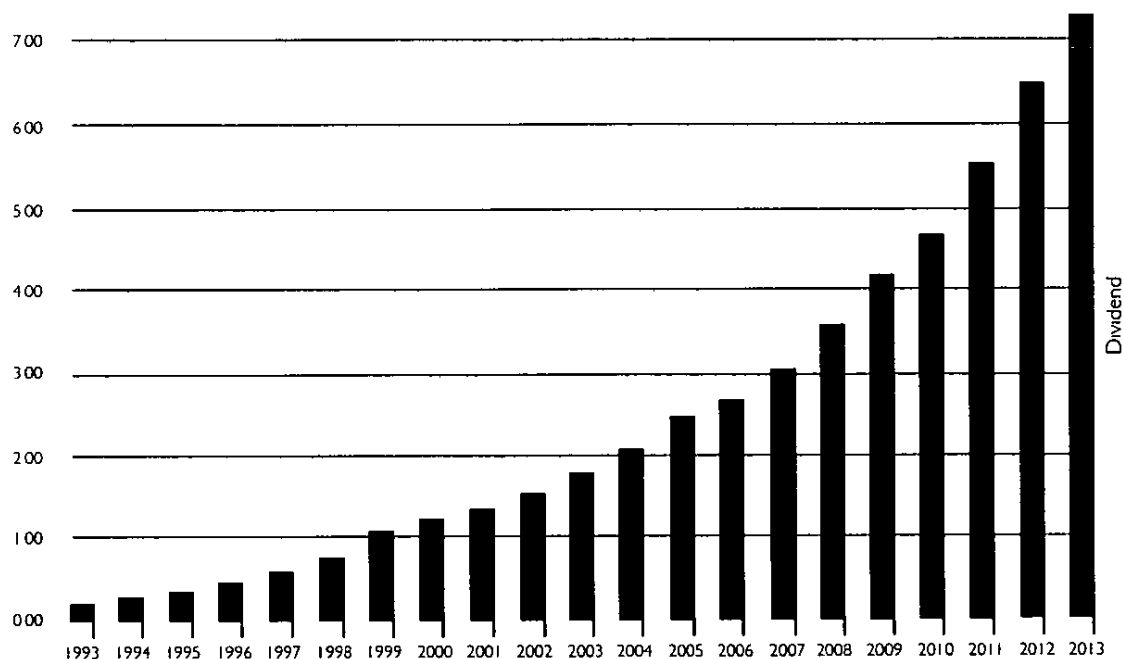


RPS

RPS Group Plc (2087786)

Report and Accounts **2013**



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Group Key Performance Indicators	2013	2012
Fee income (£m)	492.1	478.8
PBTA ⁽¹⁾ (£m)	63.0	60.1
Conversion of profit to cash (%) ⁽²⁾	96	105
Net debt (£m)	32.4	13.5

Notes

- (1) PBTA is profit before tax, amortisation of acquired intangibles and transaction related costs as defined in note 1
- (2) Based on operating profit adjusted for depreciation share scheme costs, amortisation of acquired intangibles, deferred consideration treated as remuneration and non-cash transaction related costs

Statutory reporting	2013	2012
Revenue (£m)	567.6	555.9
Profit before tax (£m)	43.6	40.2

Strategy and Business Model

RPS is an international consultancy providing independent advice upon

- the exploration and production of oil and gas and other natural resources and
- the development and management of the built and natural environment
- the development of infrastructure to ensure the supply of energy resources to market

We provide a wide range of services for our clients and accordingly operate in a large number of markets both functionally and internationally. The long term drivers of our business are

- the world's need to secure adequate supplies of energy and other natural resources
- the commercial advantage resulting from the sustainable development of land and buildings
- the need to provide adequate infrastructure such as airports, power stations, public transport, water treatment plants and to deliver energy to market
- the need to ensure regulatory compliance and to manage environmental, health and safety risks, including climate change

The markets in which we operate develop rapidly and so our strategy needs to be sufficiently flexible to ensure that we can respond quickly to changing conditions. Our strategy is to operate in those markets that have sound long term prospects and where we can potentially achieve leading market positions.

