuneration Policy that was approved at a General Meeting on 16 November 2019, the voting in respect of the report was as shown below:

Remuneration policy	Number of votes cast	% of votes cast
Votes for	162,451,438	87.15
Votes against	23,949,709	12.85
Total	186,401,147	100.00
Withheld	58,147	–

Implementation of the remuneration policy in 2021

This section of the report details the Committee's intentions for remuneration arrangements in 2021. The key components of this policy as they apply to the Executive Directors of the Company are set out in the following section. The full policy statement is available on the Company's website.

Base Salary

With effect from 1 January 2021 John Douglas will receive a salary of £529,000 and Judith Cottrell will receive a salary of £280,000. This represents an increase of 2% for John Douglas and 12% for Judith Cottrell. For John the increase will follow the agreed position that salary increases will be offset by reductions in pension contribution until his pension contributions are 15% of salary. The 2% increase received by John Douglas is in line with the average award within the UK and the wider business.

Judith Cottrell was appointed as Group Finance Director and Board Director in April 2020 on a base salary of £250,000 per annum. Judith was internally promoted and we stated last year that there may be increases to her salary at a rate higher than general awards for employees.

Judith has performed strongly since her appointment in an extremely challenging environment. In recognition of this, and to ensure that she is paid fairly against her internal and external peers, we intend to increase her salary to £280,000 per annum with effect from 1 January 2020. Our intention is to provide further material increases in line with performance, business context and affordability until it is aligned with her role, her peers on the Group Leadership Team and her contribution to the business.

Benefits

Benefits will be provided in accordance with the policy. John Douglas will continue to be provided with a serviced apartment up to a total cost of £76,000 p.a. as explained on p.100.

Pension

Pensions will be provided in accordance with the policy. As previously stated, John Douglas has agreed to reduce his pension contribution over time to 15%, as an offset against any salary increases. John will receive a salary increase of 2% and accordingly his pension contribution will reduce to 16%. Judith Cottrell's contribution will continue to be 7% of salary in line with treatment for the wider UK workforce.

Annual Bonus

The bonus opportunity is unchanged for 2021 and will be 150% of salary for John Douglas and 125% of salary for Judith Cottrell.

A key metric this year for RPS relates to fee growth; as such the bonus awards in 2021 will be subject to achievement of four measures: Adjusted PBT (60% weighting), fee growth (20% weighting), a cash measure based on lock-up days (10% 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. The bonus will normally be paid 50% in cash and 50% in shares deferred for a period of three years.

ELTIP

ELTIP awards opportunities remain unchanged at 150% of salary for John Douglas and 125% for Judith Cottrell. Awards will be granted based on the five day average share price prior to the day of grant; the Committee is mindful of the fall in share price since COVID-19 and will review the appropriateness of any payments when this award vests at the end of the performance period.

The 2021 ELTIP awards will vest subject to the achievement of three measures: TSR (50% weighting), EPS (25% weighting) and cash conversion (25% weighting). The performance targets applicable for the 2021 ELTIP award are summarised on the following page. With the continuing uncertainty arising out of the COVID-19 crisis, the Committee will finalise the EPS and cash conversion targets later in the year and announce these via an RNS following the release of the interim results.

Performance measure	Weighting	Measurement period	Performance target	Vesting level (% maximum)
Total Shareholder Return relative to the FTSE All Share	50%	Over the period to 31 December 2023	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%	Over the period to 31 December 2023	Figure to be confirmed later in the year following the interim results	
Cash conversion	25%	Over the period to 31 December 2023	Figure to be confirmed later in the year following the interim results	

Non-Executive Director Fees

There was no change in Non-Executive Director fees in 2020 other than a 6 month reduction by 20%. Fees will be reviewed in 2021.

This report was approved by the Board and has been signed on its behalf by:

Catherine Glickman

Catherine Glickman
Chair of the Remuneration Committee

8 March 2021

Approved remuneration policy

BASE SALARY

Element, purpose and link to strategy	To provide competitive fixed remuneration that will attract and retain key employees and reflect their experience and position in the Group.
Operation and maximum opportunity	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 the 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 only be one of a number of factors taken into account by the Remuneration Committee which includes: · 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: · to position this around the median salary for the role on appointment, depending on experience and background; and · on promotion, to increase salary up to the median salary for the new role 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 change in responsibility or significant increase in the scale of a role or the Group's size and complexity. Individuals 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.
Performance measures and assessment	A broad assessment of individual and business performance is used as part of the salary review.

BENEFITS

Element, purpose and link to strategy	To provide competitive benefits and to attract and retain high calibre employees
Operation and maximum opportunity	The Remuneration Committee's policy is to provide a market competitive benefits package. The Executive Directors may receive the following benefits: · healthcare; · life assurance; · 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.
Performance measures and assessment	Not applicable.

PENSION

Element, purpose and link to strategy	To provide a competitive Company contribution that enables effective retirement planning
Operation and maximum opportunity	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 in order to calculate other benefits and incentive opportunities. The CEO's pension contributions will reduce to 15% in lieu of any salary increases he receives over time. Under the new policy any new Executive Director appointments from 1 January 2020 will receive an employer contribution in line with that available for the wider workforce in the relevant market.
Performance measures and assessment	Not applicable.

THE RPS GROUP PLC SHORT TERM ANNUAL BONUS PLAN (THE 'STABP')

Element, purpose and link to strategy	To incentivise achievement of annual objectives which support the Group's short-term performance goals.
Operation and maximum opportunity	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 actions necessary 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 measures and assessment	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 RPS GROUP PLC EXECUTIVE LONG TERM INCENTIVE PLAN (THE 'ELTIP')

Element, purpose and link to strategy	To incentivise Executives to achieve sustainable, strong, long term performance for the Company, to retain key individuals and to align their interests with shareholders.
Operation and maximum opportunity	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 necessary and appropriate. The malus period will be up to the date of vesting (i.e. three years from the date of grant). The clawback period will be two years from the date of vesting. Participants may be entitled to dividend equivalents during the deferral period of the shares.
Performance measures and assessment	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 due to developments in the Group's strategy and, where these are material, following dialogue with the major shareholders.

ALL-EMPLOYEE INCENTIVES

Element, purpose and link to strategy	To encourage all employees to become shareholders and thereby align their interests with those of colleague shareholders.
Operation and maximum opportunity	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.
Performance measures and assessment	Not applicable.

SHAREHOLDING GUIDELINES

Element, purpose and link to strategy	To ensure that Executive Directors' interests are aligned with those of shareholders over the longer term.
Operation and maximum opportunity	The Executive Directors are required to build or maintain a minimum shareholding in the Company. Shares included in this calculation are those held beneficially by the Executive Director and their 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 their post-tax number of shares vesting under the STABP and ELTIP until their requirement is met and then maintained.
Performance measures and assessment	Not applicable.

Element, purpose and link to strategy	Post-Employment Shareholding Requirement
Operation and maximum opportunity	The Post-Employment Policy stipulates that the post-employment shareholding for the Executive Directors will be: · In Year One the shareholding to be the lessor of the in-employment shareholding requirement or the current shareholding · In Year Two this will reduce to 50% of the figure.
Performance measures and assessment	Not applicable.

FINANCIAL STATEMENTS

Image: **Mike**, TOTAL Metis project, Abu Dhabi,

INDEPENDENT AUDITOR'S REPORT

to the members of RPS Group Plc

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

1. Opinion

In our opinion:

- the financial statements of RPS Group Plc (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, and 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 Financial Reporting Standard 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.

We have audited the financial statements 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; and
- the related notes to the consolidated financial statements 1 to 31 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 international accounting standards in conformity with the requirements of the Companies Act 2006 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).

2. 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 Financial Reporting Council's (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.

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • Revenue recognition – contract assets cut-off; and • Impairment of goodwill and long-lived assets. Within this report, key audit matters are identified as follows: Increased level of risk Similar level of risk
Materiality	The materiality that we used for the group financial statements was £1.5m which was determined based on a range of measures which comprise of Adjusted Profit Before Tax (Adjusted PBT), Revenue and Net Assets.
Scoping	We focused our group audit scope and work on the business units at 5 locations. Within the 5 locations 18 business units were subject to a full audit scope, whilst 5 business units were subject to specified audit procedures. Our full scope audit procedures and specified audit procedures covered 92% of revenue, 92% of the group's adjusted profit before tax, and 99% of net assets
Significant changes in our approach	We have changed the basis on which we have determined materiality in the current year to reflect the impact of COVID-19 on the profit of the group. For further details refer to section 6 of this report.

4. Conclusions relating to going concern

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

Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- understanding the relevant controls relating to the assessment of the appropriateness of the going concern assumptions;
- assessment of judgements considered in modelling the going concern forecasts. This included analysing the forecast as against historical performance, including the current year which was impacted by the COVID-19 pandemic;
- assessment of the re-financing options available to the Group in respect of the US loan notes of £54.9m which matures in September 2021;
- re-computing existing loan facilities covenants in order to check compliance over the going concern period;
- assessment of the wider macro-economic environment over the going concern period of the major countries in which the group operates, in particular expected recovery of the economies from the COVID-19 pandemic and whether this has been appropriately reflected in the forecast; and
- assessment of the appropriateness of the going concern disclosure.

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

In relation to the reporting on how the group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

5. 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.

5.1 Revenue recognition – contract assets cut-off

Key audit matter description	The group is engaged in the provision of consultancy services through contractual arrangements with its customers. Revenue for the financial year 2020 is £542m (2019: £613m) with contract assets of £37m (2019: £46m). The specific key audit matter is around the recognition of contract assets on fixed fee contracts over £50,000 where the contracts remain open at year-end. There is judgement required around the recognition of the revenue and its recoverability in estimating the stage of completion and the costs to complete fixed fee open contracts. Given the level of judgement involved in the recognition of revenue in relation to fixed fee contracts, we identified a risk of potential fraud in the recognition of revenue. The group's revenue recognition policy is disclosed in note 1(c) to the financial statements.
How the scope of our audit responded to the key audit matter	We obtained an understanding of the relevant controls over the recognition of revenue (including those related to contract assets recognition). Whilst relying on controls where we tested satisfactorily, we tested in detail a sample of contract assets and work-in-progress balances. We focused on fixed fee contracts over £50,000 by comparing them to the signed contract terms and where relevant agreeing inputs to the related time records, checking customer acceptances, billing milestones/schedules, understanding and challenging the estimated costs to complete. In the locations where we were unable to rely on controls due to the controls not being tested, we increased the extent of our detail testing. In our assessment of the stage of completion, wherever relevant, we discussed with the project managers the status of the projects to understand management's process as well as evaluated status of projects. We recalculated the amount of revenue recognised against the percentage completion and checked that they agreed to the general ledger record.
Key observations	Based on our procedures, revenue recognised in respect of contract assets for fixed fee contracts open at year end is appropriate.

5.2 Impairment of goodwill and long lived assets

Key audit matter description	At 31 December 2020, the net book value of goodwill and long lived assets was £379m (2019: £411m). The assessment of the carrying value of goodwill and long lived assets is a key audit matter due to the quantum of the balance recorded and the number of estimates and judgements involved in assessing impairment. The COVID-19 pandemic has had a significant impact on trading performance of the group as highlighted in the Financial Review section of the Strategic Report. The key audit matter is focused to the key assumptions in the cash flow forecasts used in value in use calculations for Australia Asia Pacific, North America, Consulting (UK & Ireland), Services (UK) and Energy CGUs, specifically assumptions on growth rates and the selection of appropriate discount rates. At the 2020 half year reporting, management identified an impairment charge of £17.4m and £8.5m respectively against Consulting (UK & Ireland) and North America CGUs. The associated disclosure is included in note 14 to the financial statements. Subsequently at the year end, management performed a full impairment review and concluded that no additional impairment was required.

How the scope of our audit responded to the key audit matter	We obtained an understanding of the relevant controls over management review of goodwill and long lived assets impairment. We challenged management's assumptions and the appropriateness of their judgements, estimates and forecasts used as part of their value in use calculations, specifically the following CGUs: Australia Asia Pacific, Consulting (UK & Ireland), North America, Services (UK) and Energy. This included discussions with both group and local management teams and corroboration of information obtained. We evaluated management's forecasts in light of current trading conditions as impacted by COVID-19, comparing them against historical results with particular focus on Australia Asia Pacific, Consulting (UK & Ireland) North America, Services (UK) and Energy CGUs. We involved 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 and medium growth rates by using market data, relevant industry data and considering historical growth rates, in order to check for any contradictory evidence. We benchmarked the long-term growth rates against external peer group published rates and market data. We assessed management sensitivities and also performed sensitivity analysis on the amount and timing of cash flows. We evaluated the adequacy of the associated disclosures.
Key observations	We concur with management that the impairment charge recorded at half year reporting is reasonable and no further impairment is required to the carrying value of goodwill and long lived assets as at 31 December 2020.

6. Our application of materiality

6.1 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	£1,500,000 (2019: £1,700,000)	£701,000 (2019: £850,000)
Basis for determining materiality	Materiality has been determined using professional judgement with reference to balance sheet and income statement metrics including adjusted PBT (refer Note 3), net assets and revenue. In the prior year, materiality was determined as 5% of adjusted PBT.	Materiality determined at 3% of the parent company net assets. In the prior year, materiality was determined as 3% of the parent company net assets, capped at 50% of group materiality.
Rationale for the benchmark applied	Materiality has been determined using professional judgement with reference to balance sheet and income statement metrics including adjusted PBT, net assets and revenue, in order to set materiality at an appropriate level which will take into account the impact of COVID-19 on profit in the current year. The determined materiality equates to 11% of Adjusted PBT, 0.43% of net assets and 0.28% of revenue.	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. Materiality has decreased by 18% from prior year consistent in line with group materiality due to the application of a component materiality threshold.

6.2 Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Materiality	70% (2019: 70%) of group materiality	70% (2019: 70%) of parent company materiality.
Basis and rationale for determining performance materiality	We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. In determining performance materiality, we considered the following factors: a. our risk assessment, including our assessment of the group's overall control environment and that in certain components we consider it appropriate to rely on controls for our revenue testing; and b. our past experience of the audit, which has indicated a low number of uncorrected misstatements identified in prior periods.	

6.3 Error reporting threshold

We agreed with the audit Committee that we would report to the Committee all audit differences in excess of £73,500 (2019: £85,000), 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.

7. An overview of the scope of our audit

7.1 Identification and scoping of components

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 5 locations – UK, Australia, USA, Norway and Netherlands (2019: 5). Within the 5 locations, 18 (2019:17) business units were subject to a full audit scope, whilst remaining 5 (2019: 6) 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 99% (2019: 98%) of the group's net assets, 92% (2019: 91%) of the group's revenue and 92% (2019: 92%) of the group's adjusted profit before tax. They were also selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified above. Component materiality ranged from £0.5m to £0.6m (2019: £0.68m to £0.85m).

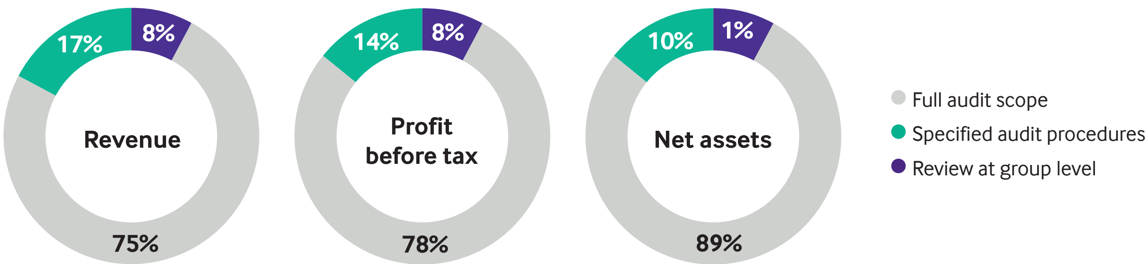
At the group level, we also tested the consolidation process, impairment of goodwill and long lived assets, accounting for leases, accounting for acquisitions and related balances, borrowings and intercompany.

We also carried out analytical procedures to support 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 review that has been designed so that the Senior Statutory Auditor and/or a senior member of the group audit team reviews overseas components selected by the Senior Statutory Auditor based on his judgement. In the current year, we could not visit any overseas locations due to the current travel restrictions as a result of the COVID-19 pandemic. In 2019 we visited three overseas locations namely, Australia, US and Norway in addition to the UK component audit. Whilst we were unable to visit this year, we were involved in the work our components and reviewed the audit file of our largest component, Australia remotely. Further, we performed the audit of US component from the UK. Every year, regardless of whether we have visited or not, we include the component audit partner and other senior members of the component audit team in our team briefing, discuss their risk assessment and review documentation of the findings from their work.

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;
- providing direction on enquiries made by the component auditors and reviewing their reporting documents submitted to the group audit team;
- a review of the significant risks work for all component auditors including the three components we selected this year; and
- participating in the audit close meetings for each of the operating companies.



7.2 Our consideration of the control environment

The business units operate under a common control environment, with a centrally designed and monitored controls operating framework and utilise different IT infrastructures. We obtained an understanding of the relevant controls across all business units.

We involved our IT specialists to perform testing of the relevant general IT controls associated with the system used in production of certain system generated data from the key accounting, reporting and consolidation systems. We selected a sample of relevant controls for testing based on the frequency of each control. Based on the procedures performed, we were able to take a controls reliance approach on the revenue testing in certain components within the group.

7.3 Working with other auditors

Working remotely, we exercised close supervision and oversight of our component audit teams through the performance of the following procedures:

- sent detailed instructions to all component audit teams outlining the specified procedures above;
- all component teams were included in team briefings, planning meetings and component risk assessments;
- we remotely reviewed supporting working papers prepared by components and related deliverables submitted to us; and
- close calls were held to discuss matters raised.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.	We have nothing to report in this regard.

9. 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.

10. 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

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

11.1 Identifying and assessing potential risks elated to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit and the audit committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team including significant component audit teams and relevant internal specialists, including tax, valuations, pensions, IT, and industry specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in revenue recognition – contract assets cut off. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules, pensions legislation and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the group's operating licence, regulatory solvency requirements and environmental regulations.

11.2 Audit response to risks identified

As a result of performing the above, we identified revenue recognition – contract assets cut-off as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee and in-house and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with correspondence with tax authorities where the case; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

12. 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.

13. Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 56;
- the directors' explanation as to its assessment of the group's prospects, the period this assessment covers and why the period is appropriate set out on page 55;
- the directors' statement on fair, balanced and understandable set out on page 67;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 50;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 50; and
- the section describing the work of the audit committee set out from page 90.

14. Matters on which we are required to report by exception

14.1 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.
14.2 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.

15. Other matters which we are required to address

15.1 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 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 9 years, covering the years ending 31 December 2012 to 31 December 2020.

15.2 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).

16. 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.

Alexander Butterworth ACA
(Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Reading, United Kingdom
8 March 2021

CONSOLIDATED INCOME STATEMENT

£m	Note	Year ended 31 December 2020	Restated year ended 31 December 2019
Revenue	4,5	**542.1**	612.6
Less: passthrough costs	3,4	**(84.8)**	(84.4)
Fee revenue	3,4	**457.3**	528.2
Adjusted operating profit	3,4,6,7,8	**20.5**	43.4
Amortisation of acquired intangibles and transaction-related costs	3,6	**(5.5)**	(9.1)
Exceptional items	3,7	**(39.2)**	(23.4)
Operating (loss)/profit	8	**(24.2)**	10.9
Finance costs	9	**(7.2)**	(6.2)
Finance income	9	**0.1**	0.2
Adjusted profit before tax	3	**13.4**	37.4
(Loss)/profit before tax		**(31.3)**	4.9
Tax (credit)/expense	12	**0.2**	(6.1)
Loss for the year attributable to equity holders of the parent		**(31.1)**	(1.2)
Basic loss per share (pence)	13	**(12.95)**	(0.55)
Diluted loss per share (pence)	13	**(12.83)**	(0.54)
Adjusted basic earnings per share (pence)	3,13	**4.33**	12.43
Adjusted diluted earnings per share (pence)	3,13	**4.29**	12.31

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

£m	Note	Year ended 31 December 2020	Year ended 31 December 2019
Loss for the year		**(31.1)**	(1.2)
Actuarial gains and losses on remeasurement of defined benefit pension scheme	29	**(0.1)**	(0.1)
Tax on remeasurement of defined benefit provision liability	12	**–**	–
Foreign exchange differences on translation of foreign operations*		**8.9**	(12.3)
Total comprehensive income/(expense)		**8.8**	(12.4)
Total recognised comprehensive expense for the year attributable to equity holders of the parent		**(22.3)**	(13.6)

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

The notes on pages 133 to 166 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

£m	Note	As at 31 December 2020	As at 31 December 2019
Assets			
Non-current assets:			
Intangible assets	14	**350.5**	378.7
Property, plant and equipment	15	**28.5**	32.3
Right-of-use assets	16	**42.1**	44.8
Deferred tax asset	23	**11.2**	3.8
		432.3	459.6
Current assets:			
Trade and other receivables	18	**130.8**	157.1
Corporation tax receivable		**2.4**	0.9
Cash at bank		**43.2**	17.7
		176.4	175.7
Liabilities			
Current liabilities:			
Borrowings	20	**54.0**	1.3
Lease liabilities	16	**10.8**	10.0
Deferred consideration	21	**3.1**	3.1
Trade and other payables	19	**129.2**	104.9
Corporation tax liabilities		**3.0**	–
Provisions	22	**5.7**	0.9
		205.8	120.2
Net current (liabilities)/assets		**(29.4)**	55.5
Non-current liabilities:			
Borrowings	20	**–**	110.5
Lease liabilities	16	**38.1**	39.8
Deferred consideration	21	**2.7**	5.6
Other payables		**0.2**	1.5
Deferred tax liability	23	**8.4**	6.3
Provisions	22	**4.5**	2.9
		53.9	166.6
Net assets		**349.0**	348.5
Equity			
Share capital	24	**8.3**	6.8
Share premium	24	**125.3**	121.9
Retained earnings		**166.3**	195.7
Merger reserve	24	**38.7**	21.2
Employee trust		**(11.5)**	(10.1)
Translation reserve		**21.9**	13.0
Total shareholders' equity		**349.0**	348.5

These financial statements were approved and authorised for issue by the Board on 8 March 2021.

The notes on pages 133 to 166 form part of these financial statements.

John Douglas, Director

Judith Cottrell, Director

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

CONSOLIDATED CASH FLOW STATEMENT

£m	Note	Year ended 31 December 2020	Year ended 31 December 2019
Net cash from operating activities	28	**84.0**	37.6
Cash flows from investing activities:			
Purchases of subsidiaries net of cash acquired		**–**	(10.1)
Deferred consideration		**(3.0)**	(0.1)
Purchase of property, plant and equipment		**(5.0)**	(13.3)
Purchase of intangible assets		**(2.8)**	(7.8)
Proceeds from sale of assets		**0.4**	0.4
Proceeds from sale of business		**0.7**	–
Net cash used in investing activities		**(9.7)**	(30.9)
Cash flows from financing activities:			
Proceeds from issue of share capital		**19.4**	–
Net (decrease)/increase in bank borrowings		**(55.4)**	23.5
Payment of lease liabilities		**(11.0)**	(9.2)
Bank arrangement fees		**(1.0)**	(0.7)
Dividends paid	25	**–**	(16.9)
Net cash used in financing activities		**(48.0)**	(3.3)
Net increase in cash and cash equivalents		**26.3**	3.4
Cash and cash equivalents at beginning of year		**16.4**	15.4
Effect of exchange rate fluctuations		**0.5**	(2.4)
Cash and cash equivalents at end of year	28	**43.2**	16.4
Cash and cash equivalents comprise:			
Cash at bank		**43.2**	17.7
Bank overdraft		**–**	(1.3)
Cash and cash equivalents at end of year	28	**43.2**	16.4

The notes on pages 133 to 166 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

£m	Share capital	Share premium	Retained earnings	Merger reserve	Employee trust	Translation reserve	Total equity
At 1 January 2019	6.8	120.4	212.4	21.2	(9.8)	25.3	376.3
Loss for the year	–	–	(1.2)	–	–	–	(1.2)
Other comprehensive expense	–	–	(0.1)	–	–	(12.3)	(12.4)
Total comprehensive expense for the year	–	–	(1.3)	–	–	(12.3)	(13.6)
Issue of new ordinary shares (note 24)	–	1.5	(0.5)	–	(1.0)	–	–
Share-based payment expense (note 31)	–	–	2.7	–	–	–	2.7
Transfer on release of shares	–	–	(0.7)	–	0.7	–	–
Dividends paid (note 25)	–	–	(16.9)	–	–	–	(16.9)
At 31 December 2019	6.8	121.9	195.7	21.2	(10.1)	13.0	348.5
Loss for the year	**–**	**–**	**(31.1)**	**–**	**–**	**–**	**(31.1)**
Other comprehensive income/(expense)	**–**	**–**	**(0.1)**	**–**	**–**	**8.9**	**8.8**
Total comprehensive income/(expense) for the year	**–**	**–**	**(31.2)**	**–**	**–**	**8.9**	**(22.3)**
Issue of new ordinary shares (note 24)	**1.5**	**3.4**	**(0.9)**	**17.5**	**(2.1)**	**–**	**19.4**
Share-based payment expense (note 31)	**–**	**–**	**3.4**	**–**	**–**	**–**	**3.4**
Transfer on release of shares	**–**	**–**	**(0.7)**	**–**	**0.7**	**–**	**–**
At 31 December 2020	**8.3**	**125.3**	**166.3**	**38.7**	**(11.5)**	**21.9**	**349.0**

The notes on pages 133 to 166 form part of these financial statements.

NOTES TO THE CONSOLIDATED 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 address of the registered office is 20 Western Avenue, Milton Park, Abingdon, Oxon OX14 4SH. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 7 to 62. The consolidated financial statements of the Company for the year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the 'Group').

(a) Basis of preparation

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The financial statements have also been prepared in accordance with International Financial Reporting Standards as issued by the IASB. The financial statements are presented in pounds sterling, rounded to the nearest million. The financial statements have been prepared on the historical cost basis. Historical cost is generally based on fair value of the consideration given in exchange for goods and services.

There are no new or revised standards and interpretations that are relevant to the Group and have been adopted for the first time in the year that have had a significant impact on the statements.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group:

- Onerous contracts; cost of fulfilling a contract - amendments to IAS 37
- Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
- Annual improvements to IFRS standards 2018 – 2020
- Property, plant and equipment; proceeds before intended use – amendments to IAS 16
- Revised Conceptual Framework for Financial Reporting
- Classification of liabilities as current or non-current - amendments to IAS 1
- IFRS 17 Insurance Contracts - amendments to IFRS 17 Insurance Contracts

The accounting policies set out below have been applied consistently to both years presented in these consolidated financial statements.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Standards).

(c) Revenue

Consultancy

The Group delivers consultancy services to our clients on a time and materials or fixed fee basis. In both cases, revenue is recognised over the life of the project, as the services are performed by our staff. The Group delivers services that have no alternative use to us (advice to clients, which may take the form of reports, designs, etc.) as the services are specifically tailored to each client's projects and circumstances. The Group has a right to payment for work performed to date.

Time and materials projects typically have a single performance obligation to provide a variable amount of consultant hours to the customer at agreed rates. Revenue is recognised on an output method based on the number of hours worked at each rate plus the recharge of any out of pocket expenses incurred.

Fixed fee projects have a single or series of performance obligations which are satisfied over time. For each distinct performance obligation, revenue is recognised using an input method based on total costs incurred to date as a percentage of total estimated costs to complete the project or performance obligation. Revenue and the associated margin are therefore recognised progressively as costs are incurred and the estimated costs to complete are updated regularly to take account of any risks. An anticipated loss on a performance obligation is recognised immediately when it becomes probable that the total estimated costs to complete will exceed the transaction price allocation to that performance obligation.