Our key objectives are to

- focus on delivering value added services which generate high margins
- extend our range of services and geographical cover by bringing high quality specialist companies into the Group and then support them to achieve further growth and
- convert profit into cash and manage our balance sheet effectively

Each year the Board sets a series of priorities consistent with these objectives as well as prevailing conditions and reviews progress against those priorities on a regular basis. Within that context we seek to improve continuously the range and quality of the services we offer our clients and where we best can add value to their activities. We are aiming to build a multi-disciplinary business in North America similar to those we have in Europe and Australia as well as building a presence in the developing world through oil and gas exploration as well as production projects.

The development of our business in this way is also important in attracting and retaining high quality employees. This is achieved by providing opportunities for professional growth and advancement as well as by providing competitive remuneration and benefits packages, and striving to maintain an open, creative and positive culture.

Client retention and the maintenance of longstanding relationships with our clients are at the heart of our success. We achieve this by seeking to deliver focussed and cost-effective advice on both well understood problems and emerging challenges. We also maintain an international reputation for meeting the challenges posed by large complex projects and conducting business in an open and responsible manner.

The scale, increasing diversity and geographical spread of our businesses requires us to monitor continuously and seek to improve the operational efficiency of our businesses. This entails consideration of management organisation, controls, processes, systems and support services.

We plan to grow organically and through acquisitions that broaden and deepen the services that we can offer our clients. Acquisitions have played an important part in our growth in the past and will continue to be a key part of our strategy. We acquire businesses that are well managed, deliver sound results and have good reputations in their markets. They may be in sectors where we are already operating or offer services that are closely related to our own. We already have well established and strong businesses in a number of countries, which provide a platform for organic and acquisitive growth there.

During 2013 we successfully completed acquisitions in Australia, Canada, USA, Norway and the United Kingdom. We are seeking to acquire further high quality businesses in North America, Australia and Europe and the Board will consider larger acquisitions as well as acquisitions in countries in which we do not currently operate that are consistent with our overall strategy and provide our international clients with greater local support.

Our strategy for growth consists of the following elements

- as global growth picks up we see Energy Energy Infrastructure and Urban Infrastructure as being strongly positioned,
- in Energy we want to continue to strengthen our skill base internationally
- in North America we want to add to our existing portfolio of services, particularly broadening into Built and Natural Environment as well as building on our energy market presence to capture more of the global energy infrastructure market,
- in Europe we see signs of recovery and emerging opportunity;
- in AAP after the resources boom the Australian economy is re balancing and will remain our gateway to Asia Pacific

The Key Performance Indicators the Group employs are those shown on page 2. These are monitored monthly and provide the means by which the Board measures the success of its strategy

Group Structure

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

Energy

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

The business has regional offices in the UK, USA, Canada, Australia, Norway, Singapore and Malaysia and undertakes projects in many other countries.

With the exception of our Australian and Asia Pacific offices they are managed by a single Board supported by a number of operating Boards. We report the results of the business managed by this single Board as the Energy segment.

Our Australian and Asian offices are managed on a regional basis by a Board that has responsibility for both our Energy and our Built and Natural Environment offices in this region.

Built and Natural Environment

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

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

Energy Infrastructure

We provide advice on the development of the infrastructure for generating energy from renewable sources, storing and transporting hydrocarbons and transmitting energy and power. These components are essential for maintaining energy supply and energy security. These services combine skills from within our Energy and Built and Natural Environment businesses in order to deliver the required multi-disciplinary solutions.

Further Information

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

2013 Results

Results

PBTA for the full year was £630 million (2012 £601 million) in line with market expectations. PBT for the full year was £436 million (2012 £402 million). Adjusted basic earnings per share were 20.22 pence (2012 19.48 pence). At the segment level, as revised in October 2013, we focus on underlying profit. The contribution from each segment was:

Underlying Profit* (£m)	2013	2012
Energy	371	312
Built and Natural Environment Europe	192	189
Built and Natural Environment North America	76	63
Australia, Asia Pacific	100	152
Total	739	716

*as defined in note 1(g) to the Consolidated Financial Statements

Our Energy activities are conducted on a worldwide basis. In combination with our Built and Natural Environment ("BNE") business in North America and our Australia, Asia Pacific ("AAP") business, we now have about three quarters of our underlying profit generated outside Europe, providing diversity and robustness. The effect of changes in average foreign exchange rates on the reported profit growth in 2013 was negligible at Group level. However, sterling appreciated against the Australian, Canadian and US dollars over the course of the year and PBTA for 2013 converted at the rates of exchange as at 31 December 2013 would have been £2.7m less than actually reported.