Software

The Group sells licences and access to software and applications. The software may be customised by RPS for each client, and where we sell customised software we recognise revenue over the period of customisation. Access to applications is provided for a period and revenue is recognised evenly over that period.

Training
The Group provides classroom, field-based and online training services to clients, either on a course by course basis or through a program specifying the numbers of training days available to the client. Revenue is recognised as the courses are delivered to the clients.

Equipment
From time to time, the Group sells pieces of equipment to clients. In these cases, revenue is recognised when control of the asset passes to the customer and we have no remaining rights over the asset.

Laboratory testing
The Group provides Laboratory testing services and the revenue generated is recognised as samples are tested.

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. Trade receivables, trade payables and cash related to these transactions are included in the consolidated balance sheet.

Payment terms
For all revenue types, payment is typically due between 30 and 60 days after the invoice date, depending on the service, the client and the territory in which the Group is operating.

Fee revenue and passthrough costs
The Group disaggregates revenue into fee revenue and passthrough costs. Fee revenue is revenue from activity where RPS adds value. Specifically, this is the revenue from the Group's resource pool, that consists of its employees and associates, equipment and software, plus profit on passthrough costs. Passthrough costs represent costs incurred when delivering projects that are not directly related to the Group's resource pool. Such costs are recovered from clients and examples include the cost of subcontractors, travel, accommodation and subsistence.

Contract assets and liabilities
Contract assets are booked when the amount of revenue recognised on a contract exceeds the amount invoiced. Upon invoicing, the contract asset is reclassified to trade receivables. Where the amount invoiced exceeds the amount of revenue recognised, the difference is booked in contract liabilities.

Financing components
The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and the payment by the customer exceeds one year. Consequently, the Group does not adjust any of the transaction prices for the time value of money.

(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.

Deferred consideration is stated at fair value and 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 and is not amortised as it has an indefinite life. 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 and internally generated software are stated at cost less accumulated amortisation and impairment losses. Where assets are under construction, these are reviewed at the balance sheet date to determine whether there is an impairment.

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 Group's intangible assets are amortised on a straight-line basis over their expected useful lives:

Customer relationships	5 to 10 years
Trade names	1 to 5 years
Order backlog	1 to 6 years
Software	4 to 8 years
Internally generated software	10 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.

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.

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.

(g) Judgements made in applying accounting policies

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

(h) Sources of estimation uncertainty

The Group performs an annual impairment review on goodwill and other non-current assets or whenever there are indicators of impairment. The recoverable amounts of cash-generating units have been determined from value in use calculations and these calculations include estimates about the future financial performance and discount rates.

COVID-19 is an impairment indicator. The Group tested for impairment resulting in an impairment charge of £25.9 million (note 14).

There are no other sources of estimation uncertainty.

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 level 2 inputs: 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 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.

iii 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) Leases

The Group assesses whether a contract is, or contains, a lease and recognises a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

i Right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- any restoration costs.

The right-of-use asset is depreciated on a straight-line basis from the commencement date to the earlier of the useful life and the end of the lease term. In addition, the right-of-use asset may be periodically reduced by impairment losses and adjusted for certain remeasurements such as exercising a break or an extension option.

ii Lease liabilities

Lease liabilities are measured at the net present value of the following lease payments:

- fixed payments less any incentives receivable;
- variable lease payments based on an index or rate; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Extension and termination options are included in many property leases across the Group to maximise operational flexibility and these options tend to be only exercisable by the Group and not the lessor. In determining the lease term, the Group considers the facts and circumstances that incentivise the Group to exercise an extension or termination option. Extension options are included to the extent they are reasonably certain to be exercised. Likewise, the period after a termination option is only excluded from a lease if the option to terminate is reasonably certain to be exercised.

2. OTHER ACCOUNTING POLICIES CONTINUED

The lease payments are discounted using the incremental borrowing rate in all cases, as the interest rate implicit in the Group's leases cannot be determined. The lease liability is remeasured when there is a change in future lease payments arising from a change in index or rate, or if the Group changes its assessment of whether it will exercise an extension or termination option. A corresponding adjustment is made to the carrying amount of the right-of-use asset.

iii Short-term leases and low value assets

Payments associated with short-term leases and leases of low value assets are recognised as an expense in the income statement on a straight-line basis over the lease term. Short-term leases are leases with a term of 12 months or less. Low value assets generally include small pieces of office equipment such as coffee machines and photocopiers where the total rentals payable are less than £4,000.

(d) Trade and other receivables

Trade and other receivables are recognised initially at their transaction price as defined by IFRS 15 and subsequently measured at amortised cost less expected credit 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.

Financial assets

The Group's financial assets consist of trade receivables, contract assets and cash. These assets are measured at amortised cost as the Group's business model for managing these assets is to hold them until realisation of the asset as cash.

Impairment of financial assets

For trade receivables and contract assets, the Group applies the simplified approach permitted by IFRS 9 which requires expected lifetime losses to be recognised from initial recognition of the receivables.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics relating to the markets we operate in. The Group's history of such losses is not material, even during significant downturns, and consequently the risk associated with Brexit and the COVID-19 pandemic are deemed to be limited.

(e) 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.

(f) 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 for shares in RPS Group Plc.

The **Share Incentive Plan ("SIP")** is an all-employee share plan which operates in the UK, Ireland, Australia, Canada, 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 certain senior employees of RPS Group Plc. 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 **Executive Long Term Incentive Plan ("ELTIP")** is a discretionary share incentive arrangement for RPS Group Plc's senior executives. 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 calculates the fair market value of options using a binomial model and for whole share awards the fair value is 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 are granted.

Those fair values are 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.

(g) Government grants

Government grants for furlough income and similar income are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the income will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

(h) 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.

(i) Trade and other payables

Trade and other payables are stated at cost. Trade payables due within one year are not discounted.

Financial liabilities

The Group's financial liabilities consist of trade and other payables, contract liabilities and borrowings and are measured at amortised cost.

(j) Borrowings

Bank overdrafts and interest bearing loans are initially measured at fair value and then subsequently measured at amortised cost using the effective interest rate method.

(k) 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.

(l) Exceptional items

Exceptional items are items which, because of their size, nature or expected infrequency, merit separate presentation in the consolidated income statement to provide a consistent presentation of adjusted profit measures. Examples of exceptional items would include impairment charges, substantial legal costs, significant restructuring programs along with other significant non-recurring items where the Group considers separate disclosure would be useful.

(m) Income tax

Income tax on the income for the years presented comprises current and deferred tax. It is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. 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.

(n) 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.

(o) Share Scheme Trusts

The Company administers its share plans through two Trusts - the Employee Benefit Trust ('EBT') 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.

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 ('CODM', deemed to be the main Board) and analysts who follow us in assessing the performance of the business.

Group profit and earnings measures

Adjusted operating profit and adjusted profit before tax
Adjusted profit before tax (2019: 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, non-cash items, or they are exceptional in nature. This alternative performance measure was renamed in the year but the definition is unchanged.

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 adjusted profit before tax, 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 of intangible assets are excluded from the Group's preferred performance measure. Similarly, exceptional items are excluded as they are not reflective of the Group's trading performance in the year.

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.

Adjusted operating profit is a derivative of adjusted profit before tax. A reconciliation is shown below.

£m		Year ended 31 December 2020	Year ended 31 December 2019
	(Loss)/profit before tax	**(31.3)**	4.9
Add:	Amortisation of acquired intangibles and transaction-related costs	**5.5**	9.1
	Exceptional items	**39.2**	23.4
	Adjusted profit before tax	**13.4**	37.4
Add:	Net finance costs	**7.1**	6.0
	Adjusted operating profit	**20.5**	43.4

Adjusted profit attributable to ordinary shareholders and adjusted earnings per share
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, transaction-related costs and exceptional items, but is an after tax measure. The Board considers adjusted EPS to be more reflective of the Group's trading performance in the year.

£m		Year ended 31 December 2020	Year ended 31 December 2019
	Loss attributable to ordinary shareholders	**(31.1)**	(1.2)
Add:	Amortisation of acquired intangibles and transaction-related costs	**5.5**	9.1
	Exceptional items	**39.2**	23.4
	Tax on amortisation of acquired intangibles, transaction-related costs and exceptional items	**(3.2)**	(3.4)
	Adjusted profit attributable to ordinary shareholders	**10.4**	27.9

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'.

£m	2019	Constant currency effect	2019 at constant currency
Revenue	612.6	(6.2)	606.4
Fee revenue	528.2	(6.0)	522.2
Adjusted profit before tax	37.4	(0.5)	36.9
Profit before tax	4.9	(1.5)	3.4

Segment profit and underlying profit
Segment profit is presented in our segmental disclosures. This excludes the effects of financing, amortisation and exceptional items 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 and the costs of consolidating office space.

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 revenue and passthrough costs. 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 revenue by segment is reconciled in note 4.

Cash flow measures

EBITDAS and EBITAS
EBITDAS is operating profit adjusted by adding back non-cash expenses, tax and financing costs. The adjustments include interest, tax, depreciation, amortisation 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 28. EBITAS is an equivalent measure, but is after depreciation costs.

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 and interest bearing bank loans. This measure gives the external indebtedness of the Group (excluding lease liabilities), and is an input into the leverage calculations. This is reconciled in note 28.

Leverage
Leverage is the ratio of net bank borrowings (adjusted to include bonds, indemnities and guarantees and to exclude restricted cash) 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 adjusted profit before tax ('adjusted effective tax rate'). This is the tax charge applicable to adjusted profit before tax expressed as a percentage of adjusted profit before tax and is set out in note 12.

Changes in definition of alternative performance measures and restatements of comparatives

The Group has changed its definition for non-IFRS revenue measures with effect from 1 January 2020 as follows:

- Definition of fee income amended
- New category of revenue called passthrough costs introduced
- Recharged expenses no longer reported

There is no impact on profit or cash flow as a result of these changes in any reporting period. The changes in definition ensure alignment with the global ERP design.

The benefit from this change in definition are that it reduces judgement when determining what is fee revenue, provides a better indication of the underlying growth in revenue, gives improved information of resource requirements and allows for a better reflection of productivity and profitability.

The revised definition of fee revenue and the definition of passthrough costs are as follows:

Fee revenue
Fee revenue is revenue from activity where RPS adds value. Specifically, this is the revenue from the Group's resource pool, that consists of its employees and associates, equipment and software, plus profit on passthrough costs.

Passthrough costs
Passthrough costs is a category of revenue representing costs incurred when delivering projects that are not directly related to the Group's resource pool. Such costs are recovered from clients and examples include the cost of subcontractors, travel, accommodation and subsistence.

The effects of the change in definitions are that the revenue from recharging the cost of subcontractors will be treated as passthrough costs and will not be included in fee revenue and the profit earned on recharging subcontractor costs and other incidental costs will be reported in fee revenue.

The Alternative Performance Measures relating to revenue measures have been restated for the year ended 31 December 2019 and the restatement adjustments are detailed in note 4.

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 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.

The business segments of the Group are as follows:

- Energy
- Consulting - UK and Ireland
- Services - UK and Netherlands
- Norway
- North America
- Australia Asia Pacific

Segment results for the year ended 31 December 2020:

£m	Fee revenue	Passthrough costs	Intersegment revenue	External revenue
Energy	**75.7**	**14.8**	**(1.0)**	**89.5**
Consulting - UK and Ireland	**108.0**	**28.7**	**(1.2)**	**135.5**
Services - UK and Netherlands	**85.7**	**12.8**	**(1.9)**	**96.6**
Norway	**56.0**	**1.9**	**(0.1)**	**57.8**
North America	**39.0**	**10.3**	**(0.6)**	**48.7**
Australia Asia Pacific	**92.9**	**21.2**	**(0.1)**	**114.0**
Group eliminations	**–**	**(4.9)**	**4.9**	**–**
Total	**457.3**	**84.8**	**–**	**542.1**

£m	Underlying profit	Reorganisation costs	Segment profit
Energy	**4.5**	**–**	**4.5**
Consulting - UK and Ireland	**6.3**	**–**	**6.3**
Services - UK and Netherlands	**5.4**	**–**	**5.4**
Norway	**4.5**	**–**	**4.5**
North America	**2.9**	**–**	**2.9**
Australia Asia Pacific	**8.2**	**–**	**8.2**
Total	**31.8**	**–**	**31.8**

Segment results for the year ended 31 December 2019 (restated):

£m	Fee revenue	Passthrough costs	Intersegment revenue	External revenue
Energy	104.3	16.8	(1.0)	120.1
Consulting – UK and Ireland	126.2	29.2	(1.3)	154.1
Services – UK and Netherlands	96.6	14.5	(1.7)	109.4
Norway	64.7	0.8	(0.2)	65.3
North America	46.1	13.3	(0.5)	58.9
Australia Asia Pacific	90.3	14.7	(0.2)	104.8
Group eliminations	–	(4.9)	4.9	–
Total	528.2	84.4	–	612.6

Fee income for the year ended 31 December 2019 as originally presented:

£m	Fee income	Recharged expenses	Intersegment revenue	External revenue
Energy	110.6	10.5	(1.0)	120.1
Consulting – UK and Ireland	127.6	27.8	(1.3)	154.1
Services – UK and Netherlands	101.4	9.7	(1.7)	109.4
Norway	64.7	0.8	(0.2)	65.3
North America	58.3	1.1	(0.5)	58.9
Australia Asia Pacific	98.3	6.7	(0.2)	104.8
Group eliminations	(4.4)	(0.5)	4.9	–
Total	556.5	56.1	–	612.6

Restatement adjustments for the year ended 31 December 2019:

£m	Fee revenue	Passthrough costs	Recharged expenses	Intersegment revenue	External revenue
Energy	(6.3)	16.8	(10.5)	–	–
Consulting – UK and Ireland	(1.4)	29.2	(27.8)	–	–
Services – UK and Netherlands	(4.8)	14.5	(9.7)	–	–
Norway	–	0.8	(0.8)	–	–
North America	(12.2)	13.3	(1.1)	–	–
Australia Asia Pacific	(8.0)	14.7	(6.7)	–	–
Group eliminations	4.4	(4.9)	0.5	–	–
Total	(28.3)	84.4	(56.1)	–	–

£m	Underlying profit	Reorganisation costs	Segment profit
Energy	11.1	–	11.1
Consulting – UK and Ireland	15.1	–	15.1
Services – UK and Netherlands	10.8	–	10.8
Norway	6.1	(0.1)	6.0
North America	3.4	(0.1)	3.3
Australia Asia Pacific	7.0	(0.6)	6.4
Total	53.5	(0.8)	52.7

Group reconciliation:

£m	Year ended 31 December 2020	Restated Year ended 31 December 2019
Revenue	**542.1**	612.6
Less: passthrough costs	**(84.8)**	(84.4)
Fee revenue	**457.3**	528.2
Underlying profit	**31.8**	53.5
Reorganisation costs	**–**	(0.8)
Segment profit	**31.8**	52.7
Unallocated expenses	**(11.3)**	(9.3)
Adjusted operating profit	**20.5**	43.4
Amortisation of acquired intangibles and transaction-related costs	**(5.5)**	(9.1)
Exceptional items	**(39.2)**	(23.4)
Operating (loss)/profit	**(24.2)**	10.9
Net finance costs	**(7.1)**	(6.0)
Loss/(profit) before tax	**(31.3)**	4.9

£m	Carrying amount of segment assets		Segment depreciation and amortisation	
	Year ended 31 December 2020	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2019
Energy	**73.0**	81.7	**3.4**	3.0
Consulting - UK and Ireland	**158.1**	184.4	**4.6**	4.7
Services - UK and Netherlands	**102.3**	107.6	**5.2**	5.2
Norway	**51.8**	53.9	**2.3**	2.9
North America	**50.3**	66.7	**3.4**	3.3
Australia Asia Pacific	**115.9**	114.0	**5.7**	7.9
Unallocated	**57.3**	27.0	**1.7**	1.0
Group total	**608.7**	635.3	**26.3**	28.0

4. BUSINESS AND GEOGRAPHICAL SEGMENTS CONTINUED

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

	Revenue		Fee revenue	
£m	Year ended 31 December 2020	Year ended 31 December 2019	Year ended 31 December 2020	Restated Year ended 31 December 2019
UK	**190.9**	232.4	**160.8**	193.6
Australia	**128.6**	123.4	**105.5**	106.0
USA	**81.1**	97.5	**64.7**	76.9
Norway	**57.7**	66.2	**56.0**	65.2
Netherlands	**39.9**	40.5	**32.6**	34.7
Ireland	**34.4**	38.3	**30.5**	40.1
Canada	**6.4**	10.4	**5.2**	9.2
Other	**3.1**	3.9	**2.0**	2.5
Total	**542.1**	612.6	**457.3**	528.2

	Carrying amount of non-current assets	
£m	As at 31 December 2020	As at 31 December 2019
UK	**177.9**	193.1
Australia	**98.4**	97.0
USA	**39.5**	52.1
Ireland	**45.0**	39.9
Norway	**37.8**	21.0
Canada	**12.8**	43.4
Netherlands	**20.5**	13.1
Other	**0.4**	–
Total	**432.3**	459.6

5. REVENUE

Disaggregation of revenue

The Group segmental information disclosed in note 4 best depicts how the nature, timing, amount and uncertainty associated with our revenues and cash flows are affected by economic factors. Segments are structured along geographical and market lines, and risks are broadly consistent within the segments as a result.

Unsatisfied performance obligations

The transaction price allocated to partially satisfied or unsatisfied performance obligations at the balance sheet date are set out below. These obligations equate to the contracted work which the Group has on hand at the year end.

£m	As at 31 December 2020	As at 31 December 2019
To be undertaken and recognised within one year	**235.6**	252.8
To be undertaken and recognised between one and two years	**31.3**	37.4
To be undertaken and recognised after two years	**40.0**	23.6
	306.9	313.8

These obligations will be recognised as revenue over time.

6. AMORTISATION OF ACQUIRED INTANGIBLES AND TRANSACTION-RELATED COSTS

£m	Year ended 31 December 2020	Year ended 31 December 2019
Amortisation of acquired intangibles	**5.5**	8.6
Transaction-related costs	**–**	0.5
Total	**5.5**	9.1

7. EXCEPTIONAL ITEMS

£m	Year ended 31 December 2020	Year ended 31 December 2019
Impairment of goodwill (note 14)	**25.9**	19.8
Restructuring costs	**6.0**	–
Loss on disposal	**0.4**	–
Legal fees	**1.8**	1.4
ERP implementation costs	**2.2**	1.2
Impairment of ERP	**2.9**	–
Rebranding costs	**–**	1.0
Total	**39.2**	23.4

The Group has recognised a goodwill impairment charge of £25.9 million (2019: £19.8 million) relating to the impairment of the Consulting and North America (2019: AAP) CGU groups. The market uncertainty caused by the COVID-19 pandemic has meant that we have revised the short-term assumptions in the impairment modelling.

Restructuring costs of £6.0 million have been incurred as a result of actions taken to mitigate the impact of COVID-19 on the Group. These costs comprise the impairment of right-of-use assets for properties that have been vacated, onerous contract provisions for associated property costs and the redundancy costs incurred when matching our resource base to market demand.

On 31 December 2020, the Group disposed of the trade and assets of its specialist geology business in the Energy segment. The cash consideration was £0.7 million and the loss on disposal of £0.4 million primarily related to the goodwill associated with the business.

Further legal fees of £1.8 million were incurred investigating potential issues regarding the administration of US government contracts and/or projects and the investigation is ongoing (note 26).

The new ERP was implemented in the Netherlands and part of Australia towards the end of 2019 and stabilisation activities proceeded throughout 2020. Further costs of £2.2 million were incurred in the current year on support through the stabilisation period. Substantial rewrites of key elements of the system were required post go live as part of the stabilisation activities. The Group has recognised an impairment charge of £2.9 million in respect of those parts of the system which have needed to be redeveloped or are no longer part of the global design for future implementations.

In the prior year, the Group undertook a global rebranding of RPS which included a new logo, colour scheme, office signage and a new website. This project was completed in 2019 and no further costs have been incurred in 2020.

8. OPERATING PROFIT - BY NATURE OF EXPENSE

£m	Year ended 31 December 2020	Year ended 31 December 2019
Revenue	**542.1**	612.6
Staff costs (note 10)	**(297.7)**	(306.7)
Furlough income	**4.2**	–
Subconsultant costs	**(110.5)**	(137.7)
Other employment-related costs	**(15.5)**	(27.5)
Depreciation of owned assets	**(9.4)**	(9.3)
Depreciation of right-of-use assets	**(10.9)**	(10.0)
Amortisation of internally generated software	**(0.5)**	(0.1)
Profit on disposal of property, plant and equipment and right-of-use assets	**–**	0.1
Short-term and low value lease rentals	**(0.2)**	(2.7)
Travel costs	**(8.7)**	(18.2)
Office costs	**(22.1)**	(22.4)
Amortisation of acquired intangibles	**(5.5)**	(8.6)
Transaction-related costs	**–**	(0.5)
Exceptional items (note 7)	**(39.2)**	(23.4)
Other costs	**(50.3)**	(34.7)
Operating (loss)/profit	**(24.2)**	10.9

9. NET FINANCING COSTS

£m	Year ended 31 December 2020	Year ended 31 December 2019
Finance costs:		
Interest and charges on loans and overdraft	**(4.4)**	(3.8)
Interest on lease liabilities	**(1.9)**	(1.9)
Amortisation of prepaid financing costs	**(0.7)**	(0.3)
Unwind of discount on deferred consideration	**(0.2)**	(0.2)
	(7.2)	(6.2)
Finance income:		
Deposit interest receivable	**0.1**	0.2
Net financing costs	**(7.1)**	(6.0)

10. EMPLOYEE BENEFIT EXPENSE

£m	Year ended 31 December 2020	Year ended 31 December 2019
Wages and salaries	**256.5**	262.9
Social security costs	**24.2**	26.9
Pension costs - defined contribution plans	**13.5**	14.0
Pension costs - defined benefit plans	**0.1**	0.2
Share-based payment expense - equity settled	**3.4**	2.7
	297.7	306.7
Average monthly number of employees (including Executive Directors) was: *		
Fee earning staff	**4,180**	4,241
Support staff	**875**	858
	5,055	5,099

* 2019 restated due to incorrect information provided by Netherlands following implementation of ERP.

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 99. The share-based payment charge in respect of key management personnel was £1.0 million (2019: £0.6 million). Social security costs in respect of these personnel were £0.2 million (2019: £0.3 million).

11. 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:

£m	Year ended 31 December 2020	Year ended 31 December 2019
Statutory audit of the Company's annual accounts	**0.2**	0.1
Statutory audit of the Group's subsidiaries	**0.7**	0.7
Total audit fees	**0.9**	0.8
Other assurance services	**0.1**	0.1
Total audit-related assurance services	**1.0**	0.9
Other services	**–**	–
Total fees	**1.0**	0.9

12. INCOME TAXES

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

£m	Year ended 31 December 2020	Year ended 31 December 2019
Current tax:		
UK corporation tax	**0.1**	1.8
Overseas tax	**6.2**	6.0
Adjustments in respect of prior years	**(1.1)**	(0.5)
	5.2	7.3
Deferred tax:		
Origination and reversal of temporary differences	**(5.5)**	(0.9)
Effect of change in tax rate	**0.6**	–
Adjustments in respect of prior years	**(0.5)**	(0.3)
	(5.4)	(1.2)
Total tax (credit)/charge for the year	**(0.2)**	6.1
In addition to the amount (credited)/charged to the consolidated income statement, the following items related to tax have been recognised:		
Deferred tax charge in other comprehensive income	**–**	–

The effective tax rate for the year on (loss)/profit before tax was 0.6% (2019: 125.4%). The effective tax rate for the year on adjusted profit before tax was 22.4% (2019: 25.4%) as shown in the table below:

£m	Year ended 31 December 2020	Year ended 31 December 2019
Total tax (credit)/expense in income statement	**(0.2)**	6.1
Add back:		
Tax on amortisation of acquired intangibles, transaction-related costs and exceptional items	**3.2**	3.4
Adjusted tax charge on the profit for the year	**3.0**	9.5
Adjusted profit before tax	**13.4**	37.4
Adjusted effective tax rate	**22.4%**	25.4%
Tax rate impact of amortisation of acquired intangibles, transaction-related costs and exceptional items	**(21.8%)**	100%
Statutory effective tax rate	**0.6%**	125.4%

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 19.0% (2019: 19.0%) and Australia 30% (2019: 30%) and the weighted average tax rate reduced to 16.8% in 2020 (2019: 21.3%).

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

£m	Year ended 31 December 2020	Year ended 31 December 2019
(Loss)/profit before tax	**(31.3)**	4.9
Tax at the weighted average rate of 16.8% (2019: 23.1%)	**(5.3)**	1.0
Effect of:		
Irrecoverable witholding tax suffered	**0.8**	1.2
Impairment of goodwill	**5.7**	4.2
Effect of change in tax rates	**(0.1)**	–
Adjustments in respect of prior years	**(1.6)**	(0.8)
Other differences	**0.3**	0.5
Total tax expense for the year	**(0.2)**	6.1

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. Whilst the overall irrecoverable withholding tax decreased in the year, it represented a larger proportion of the overall tax rate.

Enacted changes in the tax rate impact the carrying value of deferred tax balances, principally those related to the amortisation of intangible assets. The impact in 2020 is a result of recognising UK balances at 19% rather than 17% as at the end of 2019.

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. In 2020 the credit was mainly the result of losses being recognised in the US due to changes in the carry back rules under the CARES Act.

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.

In the Chancellor's Budget on 3 March 2021, it was announced that the UK rate of corporation tax will increase from 19% to 25% on 1 April 2023. In addition, measures to increase losses that can be carried back to previous periods were announced. We will undertake a detailed analysis of the impact of these changes on the Group's UK tax position in due course but the changes would result in a material increase in the liability recognised on goodwill offset by the increased carrying value of losses.

13. 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:

£m	Year ended 31 December 2020	Year ended 31 December 2019
Loss attributable to equity holders of the parent	**(31.1)**	(1.2)
Weighted average number of ordinary shares for the purposes of basic earnings per share	**240,155**	223,958
Effect of employee share schemes	**2,162**	2,264
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**242,317**	226,222
Basic loss per share (pence)	**(12.95)**	(0.55)
Diluted loss per share (pence)	**(12.83)**	(0.54)

The calculations of adjusted earnings per share (see note 3) were based on the number of shares as above and are shown in the table below:

£m	Year ended 31 December 2020	Year ended 31 December 2019
Loss attributable to equity holders of the parent	**(31.1)**	(1.2)
Amortisation of acquired intangibles and transaction-related costs (note 6)	**5.5**	9.1
Exceptional items (note 7)	**39.2**	23.4
Tax on amortisation of acquired intangibles, transaction-related costs and exceptional items (note 12)	**(3.2)**	(3.4)
Adjusted profit attributable to equity holders of the parent	**10.4**	27.9
Adjusted basic earnings per share (pence)	**4.33**	12.43
Adjusted diluted earnings per share (pence)	**4.29**	12.31

14. INTANGIBLE ASSETS

£m	Intellectual property rights	Customer relationships	Order backlog	Trade names	Non compete agreements	Software	Internally generated software	Goodwill	Total
Cost:									
At 1 January 2020	**3.6**	**131.9**	**19.7**	**9.1**	**0.6**	**3.2**	**11.4**	**423.9**	**603.4**
Additions	**–**	**–**	**–**	**–**	**–**	**–**	**1.4**	**–**	**1.4**
Disposals	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1.0)**	**(1.0)**
Exchange differences	**(0.1)**	**1.1**	**0.2**	**0.1**	**–**	**–**	**–**	**6.2**	**7.5**
At 31 December 2020	**3.5**	**133.0**	**19.9**	**9.2**	**0.6**	**3.2**	**12.8**	**429.1**	**611.3**
Aggregate amortisation and impairment losses:									
At 1 January 2020	**3.6**	**116.6**	**19.5**	**9.0**	**0.6**	**3.1**	**0.1**	**72.2**	**224.7**
Amortisation	**–**	**5.2**	**0.2**	**0.1**	**–**	**–**	**0.5**	**–**	**6.0**
Impairment	**–**	**–**	**–**	**–**	**–**	**–**	**2.9**	**25.9**	**28.8**
Exchange differences	**(0.1)**	**0.9**	**0.2**	**0.1**	**–**	**–**	**–**	**0.2**	**1.3**
At 31 December 2020	**3.5**	**122.7**	**19.9**	**9.2**	**0.6**	**3.1**	**3.5**	**98.3**	**260.8**
Net book value at 31 December 2020	**–**	**10.3**	**–**	**–**	**–**	**0.1**	**9.3**	**330.8**	**350.5**

£m	Intellectual property rights	Customer relationships	Order backlog	Trade names	Non compete agreements	Software	Internally generated software	Goodwill	Total
Cost:									
At 1 January 2019	3.7	131.6	19.3	9.3	0.6	3.3	–	418.5	586.3
Additions	–	–	–	–	–	–	9.2	–	9.2
Acquisitions	–	4.1	1.0	0.1	–	–	–	14.8	20.0
Reclassification	–	–	–	–	–	–	2.2	–	2.2
Exchange differences	(0.1)	(3.8)	(0.6)	(0.3)	–	(0.1)	–	(9.4)	(14.3)
At 31 December 2019	3.6	131.9	19.7	9.1	0.6	3.2	11.4	423.9	603.4
Aggregate amortisation and impairment losses:									
At 1 January 2019	3.7	112.2	19.2	9.2	0.6	3.0	–	52.7	200.6
Amortisation	–	7.5	0.8	0.1	–	0.2	0.1	–	8.7
Impairment	–	–	–	–	–	–	–	19.8	19.8
Exchange differences	(0.1)	(3.1)	(0.5)	(0.3)	–	(0.1)	–	(0.3)	(4.4)
At 31 December 2019	3.6	116.6	19.5	9.0	0.6	3.1	0.1	72.2	224.7
Net book value at 31 December 2019	–	15.3	0.2	0.1	–	0.1	11.3	351.7	378.7

Customer relationships relate to assets acquired in business combinations and have remaining useful lives of 1-9 years.

Goodwill

The Group tests annually for impairment or when there are any impairment triggers. Due to the impact of COVID-19 on the performance of the Group in the first half of the year a full impairment review was performed as at 31 May 2020 as well as at the year end date.

The determination of whether or not goodwill is impaired requires an estimate to be made of the value in use of the CGU groups to which goodwill has been allocated. Those value in use calculations include estimates about the future financial performance of the CGUs based on budgets and forecasts, medium-term and long-term growth rates, discount rates and the markets in which the business operates. A more cautious view has been taken in our short-term forecasts and assumptions due to the COVID-19 uncertainty and the resulting disruption in our markets and the wider economy. The cash flow projections in the four financial years following the forecast year reflect management's expectations of the medium-term operating performance of the CGU and the growth prospects in the CGU's market, including recovery from the impact of COVID-19. 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 a combination of market, industry and company-specific data.

	31 December 2020	31 December 2019
Consulting (UK and Ireland)	**12.2%**	10.7%
Services (UK)	**13.1%**	11.2%
Services (Netherlands)	**14.2%**	12.4%
Norway	**12.2%**	10.8%
North America	**12.3%**	11.0%
Australia Asia Pacific	**14.7%**	12.9%
Energy	**15.8%**	14.2%

Growth rates

The growth rates applied reflect management's judgement regarding the potential future performance of the business. The medium term comprises the years 2022 to 2025 and includes higher growth rates in the first couple of years as the economies and markets in which we operate recover from the current COVID-19 related downturn. COVID-19 is expected to impact on all CGUs, to varying degrees, in 2021 but have less of an impact on profit compared to the initial lockdown in 2020. Recovery to the level of profits seen prior to the pandemic will be gradual.

The long-term growth rate applied to the perpetuity calculations was between -2.0% and 2.5% per annum and is unchanged from the rates used in the 31 December 2019 goodwill impairment testing. These rates reflect the average long-term growth rates of the economies in which the CGUs are based and our assessment of the longer term prospects of the businesses, including the impact that climate change may have on the Energy CGU.

Long-term growth rates	31 December 2020	31 December 2019
Consulting (UK and Ireland)	**2.1% - 2.5%**	2.1% - 2.5%
Services (UK)	**2.1%**	2.1%
Services (Netherlands)	**2.0%**	2.0%
Norway	**2.3%**	2.3%
North America	**2.3%**	2.3%
Australia Asia Pacific	**2.5%**	2.5%
Energy	**(2.0%)**	(2.0%)

Summary of results

The Group recognised impairment charges of £17.4 million and £8.5 million against the goodwill allocated to the Consulting (UK & Ireland) CGU and North America CGU groups respectively in the interim results for the six months ended 30 June 2020. The Board had considered the prospects of and uncertainty in these two CGUs following the impact that COVID-19 was forecast to have on their medium-term performance. All other CGUs were tested for impairment and no impairment charges were identified.

The impairment testing was updated at the year end, based on the latest budget and forecasts for medium-term growth and no further impairments were identified.

The Group's market capitalisation is below the net assets of the Group. The Directors are comfortable with this difference as they consider the Group to be undervalued during these challenging times. The post year and share price performance has narrowed the gap between value in use and market capitalisation.

Sensitivity of results to changes in estimates

The Group's CGU groups all have headroom in the year end impairment review following the impairments made to the Consulting (UK & Ireland) and North America CGUs at the half year as a result of better than forecast performance in the second half.

The valuation of goodwill allocated to CGU groups is most sensitive to the achievement of the 2021 budget, the medium-term growth rates assumed for the following four years and the discount rate. 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 books and the current impact COVID-19 is having on market conditions in some of our sectors.

Consequently, further underperformance against the budget and medium-term growth rates is possible which could lead to an additional reduction in the carrying value of the CGUs. It is also reasonably possible that the budget and growth rates are exceeded if market conditions allow.

A 0.7% increase in the discount rate or a 7% reduction in the 2021 budgeted profit would lead to the recoverable amount of the Services – UK CGU to equal its carrying amount of £50.1million. Furthermore, a 1% increase in the discount rate will lead to an impairment charge of £1.8 million and a 15% decrease in the 2021 budgeted profit will lead to an impairment charge of £5.4 million in the next 12 months. There are no other reasonable changes in estimates that would result in a material adjustment to the carrying amounts of assets and liabilities as at 31 December 2020.

14. INTANGIBLE ASSETS CONTINUED

Goodwill acquired in a business combination is allocated at acquisition to the Groups of CGUs that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated as follows:

£m	As at 31 December 2020	As at 31 December 2019
Consulting (UK and Ireland)	**96.6**	112.2
Services (UK)	**50.1**	50.1
Services (Netherlands)	**10.1**	9.8
Norway	**31.0**	31.2
North America	**31.6**	40.5
Australia Asia Pacific	**75.4**	70.9
Energy	**36.0**	37.0
	330.8	351.7

15. PROPERTY, PLANT AND EQUIPMENT

£m	Freehold land and buildings	Alterations to leasehold premises	Motor vehicles	Fixtures, fittings, IT and equipment	Total
Cost:					
At 1 January 2020	**10.2**	**6.6**	**3.1**	**75.7**	**95.6**
Additions	**–**	**0.3**	**0.1**	**5.0**	**5.4**
Disposals	**–**	**(0.2)**	**(0.2)**	**(2.9)**	**(3.3)**
Exchange differences	**0.5**	**0.2**	**–**	**1.6**	**2.3**
At 31 December 2020	**10.7**	**6.9**	**3.0**	**79.4**	**100.0**
Depreciation:					
At 1 January 2020	**3.7**	**3.9**	**2.0**	**53.7**	**63.3**
Charge for the year	**0.2**	**0.8**	**0.4**	**8.0**	**9.4**
Disposals	**–**	**(0.2)**	**(0.2)**	**(2.3)**	**(2.7)**
Exchange differences	**0.2**	**0.2**	**0.1**	**1.0**	**1.5**
At 31 December 2020	**4.1**	**4.7**	**2.3**	**60.4**	**71.5**
Net book value at 31 December 2020	**6.6**	**2.2**	**0.7**	**19.0**	**28.5**

£m	Freehold land and buildings	Alterations to leasehold premises	Motor vehicles	Fixtures, fittings, IT and equipment	Total
Cost:					
At 1 January 2019	10.8	6.4	3.5	78.5	99.2
Additions	–	0.6	0.4	12.1	13.1
Acquisitions	–	–	–	0.1	0.1
Disposals	–	(1.1)	(0.7)	(10.1)	(11.9)
Transfers	–	1.0	–	(1.0)	–
Reclassification to intangible assets	–	–	–	(2.2)	(2.2)
Exchange differences	(0.6)	(0.3)	(0.1)	(1.7)	(2.7)
At 31 December 2019	10.2	6.6	3.1	75.7	95.6
Depreciation:					
At 1 January 2019	3.6	4.3	2.3	57.0	67.2
Charge for the year	0.2	0.9	0.5	7.7	9.3
Disposals	–	(1.1)	(0.7)	(9.9)	(11.7)
Exchange differences	(0.1)	(0.2)	(0.1)	(1.1)	(1.5)
At 31 December 2019	3.7	3.9	2.0	53.7	63.3
Net book value at 31 December 2019	6.5	2.7	1.1	22.0	32.3

16. LEASES

£m	Properties	Vehicles	Office equipment	Total
i. Right-of-use assets				
At 1 January 2020	**40.8**	**3.8**	**0.2**	**44.8**
Additions	**7.8**	**1.5**	**0.2**	**9.5**
Depreciation	**(8.6)**	**(2.1)**	**(0.2)**	**(10.9)**
Impairment	**(2.0)**	**–**	**–**	**(2.0)**
Remeasurements	**1.0**	**0.1**	**–**	**1.1**
Derecognition	**(1.3)**	**–**	**–**	**(1.3)**
Exchange differences	**0.8**	**0.1**	**–**	**0.9**
At 31 December 2020	**38.5**	**3.4**	**0.2**	**42.1**
At 1 January 2019	40.7	4.0	0.2	44.9
Additions	8.1	1.8	0.2	10.1
Depreciation	(8.0)	(1.8)	(0.2)	(10.0)
Remeasurements	1.1	–	–	1.1
Derecognition	(0.2)	(0.1)	–	(0.3)
Exchange differences	(0.9)	(0.1)	–	(1.0)
At 31 December 2019	40.8	3.8	0.2	44.8

£m	As at 31 December 2020	As at 31 December 2019
ii. Lease liabilities		
The maturity profile of the Group's lease liabilities based on contractual undiscounted cash flows:		
Less than one year	**12.4**	11.7
One to five years	**31.6**	32.4
More than five years	**10.4**	11.8
Total undiscounted lease liabilities	**54.4**	55.9
Lease liabilities included in the balance sheet:		
Current	**10.8**	10.0
Non-current	**38.1**	39.8
Total	**48.9**	49.8

£m	Year ended 31 December 2020	Year ended 31 December 2019
iii. Amounts recognised in profit or loss		
Depreciation on right-of-use assets	**10.9**	10.0
Impairment of right-of-use assets	**2.0**	–
Interest expense on lease liabilities	**1.9**	1.9
Expense relating to short-term leases	**0.2**	2.7
Expense relating to low value assets	**–**	–

£m	Year ended 31 December 2020	Year ended 31 December 2019
iv. Amounts recognised in statement of cash flows		
Total cash outflow for leases	**11.0**	9.2

17. SUBSIDIARIES

The Group consists of RPS Group Plc (the parent company incorporated in the UK) and its 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.

18. TRADE AND OTHER RECEIVABLES

£m	As at 31 December 2020	As at 31 December 2019
Trade receivables	**78.4**	95.9
Contract assets	**36.8**	45.7
Prepayments	**12.5**	10.9
Other receivables	**3.1**	4.6
	130.8	157.1

Trade receivables and contract assets net of loss allowance are shown below.

£m	As at 31 December 2020	As at 31 December 2019
Trade receivables	**81.2**	98.9
Loss allowance	**(2.8)**	(3.0)
Trade receivables net	**78.4**	95.9

£m	As at 31 December 2020	As at 31 December 2019
Contract assets	**42.9**	51.0
Loss allowance	**(6.1)**	(5.3)
Contract assets net	**36.8**	45.7

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 loss allowances recorded against them. The individually impaired balances mainly relate to items under discussion with customers.

No interest is charged on overdue receivables. At the year end the Group's debtor days were 41 (2019: 52).

The following table shows the movement in lifetime expected credit losses that have been recognised in accordance with the simplified approach set out in IFRS 9:

£m	Trade receivables	Contract assets	Total
At 1 January 2020	**3.0**	**5.3**	**8.3**
Income statement impact of movement on loss allowance	**0.5**	**2.0**	**2.5**
Amounts written off	**(0.8)**	**(1.4)**	**(2.2)**
Exchange differences	**0.1**	**0.2**	**0.3**
As at 31 December 2020	**2.8**	**6.1**	**8.9**
At 1 January 2019	5.2	6.6	11.8
Income statement impact of movement on loss allowance	(0.9)	0.2	(0.7)
Amounts written off	(1.3)	(1.4)	(2.7)
Exchange differences	–	(0.1)	(0.1)
As at 31 December 2019	3.0	5.3	8.3

There have been no significant changes in the loss allowances during the year as the Group has focussed on working capital management and collection of trade receivables throughout the COVID-19 pandemic.