A significant proportion of our Built and Natural Environment and AAP activity relates to projects providing the infrastructure necessary to process and deliver energy and power resources. Consequently, over two thirds of our underlying profit is now earned in the global Energy and associated energy infrastructure markets. The Board believes this gives RPS a good position in markets which are likely to expand significantly in coming years. However, as previously reported, in AAP our resources clients dealt with softening demand and rising costs by delaying, scaling back and cancelling a significant number of projects. This prevented the Group delivering the organic growth anticipated, although our acquisition strategy continued to work well enabling Group profits (PBTA) to increase by 5%. These acquisitions were funded entirely with cash using our existing borrowing facilities.

Cash Flow, Funding and Dividend

The Group continued its strong conversion of profit into cash. Adjusted operating cash flow was £720 million (2012 £760 million). Our balance sheet remains strong, with no material unfunded pension liabilities. We have bank facilities of £125 million available until July 2016. These comprise a £90 million committed facility, with an additional £35 million available as required. The cost of these facilities remains attractive. Net bank borrowings at the year end were £324 million (2012 £135 million), after paying out £150 million in dividends (2012 £130 million) and £467 million (2012 £242 million) in respect of payments for acquisitions including acquired debt.

The Board continues to be confident about the Group's financial strength and is recommending a final dividend of 3.84 pence per share payable on 23 May 2014 to shareholders on the register on 22 April 2014. If approved, the total dividend for the full year would be 7.36 pence per share, an increase of 15% (2012 6.40 pence per share). Our dividend has increased at about this rate for 20 consecutive years.

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

Markets and Trading

Energy

We provide internationally recognised consultancy services to the energy sector from our main bases in the UK, USA and Canada. These act as regional centres for projects undertaken in many other countries. The Energy component of our AAP business with offices in Perth, Singapore and Kuala Lumpur provides an integral part of the service offering to our international oil and gas clients. The 2013 results show the growth anticipated, with a strong margin being maintained.

	2013	2012
Fee income (£m)	189.5	164.4
Underlying profit* (£m)	37.1	31.2
Margin %	19.6	19.0

*as defined in note 1(g) to the Consolidated Financial Statements. Reorganisation costs: 2013 £0.1m, 2012 £nil.

We benefited from good levels of demand in many areas of the world, although, as previously announced, our level of activity relating to potash extraction reduced significantly in Canada, following disruption of the global market early in the year. Our independent advice in respect of transactions, asset valuations and reserves reporting continued to be highly valued and our training services continued to be used extensively by clients. In the final months of the year we noticed clients started to manage expenditure more tightly in some projects. Nonetheless, the high profile we have in a broad range of markets combined with our geographical diversity, enabled us to continue to take advantage of the generally favourable conditions.

We made acquisitions during the course of the year which strengthened our training business, gave us exposure to the buoyant North American pipeline construction market and expanded our technical reservoir engineering and specialist geology capabilities. Most recently we have made a major investment in Norway, where we see significant long term opportunity. We are also well positioned to benefit from growth in shale gas exploration and production in the UK as that market develops.

Exploration and production spend by oil and gas companies in 2014 will be substantial. As clients are likely to continue focusing on cost management we will need to maintain our high level of efficiency in this business. We are still confident of remaining on a positive growth trajectory.

Built and Natural Environment (BNE)

Within this segment we provide a wide range of consultancy services to many aspects of the property and infrastructure development and management sectors. These include environmental assessment, the management of water resources, oceanography, health and safety, risk management, town and country planning, building, landscape and urban design, surveying and transport planning. The energy infrastructure market continues to be of particular importance to the Group.

BNE Europe

This business performed well, with an improved margin, despite continuing economic uncertainty.

	2013	2012
Fee income (£m)	149.3	157.2
Underlying profit* (£m)	19.2	18.9
Margin %	12.8	12.0

*as defined in note 1(g) to the Consolidated Financial Statements. Reorganisation costs: 2013 £0.5m, 2012 £0.8m.