18. TRADE AND OTHER RECEIVABLES CONTINUED

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

£m	As at 31 December 2020	As at 31 December 2019
UK Pound Sterling	**54.2**	62.6
US Dollar	**24.8**	32.2
Euro	**20.0**	26.9
Australian Dollar	**19.8**	21.1
Canadian Dollar	**2.1**	1.9
Norwegian Krone	**7.7**	8.4
Malaysian Ringitt	**1.6**	3.3
Other	**0.6**	0.7
	130.8	157.1

The maximum exposure to credit risk at the reporting date is £127.7 million (2019: £152.4 million).

The concentration of credit risk is limited as the customer base is large and unrelated.

The impact on revenue of projects where work was undertaken in 2019 but related revenue recognised in 2020 was immaterial.

19. TRADE AND OTHER PAYABLES

£m	As at 31 December 2020	As at 31 December 2019
Trade payables	**30.4**	26.4
Accruals	**43.5**	37.0
Contract liabilities	**25.7**	21.1
Creditors for taxation and social security	**27.5**	15.8
Other payables	**2.1**	4.6
	129.2	104.9

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.

The revenue recognised in the year that was included in contract liabilities in the previous year was £21.1 million.

20. BORROWINGS

£m	As at 31 December 2020	As at 31 December 2019
Bank loans	–	55.4
US loan notes	**54.9**	55.8
Bank overdraft	–	1.3
Total bank loan, notes and overdrafts	**54.9**	112.5
Arrangement fees	**(0.9)**	(0.7)
Net bank debt	**54.0**	111.8
Leases	**48.9**	49.8
Total borrowings	**102.9**	161.6

£m	As at 31 December 2020	As at 31 December 2019
The bank loan, notes and overdrafts are repayable as follows:		
Amounts due for settlement within 12 months	**54.9**	1.3
Amount due between one and two years	–	55.8
In the third to fifth years inclusive	–	55.4
	54.9	112.5

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

(i) An uncommitted £3.0 million bank overdraft facility, repayable on demand.

(ii) An uncommitted Australian Dollar denominated overdraft facility of AUD 1.5 million repayable on demand.

(iii) The Group has one principal bank facility: a multicurrency revolving credit facility of £100.0 million with Lloyds Bank plc, HSBC Bank plc and NatWest Bank plc, expiring in 2022 (the 'A' facility). 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 £nil at 31 December 2020 (2019: £55.4 million).

In April 2020 the Group agreed a further £60.0 million revolving credit facility for a period of 12 months with the existing lenders (the 'B' facility). At the same time the Group also agreed new financial covenant tests for the RCF and US private placement notes as at 31 December 2020, 31 March 2021 and 30 June 2021. In September 2020, the B facility was extended to July 2022 and further changes were made to the covenant tests. The covenant tests will revert back to the original tests from December 2021.

The A and B facilities are guaranteed by the Company and certain subsidiaries but no security over the Group's assets exists.

(iv) In September 2014 the Group issued seven year non-amortising US private placement notes of $34.1 million and £30.0 million with fixed interest chargeable at 3.84% and 3.98% respectively, that are repayable in September 2021. Following the amendment to the Group's facilities in April 2020, the interest payable on the notes has increased by 75 bps for the duration of the B facility. The notes are guaranteed by the Company and certain subsidiaries but no security over the Group's assets exists. The Group is currently investigating its options on refinancing these loans.

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

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 (undiscounted):

£m	As at 31 December 2020	As at 31 December 2019
<1 year	**56.8**	4.9
1-2 years	–	58.6
>2 but <5 years	–	56.1
	56.8	119.6

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.

21. DEFERRED CONSIDERATION

£m	As at 31 December 2020	As at 31 December 2019
Amount due within one year	**3.1**	3.1
Amount due between one and two years	**2.4**	3.0
Amount due between two and five years	**–**	2.2
Amount due after five years	**0.3**	0.4
	5.8	8.7

Deferred consideration relates to payments due to vendors of acquired companies which are due to be made on future anniversaries of the acquisitions.

22. PROVISIONS

Long service leave

The provision is in respect of long service leave entitlement available to certain staff employed in Australia. The balance was previously reported in other payables.

Onerous contracts

The provision for onerous contracts related to the running costs of vacant properties.

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 ten years.

£m	Long service leave	Onerous contracts	Warranty	Dilapidations	Total
As at 1 January 2020	**–**	**–**	**1.7**	**2.1**	**3.8**
Reclassification from other payables	**4.0**	**–**	**–**	**–**	**4.0**
Additional provision in the year	**1.1**	**0.9**	**0.9**	**1.3**	**4.2**
Utilised in year	**(0.2)**	**(0.1)**	**(1.2)**	**(0.2)**	**(1.7)**
Released	**(0.4)**	**–**	**–**	**(0.1)**	**(0.5)**
Exchange difference	**0.3**	**–**	**0.1**	**–**	**0.4**
As at 31 December 2020	**4.8**	**0.8**	**1.5**	**3.1**	**10.2**

£m	As at 31 December 2020	As at 31 December 2019
Due as follows:		
Within one year	**5.7**	0.9
After more than one year	**4.5**	2.9
	10.2	3.8

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

23. DEFERRED TAXATION

£m	Property, plant and equipment timing differences	Goodwill and intangible assets	Employment benefits	Share-based payments	Provisions and other timing differences	Losses	Total
At 1 January 2019	0.7	(6.1)	2.9	(0.3)	0.2	–	(2.6)
(Charge)/credit to income relating to current year	(0.9)	1.2	(0.3)	0.1	1.1	–	1.2
Acquisitions	–	(1.4)	–	–	–	–	(1.4)
Exchange differences	–	0.1	(0.2)	–	0.4	–	0.3
At 31 December 2019	(0.2)	(6.2)	2.4	(0.2)	1.7	–	(2.5)
Disclosed within liabilities	(0.5)	(5.4)	0.5	(0.2)	(0.7)	–	(6.3)
Disclosed within assets	0.3	(0.8)	1.9	-	2.4	–	3.8
(Charge)/credit to income relating to current year	**0.3**	**0.3**	**0.7**	**(0.1)**	**0.6**	**4.2**	**6.0**
(Charge)/credit to income due to change in tax rates	**0.1**	**(0.7)**	**–**	**–**	**–**	**–**	**(0.6)**
Exchange differences	**0.1**	**(0.1)**	**–**	**–**	**(0.1)**	**–**	**(0.1)**
At 31 December 2020	**0.3**	**(6.7)**	**3.1**	**(0.3)**	**2.2**	**4.2**	**2.8**
Disclosed within liabilities	**(0.3)**	**(7.8)**	**–**	**(0.3)**	**–**	**–**	**(8.4)**
Disclosed within assets	**0.6**	**1.1**	**3.1**	**–**	**2.2**	**4.2**	**11.2**

The deferred tax assets recognised on losses relate to the US and the UK. These losses are available for offset against future taxable profits and can be carried forward indefinitely. The other deferred tax assets recognised are timing differences on deductions for tax purposes and as such there is no restriction on recoverability.

No deferred tax liability is recognised on temporary differences of £3.4 million (2019: £3.4 million) 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 £0.4 million (2019: £0.4 million).

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.

24. SHARE CAPITAL

Issued and fully paid	2020 Number	2020 £m Share capital	2020 £m Share premium	2019 Number	2019 £m Share capital	2019 £m Share premium
Ordinary shares of 3p each:						
At 1 January	**227,139,412**	**6.8**	**121.9**	226,105,296	6.8	120.4
Issues in respect of placing	**45,881,365**	**1.4**	**0.5**	–	–	–
Issued under the Share Incentive Plan	**3,522,152**	**0.1**	**2.0**	685,990	–	0.9
Issued in respect of the Performance Share Plan	**298,440**	**–**	**0.7**	320,439	–	0.5
Issued in respect of the Bonus Plan	**–**	**–**	**–**	27,687	–	–
Issued in respect of the ELTIP	**61,663**	**–**	**0.2**	–	–	–
Admission fees	**–**	**–**	**–**	–	–	0.1
At 31 December	**276,903,032**	**8.3**	**125.3**	227,139,412	6.8	121.9

On 3 September 2020, 44,625,417 new ordinary shares of 3 pence each were issued at 44 pence each, a premium of 41 pence per share. The premium on issue, after the deduction of transaction costs, was credited to the merger reserve. The placing was structured so that merger relief was applicable on the issue of the shares.

On the same day, 1,255,948 new ordinary shares of 3 pence each were subscribed by certain directors of the Company at an issue price of 44 pence per share.

The total consideration was £20.2 million and £19.4 million after the deduction of transaction costs.

Number	As at 31 December 2020	As at 31 December 2019
Ordinary shares held by the ESOP Trust	**6,239,325**	3,645,018
Ordinary shares held by the SIP Trust	**8,121,148**	5,302,292

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.

25. DIVIDENDS

£m	Year ended 31 December 2020	Year ended 31 December 2019
Amounts recognised as distributions to equity holders during the year:		
Final dividend for the year ended 31 December 2019 of nil (2018: 5.08p) per share	**–**	11.4
Interim dividend for the year ended 31 December 2020 of nil (2019: 2.42p) per share	**–**	5.5
	–	16.9
Proposed final dividend for the year ended 31 December 2020 of nil (2019: 2.00p) per share	**–**	4.5

The proposed final dividend for the year ended 31 December 2019 was cancelled.

26. CONTINGENCIES

From time to time the Group receives claims from clients and suppliers. Some of these result in payments to the claimants by the Group and its insurers. The Board reviews all significant claims at each Board meeting and more regularly if required. The Board is satisfied that the Group has sufficient provisions at the balance sheet date to meet all likely uninsured liabilities.

As previously announced, RPS has notified the US government of potential issues regarding its administration of government contracts and/or projects. We are continuing to identify the implications, if any, of the conduct under review. The impact, if any, is unknown. During the year a further £1.8 million of legal fees were incurred investigating this matter and were presented within exceptional items (note 7).

27. 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 are on an arms length basis and have been eliminated on consolidation and are not disclosed in this note. The Group considers the Directors to be the key management personnel. The Remuneration Committee Report contains details of Board emoluments.

On 3 September 2020, the following Directors subscribed for new ordinary shares of 3 pence each in the Company at a price of 44 pence per share (note 24):

Director	Number of shares	Consideration £
Ken Lever	56,818	25,000
John Douglas	1,136,363	500,000
Judith Cottrell	13,636	6,000
Liz Peace	11,363	5,000
Catherine Glickman	34,090	15,000
Allison Bainbridge	3,678	1,618
Total	**1,255,948**	**552,618**

28. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

£m	Year ended 31 December 2020	Year ended 31 December 2019
Operating (loss)/profit	**(24.2)**	10.9
Adjustments for:		
Depreciation of owned assets	**9.4**	9.2
Depreciation of right-of-use assets	**10.9**	10.0
Impairment of right-of-use assets	**2.0**	–
Amortisation of internally generated software	**0.5**	0.1
Amortisation of acquired intangible assets	**5.5**	8.6
Impairment of goodwill	**25.9**	19.8
Impairment of internally generated software	**2.9**	–
Non-cash movement on provisions	**2.3**	–
Share-based payment expense	**3.4**	2.7
Loss on sale of business	**0.4**	–
(Profit)/loss on sale of assets	**–**	(0.1)
EBITDAS	**39.0**	61.2
Decrease in trade and other receivables	**29.0**	6.4
Increase/(decrease) in trade and other payables	**25.4**	(12.7)
Cash generated from operations	**93.4**	54.9
Interest paid	**(6.0)**	(5.9)
Interest received	**0.1**	0.2
Income taxes paid	**(3.5)**	(11.6)
Net cash from operating activities	**84.0**	37.6

160

The table below provides an analysis of liabilities arising from financing which comprises net bank borrowings, comprising cash and cash equivalents, interest bearing loans and finance leases, during the year ended 31 December 2020.

£m	At 31 December 2019	Financing cash flows	Non-cash changes: Prepaid arrangement fees	Non-cash changes: Lease accounting adjustments[1]	Foreign exchange	At 31 December 2020
Cash at bank	17.7	25.0	–	–	0.5	43.2
Overdrafts	(1.3)	1.3	–	–	–	–
Cash and cash equivalents	16.4	26.3	–	–	0.5	43.2
Bank loans and notes	(110.5)	56.4	(0.7)	–	0.8	(54.0)
Net bank borrowings	**(94.1)**	**82.7**	**(0.7)**	**–**	**1.3**	**(10.8)**
Less: cash and cash equivalents	(16.4)	(26.3)	–	–	(0.5)	(43.2)
Leases	(49.8)	11.0	–	(9.2)	(0.9)	(48.9)
Liabilities arising from financing	(160.3)	67.4	(0.7)	(9.2)	(0.1)	(102.9)

£m	At 31 December 2018	Financing cash flows	Acquisitions	Non-cash changes: Prepaid arrangement fees	Non-cash changes: Lease accounting adjustments[1]	Foreign exchange	At 31 December 2019
Cash at bank	18.0	0.9	1.2	–	–	(2.4)	17.7
Overdrafts	(2.6)	1.3	–	–	–	–	(1.3)
Cash and cash equivalents	15.4	2.2	1.2	–	–	(2.4)	16.4
Bank loans and notes	(89.3)	(22.8)	–	(0.3)	–	1.9	(110.5)
Net bank borrowings	**(73.9)**	**(20.6)**	**1.2**	**(0.3)**	**–**	**(0.5)**	**(94.1)**
Less: cash and cash equivalents	(15.4)	(2.2)	(1.2)	–	–	2.4	(16.4)
Leases	(49.2)	9.2	–	–	(10.8)	1.0	(49.8)
Liabilities arising from financing	(138.5)	(13.6)	–	(0.3)	(10.8)	2.9	(160.3)

[1] Includes lease additions, remeasurements and disposals

The cash balance at 31 December 2020 includes £1.4 million (2019: £1.3 million) that is restricted in use, either as security or client deposits.