Our UK commercial development clients, particularly in the house building sector, developed increasing confidence through the year. Our strategic position in the energy infrastructure market enabled us to continue to win work at rates which reflect our market leading position. Shifting policy signals in the UK energy market do, however, inevitably delay investment. Our laboratories in the Netherlands continued to trade strongly following the investment made in 2012. As previously reported the excellent performance of our UK water business in 2012 based upon a number of exceptional contracts could not be repeated. Our health, safety and risk management businesses are well positioned and continued to perform encouragingly. Despite continuing fee rate pressure in most businesses in this segment the improved efficiencies resulting from actions taken previously, sustained a higher level of margin.

Conditions in some of our European markets seem likely to continue to improve. As a result, organic growth looks possible in this segment. We also believe market conditions are sufficiently stable to consider acquisitions again.

BNE, North America

This business is primarily focussed on the energy infrastructure market and project studies for US government agencies. It has not therefore suffered the market uncertainties seen in Europe and AAP in the property and mining sectors.

	2013	2012
Fee income (£m)	30.0	26.9
Underlying profit* (£m)	7.6	6.3
Margin %	25.3	23.2

*as defined in note 1(g) to the Consolidated Financial Statements. Reorganisation costs: 2013 £nil; 2012 £nil.

It had an excellent year, with all of its growth being organic. Both the environmental management businesses in Texas and the oceanographic businesses in Texas, Rhode Island and Washington State performed well. The exceptional margin in recent years has resulted from a particularly strong performance by our oceanographic businesses. We continue to position this business to take advantage of the significant market opportunity which is emerging.

Australia Asia Pacific

This business is a combination of the former BNE AAP and the AAP component of Energy. They have been brought together to take advantage of the opportunities in the integrated energy and energy infrastructure market and, specifically, help counter the impact of the slow down in the resources sector on our business. Although the benefits of this have begun to develop, the results for the year nevertheless showed the expected substantial decline in profit.

	2013	2012
Fee income (£m)	127.2	133.9
Underlying profit* (£m)	10.0	15.2
Margin %	7.9	11.3

*as defined in note 1(g) to the Consolidated Financial Statements. Reorganisation costs: 2013 £1.2m, 2012 £0.9m.

Year on year fee income decline was moderated by contributions from the acquisitions completed in the second half of 2012 and 2013. The oceanography business acquired in the second half of 2013 has integrated well. However, the underlying segment profit declined substantially, reflecting the exceptionally poor conditions in the resources market throughout the year and the weakening of the Australian dollar. Reorganisation costs also increased from £0.9 million to £1.2 million, as a result of removing significant costs from the business, in order to maintain operational efficiency.

2013 saw a significant number of natural resources projects, particularly mining and offshore gas, delayed by our clients, as they reduced their level of capital expenditure materially. In other sectors of the economy, following the change of the Australian Federal Government in September, some private sector clients, particularly in New South Wales and Victoria, started to consider investments to take advantage of the weaker Australian dollar and lower interest rates. We also secured a significant inflow of work from public bodies in New South Wales and Victoria to assist them to plan major new infrastructure projects. As a result of both these trends, our businesses in Sydney and Melbourne performed well.

In order to reflect this emerging trend we recently completed the acquisition of Whelans Corporation Pty Ltd, a development consultancy providing surveying, engineering and urban planning services in the Sydney market. The maximum total consideration, all payable in cash, is A\$3.8 million (£2.1 million). A\$2.6 million (£1.4 million) was paid at completion with the balance payable in two equal instalments over the next two years. (Further details of the transaction are given in Note 32 to the Consolidated Financial Statements.)

The ingredients seem to be gradually coming together for a recovery and rebalancing of the Australian economy. As a result we have begun to benefit from increased client investment in urban development and public sector infrastructure projects. We are, however, likely to continue to suffer from unpredictable, but generally low levels of capital expenditure in the resources sector for some time. A weak Australian dollar is also likely to continue to impact our results on consolidation. However, the cost reductions we have made should help us improve our performance ahead of market recovery.

Group Strategy and Prospects

RPS remains well positioned in markets of importance to the global economy. Our focus on Energy and energy infrastructure markets underpins the Group's excellent long term prospects. We remain of the view that our strategy of building multi-disciplinary businesses in each of the regions in which we operate continues to be both attractive and achievable. We will, therefore, continue to invest to develop our businesses organically, whilst seeking further acquisition opportunities. Our balance sheet is strong and supports this strategy, which the Board believes should enable the Group to perform well in 2014.