29. DEFINED BENEFIT PENSION SCHEMES

The Group has one (2019: two) defined benefit pension schemes, arising from the acquisition in 2013 of the OEC Group. The scheme is closed to new entrants. The second scheme was terminated during the year.

The scheme is 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 scheme exposes the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

The most recent full actuarial valuation of the plan assets and present value of the defined benefit liability was carried out in December 2020 by a qualified actuary.

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

	As at 31 December 2020	As at 31 December 2019
Discount rate	**1.50%**	1.80%
Expected rate of salary increase	**2.00%**	2.25%
Inflation	**1.75%**	2.00%

With the exception of the rates of pension increase all principal assumptions are the same for both schemes. The assumed rates of pension increase were 2.0% and 0.0% (2019: 2.5% and 0.0%).

The assumed life expectations on retirement at age 67 (2019: age 65) are:

Years	As at 31 December 2020	As at 31 December 2019
Retiring today:		
Males	**19.9**	21.8
Females	**23.1**	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:

£m	Year ended 31 December 2020	Year ended 31 December 2019
Current service cost (including tax)	**0.1**	0.2
Net interest (income)/expense	**–**	–
Components of defined benefit costs recognised in profit or loss	**0.1**	0.2

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

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

£m	Year ended 31 December 2020	Year ended 31 December 2019
Actuarial gains/(losses) arising from:		
Changes in financial assumptions	**0.2**	–
Movements in payroll tax	**–**	–
Derecognition of surplus	**(0.1)**	0.1
Remeasurement of the net defined benefit liability	**0.1**	0.1

29. DEFINED BENEFIT PENSION SCHEMES CONTINUED

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:

£m	As at 31 December 2020	As at 31 December 2019
Present value of defined benefit obligations	**(2.6)**	(2.7)
Fair value of plan assets	**2.6**	2.8
	–	0.1
Asset not recognised	**–**	(0.1)
Net asset/liability arising from defined benefit obligations	**–**	–

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

£m	Year ended 31 December 2020	Year ended 31 December 2019
Defined benefit obligation at 1 January	**2.7**	4.0
Current service cost	**0.1**	0.2
Interest cost	**–**	0.1
Remeasurement (gains)/losses:		
Actuarial gains arising from changes in financial assumptions	**(0.1)**	(1.3)
Exchange differences	**–**	(0.2)
Benefits paid	**(0.1)**	(0.1)
Defined benefit obligation at 31 December	**2.6**	2.7

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

£m	Year ended 31 December 2020	Year ended 31 December 2019
Plan assets at 1 January	**2.8**	4.0
Remeasurement (gains)/losses:		
The return on plan assets (excluding amounts included in net interest expense)	**–**	0.1
Actuarial gains arising from changes in financial assumptions	**(0.3)**	(1.3)
Exchange differences	**–**	(0.2)
Contributions from the employer	**0.2**	0.3
Benefits paid	**(0.1)**	(0.1)
Administration costs	**–**	–
Plan assets at 31 December	**2.6**	2.8

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

	As at 31 December 2020	As at 31 December 2019
Shares	**9.1%**	9.7%
Other investments	**0.7%**	1.9%
Short term bonds	**13.8%**	12.4%
Term bonds	**62.3%**	62.6%
Property	**14.1%**	13.4%
Total	**100.0%**	100%

Reasonably possible changes at the reporting date to one of the actuarial assumptions, holding all other assumptions constants would have affected the defined benefit obligation as follows:

	As at 31 December 2020	
£m	Increase	Decrease
Discount rate (1% movement)	**(0.3)**	**0.4**
Future salary growth (1% movement)	**0.1**	**(0.1)**
Future pension growth (1% movement)	**0.4**	**–**
Mortality rates (1 year movement)	**(0.1)**	**0.1**

30. FINANCIAL RISK MANAGEMENT

(a) Capital management

The capital of the Group consists of debt (which includes the borrowings and facilities disclosed in note 20) 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). The Group manages its capital to support its strategy. The Group's policy is to pay an appropriate portion of adjusted earnings for the year as dividends. However, dividends have been suspended during the COVID-19 pandemic to support the Group's financial position.

The Group's borrowings are managed centrally and funds are onward lent to operating subsidiaries as required. At the start of the year the Group had a committed £100 million multi currency revolving credit facility. There were two financial covenants related to this facility; interest cover must be no less than 4.0x 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 3.0x.

In response to the challenges that arose from the COVID-19 pandemic, the Group agreed a further £60 million revolving credit facility (the 'B' facility) in April 2020 for a period of 12 months and agreed new financial covenant tests for the RCF and US private placement notes. As a consequence of this, no covenant test was required at June 2020.

In September 2020, to provide further flexibility to the Group's capital management the Group undertook a share placing resulting in net cash consideration of £19.4 million, after transaction costs (note 24), extended the B facility to July 2022 and amended the financial covenant tests. The revised covenant tests for December 2020 and March 2021 require leverage to be no greater than 3.75x and interest cover to be no less than 2.5x, calculated using the previous 12 months profitability. In the June 2021 tests, the leverage limit reduces to 3.25x and the interest cover limit increases to 3.0x . The covenant tests will revert back to the original tests detailed above at the end of this period. These covenants 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. In April 2020, the interest rates increased by 0.75% to 4.73% and 4.59% for the duration of the B facility. There are two financial covenants associated with these notes that are the same as for the revolving credit facility above including the amendments that were made during the year. 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 speculative 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.

£m	As at 31 December 2020	Restated* As at 31 December 2019
Cash	**43.2**	17.7
Trade and other receivables	**118.3**	146.2
Financial assets	**161.5**	163.9
Borrowings	**54.9**	112.5
Lease liabilities	**48.9**	49.8
Deferred consideration	**5.8**	8.7
Trade and other payables	**32.7**	28.5
Financial liabilities	**142.3**	199.5

* Trade and other payables have been restated net of accruals and provisions.

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 20. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

(c) Interest rate risk

When additional funds are required, 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.

30. FINANCIAL RISK MANAGEMENT CONTINUED

Interest rate risk and profile of financial liabilities

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

	Floating rate		Fixed rate		Non interest bearing		Total	
£m	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Sterling	**–**	56.7	**51.2**	50.1	**14.2**	12.2	**65.4**	119.0
Euro	**–**	–	**5.2**	5.5	**3.1**	3.0	**8.3**	8.5
Australian Dollar	**–**	–	**16.9**	19.6	**6.2**	5.7	**23.1**	25.3
Canadian Dollar	**–**	–	**1.1**	1.6	**1.3**	0.2	**2.4**	1.8
US Dollar	**–**	–	**31.3**	32.5	**3.1**	2.5	**34.4**	35.0
Norwegian Krone	**–**	–	**3.8**	4.9	**4.7**	4.7	**8.5**	9.6
Other	**–**	–	**0.1**	0.1	**0.1**	0.2	**0.2**	0.3
Total	**–**	56.7	**109.6**	114.3	**32.7**	28.5	**142.3**	199.5

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

	Floating rate		Fixed rate		Non interest bearing		Total	
£m	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Within one year	**–**	1.3	**68.9**	13.1	**32.5**	28.3	**101.4**	42.7
In one to two years	**–**	–	**11.7**	67.9	**0.2**	0.1	**11.9**	68.0
In two to five years	**–**	55.4	**18.9**	21.8	**–**	0.1	**18.9**	77.3
Over five years	**–**	–	**10.1**	11.5	**–**	–	**10.1**	11.5
Total	**–**	56.7	**109.6**	114.3	**32.7**	28.5	**142.3**	199.5

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**	
	2020	**2019**	**2020**	**2019**
Sterling	**4.3**	3.2	**38**	44
Australian Dollar	**3.9**	3.9	**55**	59
US Dollar	**4.4**	3.9	**18**	28
Norwegian Krone	**4.0**	4.0	**56**	65
Euro	**2.6**	2.5	**58**	59
Canadian Dollar	**4.6**	4.6	**26**	38
Other	**4.4**	4.4	**54**	66
	4.1	3.4	**36**	43

Cash balances at year end:

£m	**As at 31 December 2020**	As at 31 December 2019
Sterling	**16.2**	2.0
Euro	**4.2**	2.2
US Dollar	**3.9**	2.4
Australian Dollar	**10.0**	3.9
Canadian Dollar	**0.7**	0.4
Norwegian Krone	**7.3**	5.7
Malaysian Ringgit	**0.4**	0.5
Singapore Dollar	**0.1**	0.1
Other	**0.4**	0.5
	43.2	17.7

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

(d) 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. It is Group policy, implemented locally, that receivables are only written off when there is no reasonable expectation of recovery. This may occur if there is objective evidence of a client's financial difficulty, or if enforcement activity has been unsuccessful. See note 18 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 Group does not have significant credit risk exposure to any single counterparty or Group of counterparties having similar characteristics.

The credit risk in cash and derivatives is limited because the counterparties are banks with high credit ratings assigned by international credit ratings.

31. SHARE-BASED PAYMENTS

Share scheme costs

£m	**Year ended 31 December 2020**	Year ended 31 December 2019
Share Incentive Plan ('SIP')	**1.6**	1.4
Performance Share Plan ('PSP')	**0.8**	0.7
Executive Long Term Incentive Plan ('ELTIP')	**0.8**	0.4
Short Term Annual Bonus Plan ('STABP')	**0.2**	0.2
Total share scheme costs	**3.4**	2.7

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

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

SIP

Year of grant	Number outstanding 31 December 2019	New grants	Releases	Forfeits	Number outstanding 31 December 2020	Vesting conditions
2017	437,317	–	(416,533)	(20,784)	–	3 years
2018	695,355	–	(24,790)	(54,519)	616,046	3 years
2019	1,095,468	–	(35,658)	(87,778)	972,032	3 years
2020	–	3,307,530	(53,296)	(86,177)	3,168,057	3 years
	2,228,140	3,307,530	(530,277)	(249,258)	4,756,135	

Year of grant	Number outstanding 31 December 2018	New grants	Releases	Forfeits	Number outstanding 31 December 2019	Vesting conditions
2016	612,608	–	(572,513)	(40,095)	–	3 years
2017	506,496	–	(23,263)	(45,916)	437,317	3 years
2018	801,336	–	(30,154)	(75,827)	695,355	3 years
2019	–	1,146,438	(11,406)	(39,564)	1,095,468	3 years
	1,920,440	1,146,438	(637,336)	(201,402)	2,228,140	

31. SHARE BASED PAYMENTS CONTINUED

PSP

Year of grant	Number outstanding 31 December 2019	New grants	Releases	Lapses	Number outstanding 31 December 2020	Vesting conditions
2011	19,899	–	–	–	19,899	3 years
2012	26,767	–	(11,352)	–	15,415	3 years
2013	33,295	–	(4,848)	–	28,447	3 years
2014	37,615	–	(8,100)	–	29,515	3 years
2015	63,919	–	(17,381)	–	46,538	3 years
2016	67,234	–	(14,007)	–	53,227	3 years
2017	257,338	–	(201,716)	(7,999)	47,623	3 years
2018	406,266	–	(31,397)	(30,747)	344,122	3 years
2019	558,895	–	(9,639)	(37,334)	511,922	3 years
2020	–	780,733	–	–	780,733	3 years
	1,471,228	780,733	(298,440)	(76,080)	1,877,441	

Year of grant	Number outstanding 31 December 2018	New grants	Releases	Lapses	Number outstanding 31 December 2019	Vesting conditions
2009	18,292	–	(16,482)	(1,810)	-	3 years
2011	20,659	–	–	(760)	19,899	3 years
2012	27,617	–	–	(850)	26,767	3 years
2013	34,697	–	–	(1,402)	33,295	3 years
2014	38,647	–	–	(1,032)	37,615	3 years
2015	76,326	–	(9,071)	(3,336)	63,919	1, 2 or 3 years
2016	421,302	–	(285,315)	(68,753)	67,234	3 years
2017	305,495	–	(8,381)	(39,776)	257,338	3 years
2018	429,393	–	(1,190)	(21,937)	406,266	3 years
2019	–	561,660	–	(2,765)	558,895	3 years
	1,372,428	561,660	(320,439)	(142,421)	1,471,228	

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	34.75p - 274.0p
Weighted fair value	98.56p
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(f)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	50.5p - 318.65p
Weighted fair value	159.07p
Weighted average exercise price	44.23p
Holding period	3 years
Expected dividend yield	2.02% - 5.55%

PARENT COMPANY BALANCE SHEET

£m	Notes	As at 31 December 2020	As at 31 December 2019
Fixed assets:			
Intangible assets	4	**9.3**	11.3
Tangible assets	5	**1.1**	1.4
Investments	6	**331.2**	341.2
		341.6	353.9
Current assets:			
Debtors:			
- due within one year	7	**64.2**	48.6
Cash at bank and in hand		**17.0**	0.1
		81.2	48.7
Creditors: amounts falling due within one year:	8	**(146.9)**	(42.8)
Net current (liabilities)/assets		**(65.7)**	5.9
Total assets less current liabilities		**275.9**	359.8
Creditors: Amounts falling due after more than one year	9	**–**	110.5
Provision for liabilities	10	**0.2**	0.2
Net assets		**275.7**	249.1
Capital and reserves			
Called up share capital	12	**8.3**	6.8
Share premium account	12	**125.3**	121.9
Profit and loss account	12	**81.6**	66.0
Merger reserve	12	**38.7**	21.2
Employee trust shares	12	**(11.5)**	(10.1)
Other reserve	12	**33.3**	43.3
Total shareholders' equity		**275.7**	249.1

The profit for the year attributable to the shareholders of the Parent Company and recorded through the accounts of the Parent Company was £3.8 million (2019 loss: £7.4 million).

These financial statements were approved and authorised for issue by the Board on 8 March 2021.

The notes on pages 169 to 177 form part of these financial statements.

John Douglas, Director

Judith Cottrell, Director

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

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

£m	Share capital	Share premium	Merger reserve	Employee trust shares	Profit and loss account	Other reserve	Total
At 1 January 2019	6.8	120.4	21.2	(9.8)	76.7	55.4	270.7
Issue of new shares	–	1.5	–	(1.0)	(0.5)	–	–
Share-based payment expense	–	–	–	–	2.7	–	2.7
Transfer on release of shares	–	–	–	0.7	(0.7)	–	–
Loss and total comprehensive expense	–	–	–	–	(7.4)	–	(7.4)
Reserves transfer on impairment loss (note 6)	–	–	–	–	12.1	(12.1)	–
Dividend paid (note 13)	–	–	–	–	(16.9)	–	(16.9)
At 31 December 2019	6.8	121.9	21.2	(10.1)	66.0	43.3	249.1
Issue of new shares	**1.5**	**3.4**	**17.5**	**(2.1)**	**(0.9)**	**–**	**19.4**
Share-based payment expense	**–**	**–**	**–**	**–**	**3.4**	**–**	**3.4**
Transfer on release of shares	**–**	**–**	**–**	**0.7**	**(0.7)**	**–**	**–**
Profit and total comprehensive income	**–**	**–**	**–**	**–**	**3.8**	**–**	**3.8**
Reserves transfer on impairment loss (note 6)	**–**	**–**	**–**	**–**	**10.0**	**(10.0)**	**–**
At 31 December 2020	**8.3**	**125.3**	**38.7**	**(11.5)**	**81.6**	**33.3**	**275.7**

The notes on pages 169 to 177 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 133. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 7 to 62.

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.

Other intangible assets

Other intangible assets are stated at cost less accumulated amortisation and impairment losses.

Amortisation is charged to the income statement on a straight-line basis over their estimated useful lives as follows:

Software	10 years

Valuation of investments

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

Tangible fixed assets

Tangible fixed assets are stated at cost, 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 and Group's employees may benefit from a Group operated share-based payment arrangement for shares in RPS Group Plc. Further information on these arrangements is in other accounting policies to the consolidated financial statements (2(f)(iii)).The fair value of equity-settled awards for the Group share-based payments is determined at grant and expensed straight-line over the period from grant to the date of earliest unconditional exercise. A recharge is made for the expense to those subsidiaries where employees partake in the scheme.

The Group calculates the fair market value of options using a binomial model and for whole share awards the fair value is 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 are granted.

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

Taxation

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

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

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

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

Employee Share 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 136. 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, other debtors and amounts due from subsidiary undertakings 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 creditors 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 significant 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 2020, that has a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities during 2021, relates to the testing for impairment of the Company's investments.

The Company performs an annual impairment review on the valuation of the investments. The recoverable amounts of each investment have been determined from value in use calculations and these calculations include estimates about the future financial performance based on budgets and forecasts, medium term growth rates and discount rates.

Potential indicators of impairment include the market capitalisation of the Company dropping below the net assets, the ongoing economic uncertainty from the COVID-19 pandemic and the impact Brexit may have on the investment values in the UK.

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 £0.1 million (2019: £0.1 million).

The average number of employees of the Company during the year, including Directors, was 196 (2019: 160).

4. INTANGIBLE ASSETS

£m	Goodwill	Software	Total
Cost			
At 1 January 2020	**2.1**	**11.1**	**13.2**
Additions	**–**	**1.5**	**1.5**
At 31 December 2020	**2.1**	**12.6**	**14.7**
Amortisation			
At 1 January 2020	**1.9**	**–**	**1.9**
Charge for the year	**0.1**	**0.5**	**0.6**
Impairment	**–**	**2.9**	**2.9**
At 31 December 2020	**2.0**	**3.4**	**5.4**
Net book value at 31 December 2020	**0.1**	**9.2**	**9.3**
Net book value at 31 December 2019	0.2	11.1	11.3

5. TANGIBLE ASSETS

£m	Alterations to leasehold premises	Fixtures, fittings, IT and equipment	Total
Cost or valuation			
At 1 January 2020	**0.7**	**8.5**	**9.2**
Additions	**–**	**0.3**	**0.3**
At 31 December 2020	**0.7**	**8.8**	**9.5**
Depreciation			
At 1 January 2020	**0.6**	**7.2**	**7.8**
Charge for the year	**–**	**0.6**	**0.6**
At 31 December 2020	**0.6**	**7.8**	**8.4**
Net book value at 31 December 2020	**0.1**	**1.0**	**1.1**
Net book value at 31 December 2019	0.1	1.3	1.4

6. INVESTMENTS

£m	2020	2019
Subsidiary undertakings		
Cost		
At beginning and end of year	**455.6**	455.6
Provisions		
At beginning of year	**114.4**	102.3
Impairment	**10.0**	12.1
At end of year	**124.4**	114.4
Net book value at end of year	**331.2**	341.2

The Company performs an annual impairment review on the carrying value of investments or when there are any impairment triggers.

The determination of whether or not investments are impaired requires an estimate to be made of the value in use of the investments. Those value in use calculations include estimates about the future financial performance based on budgets and forecasts, medium-term and long-term growth rates, discount rates and the markets in which the business operates. A more cautious view has been taken in our short-term forecasts and assumptions due to the COVID-19 uncertainty and the resulting disruption in our markets and the wider economy. The cash flow projections in the four financial years following the forecast year reflect management's expectations of the medium-term operating performance of the CGU and the growth prospects in the CGU's market, including recovery from the impact of COVID-19. Thereafter a perpetuity is applied.

The key assumptions in the value in use calculations are the discount rates applied, the growth rates and margins assumed over the forecast period and these are detailed in note 14 to the consolidated financial statements.

The Company's investment in its US business was impaired by £10.0 million (2019: £12.1 million) and this was recorded through the profit and loss account. The impact on the profit and loss reserve is offset by a transfer of the same amount from the other reserve. The other reserve represents profits previously recognised in a group reorganisation involving the US business. No impairment charges were identified on any other investments.

There are no reasonable changes in estimates that would result in a material adjustment to the carrying value of investments as at 31 December 2020.

The Company's market capitalisation is below the net assets of the Company. The Directors are comfortable with this difference as they consider the Company to be undervalued during these challenging times.

Subsidiary undertakings

The principal activity of the majority of our trading subsidiaries is 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.

Registered Office	Country of registration and operation	
	Australia	
1	ECL DM Pty Ltd	*
1	ECL Drilling Management Pty Limited	*
1	ECL Pty Ltd	*
1	Everything Infrastructure Consulting Pty Ltd	*
1	Everything Infrastructure Group Pty Ltd	*
1	Intelligent Infrastructure Pty Ltd	*
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 Manidis Roberts Pty Ltd	*

Registered Office	Country of registration and operation	
1	RPS AAP Consulting Pty Ltd	*
1	Rudall Blanchard Associates Pty Limited	*
1	Troy Ikoda Australasia 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	Maverick Land Consultants 2012 Ltd	*
3	RPS Canada Ltd	*
3	RPS Energy Canada Ltd	*
4	Canadian GaiaTech, B.C. ULC	*
	England	
5	Aquaterra International Ltd	*
5	Aquaterra UK Limited	*
5	Basicshare Limited	

Registered Office	Country of registration and operation	
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	Isochrone Holdings Limited	
5	Knowledge Reservoir (UK) Ltd	*
5	Martindale Holdings Limited	*
5	Nautilus (SEAA) Limited	*
5	Nautilus Limited	*
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	Reservoir Imaging 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 Global Limited	*
5	RPS Energy Limited	
5	RPS Energy Services Limited	
5	RPS Environmental Management Limited	
5	RPS Finance AAP Limited	
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	RPS Utilities 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	*

Registered Office	Country of registration and operation	
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	*
	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 OEC AS	*
20	RPS Norway AS	*
20	RPS Group AS	
	Oman	
21	Knowledge Reservoir LLC (Oman)	*
	Papua New Guinea	
22	Point Project Management (PNG) Ltd	*

6. INVESTMENTS CONTINUED

Registered Office	Country of registration and operation	
	Scotland	
23	OceanFix International Limited	*
24	RPS Health in Business Limited	*
	Singapore	
25	Delphi Group Asia PTE Limited	*
	Sweden	
26	Metier AB	*
26	Metier Academy AB	*

Registered Office	Country of registration and operation	
	USA	
27	APA USA, Inc	*
27	Espey Consultants, Inc.	*
27	GaiaTech Holdings, Inc	*
27	GaiaTech Canada, Inc	*
27	Houston Geoscan Inc	*
27	Hydrosearch USA Inc	*
28	RPS Infrastructure Inc	*
27	Knowledge Reservoir Group Inc	
27	RPS America Group Inc	*
27	RPS Americas Inc	*
27	RPS Group, Inc.	*

Registered Offices

1	520 Wickham 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	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
18	Engelsminnegata, 24, 4008 Stavanger, Norway
19	Hoffsveien 70C, 0377 Oslo, Norway
20	Hovfaret 10, 0275 Oslo, Norway
21	Al-Kulieah Street, Al-Khuwair 17/2, Building No.741, Way No. 4508 Muscat, Oman
22	2nd Floor, Brian Bell Plaza, Turumu Street, Boroko, NCD, Papua New Guinea
23	9 Queens Road, Aberdeen, AB15 4YL
24	Unit 1, Ratho Park, Station Road, Edinburgh, EH28 8QQ
25	Paya Lebar Road 60, 40 Singapore - Hougang, Singapore - Singapore
26	Drottninggatan 71, C, 111 36, Stockholm, Sweden
27	20405 Tomball Parkway, Suite 200, Houston, Texas 77070, USA
28	575 North Dairy Ashford, Suite 700, Houston, Texas 77079, USA

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

7. DEBTORS

£m	As at 31 December 2020	As at 31 December 2019
Amounts falling due within one year:		
Amounts due from subsidiary undertakings	**50.9**	36.5
Corporation tax receivable	**1.1**	4.0
Other debtors	**5.5**	3.3
Prepayments	**6.7**	4.8
	64.2	48.6

Amounts due from subsidiary undertakings include short-term loans of £50.5 million (2019: £33.9 million) that incur interest at rates of between 1.68% and 1.83% (2019: 1.33% and 4.67%). All other amounts are unsecured, interest free and repayable on demand.

8. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

£m	As at 31 December 2020	As at 31 December 2019
Borrowings	**54.0**	1.3
Trade creditors	**5.3**	2.5
Amounts due to subsidiary undertakings	**83.1**	34.4
Other creditors	**0.5**	0.6
Accruals	**4.0**	4.0
	146.9	42.8

Amounts due to subsidiary undertakings include short-term loans of £70.4 million (2019: £27.6 million) that incur interest at rates of between 0.8% and 1.7% (2019: 1.13% and 4.47%). All other amounts are unsecured, interest free and repayable on demand.

Details of borrowings are disclosed in note 20 to the consolidated financial statements.

9. CREDITORS – AMOUNTS DUE AFTER MORE THAN ONE YEAR

£m	As at 31 December 2020	As at 31 December 2019
Borrowings:		
Bank loans	–	55.4
US loan notes	–	55.8
Arrangement fees	–	(0.7)
	–	110.5
Due as follows:		
Amount due between one and two years	–	55.8
In the third to fifth years inclusive	–	55.4
Arrangement fee previously settled	–	(0.7)
	–	110.5

Details of borrowings are disclosed in note 20 to the consolidated financial statements.

10. PROVISION FOR LIABILITIES

£m	Total
As at 1 January 2020	**0.2**
Additional provision in the year	–
Utilised in the year	–
As at 31 December 2020	**0.2**

The provisions relate to property and dilapidations provisions.

The total provision is expected to be utilised as follows:

£m	As at 31 December 2020	As at 31 December 2019
Within one year	–	–
After more than one year	**0.2**	0.2
	0.2	0.2

11. DEFERRED TAXATION

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

£m	As at 31 December 2020	As at 31 December 2019
Net asset at beginning of year	**0.3**	0.2
Credit to income for the year	**2.6**	0.1
Net asset at year end	**2.9**	0.3

The deferred taxation balances comprise:

£m	As at 31 December 2020	As at 31 December 2019
Short-term timing differences	–	0.2
Depreciation in excess of capital allowances	**0.3**	0.1
Losses	**2.6**	–
Deferred tax asset	**2.9**	0.3

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

12. SHARE CAPITAL AND RESERVES

	Allotted and fully paid	
	Number	Value £m
Ordinary shares of 3p each		
At 1 January 2020	227,139,412	6.8
At 31 December 2020	276,903,032	8.3

Full details of the share capital of the Company are disclosed in note 24 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 account	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 25 of the consolidated financial statements.

14. COMMITMENTS UNDER OPERATING LEASES

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

	Other - motor vehicles	
£m	31 December 2020	31 December 2019
Within one year	**0.5**	0.6
Between one and five years	**0.5**	0.7
	1.0	1.3

15. DIRECTORS' INTERESTS IN TRANSACTIONS

Details of transactions during the year in which the Directors had an interest are disclosed in note 27 to the consolidated financial statements.

FIVE YEAR SUMMARY

£m	2020	2019	2018	2017	2016
Revenue	**542.1**	612.6	637.4	630.6	594.5
Fee revenue (2018 and earlier: Fee income)*	**457.3**	528.2	574.2	562.3	534.3
Adjusted profit before tax	**13.4**	37.4	50.2	53.9	50.7
Net bank debt	**(10.8)**	(94.1)	(73.9)	(80.6)	(83.4)
Net assets	**349.0**	348.5	377.6	369.8	411.3
Cash generated from operations	**93.4**	54.9	60.4	63.5	78.3
Average number of employees	**5,055**	5,099	5,556	5,340	5,099
Dividend per share	**–**	2.42p	9.88p	9.88p	9.74p
Adjusted basic EPS	**4.33p**	12.43p	16.47p	17.13p	16.6p
Adjusted diluted EPS	**4.29p**	12.31p	16.34p	17.01p	16.51p

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

* See note 3 to the consolidated financial statements for change in definition of fee revenue.

This page has been left blank intentionally

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

DELIVERING GREAT WORK FOR CLIENTS

MAKING COMPLEX EASY