Risk Management

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

Economic Environment

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

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

We reported last year about the risks associated with operating in the Eurozone, in particular in relation to Group's businesses in The Netherlands and Republic of Ireland. These risks appear to have reduced during the year but have been replaced by uncertainty in Australia due to the slowdown in the natural resources sector there. We remain attuned to potential reductions in workload and take the necessary cost reducing actions swiftly as and when they are required.

Material Adverse Events

Adverse occurrences may impact our ability to deliver our services and our clients' demand for them. These are most likely to be of an environmental nature such as the catastrophic flooding that adversely affected both our own and our clients' operations in Queensland in 2011 and the Macondo oil spill in 2010 that led to a moratorium on deep water drilling in the Gulf of Mexico.

Events of this type are impossible to predict but the range of countries within which we operate and markets we serve limits the impact upon the Group as a whole. No significant events of this nature affected us during the year.

Information Systems

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

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

A cyber attack upon our systems could result in loss of data, disruption to operations or direct financial loss. During the year the Group suffered an attack upon an internet based payment system that it utilises and although the controls in place operated to prevent any loss, the risks associated with attacks of this nature were highlighted.

Specific additional measures are being taken to enhance security and controls as well as to provide guidance to employees on the nature of cyber risks and working methods to minimise them.

Recruitment and Retention of Key Personnel

The Group's services are performed by well-qualified and professional employees with expertise across a wide range of areas. A failure to recruit and retain employees of appropriate calibre will accordingly, impact our ability to meet our clients' requirements and correspondingly to maintain and grow our business.

As described on pages 10 and 11 the Group maintains appropriate remuneration and incentive structures which are reviewed on a regular basis. It also maintains an environment that is supportive of professional development through training and career opportunity.

Market Position and Reputation

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

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

Litigation

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

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

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 significant claims at all meetings and is currently satisfied that the Group has sufficient provisions in its balance sheet to meet all uninsured liabilities.

Compliance

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

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

Business Acquisitions

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

Detailed due diligence is performed on all potential acquisitions drawing upon both internal and external resources. This will include an assessment of the ability to integrate the acquired business within the Group. When a business is acquired detailed plans are developed and monitored to ensure successful integration into the Group and its control framework. The integration of the acquisitions made in 2013 has been successful thus far.

Funding

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

The Group's facilities will expire in July 2016. The facility currently consists of a committed revolving credit facility with Lloyds Bank for £90m together with an additional £35m in the form of an accordion facility that is available upon request by the Group, subject to credit approval being given by the bank.

Health and Safety

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

Detailed health and safety policies and procedures are in place to minimise such risk. The Group's approach to the management of health and safety is described on page 12.

Employees

The current profile of the Group's employees presented in accordance with the Group's revised segmentation and the changes over the last year are as detailed below

Group	2013	2012
Average number of employees		
Energy*	620	513
Built and Natural Environment – Europe	2,403	2,662
Built and Natural Environment – Australia Asia Pacific	947	1,005
Built and Natural Environment – North America	228	218
Central	108	109
Group total	4,306	4,507
Days absent (%)	2	2
Average length of service (years)	7	6
Working part time (%)	11	9
Retention rate (%)**	82	81
Female	1,456	1,298
Male	2,850	3,209
Age profile		
Employees aged under 25 (%)	8	9
Employees aged 25-29 (%)	15	16
Employees aged 30-49 (%)	55	54
Employees aged 50+ (%)	22	21

*Additionally Energy makes extensive use of associates and sub-consultants which equated to approximately 790 full time equivalent employees in 2013 (2012: 750)

**excluding redundancies

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

The gender profile of the Group's employees is shown above. As noted in the Corporate Governance Report two of the members of the Group Board, representing 25% of the directors, are female. Of the senior management group that is comprised of directors of the companies that are included in the Group consolidation, 44 are male and 3 are female.

The Group's policies in relation to health and safety are described on page 12.

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

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

The Group is committed to the training and development of its employees to enable them to realise their potential and effectiveness. Divisional directors and project managers are responsible for the management of training and verification of technical competence for project personnel in accordance with our quality management systems. Continuing professional development is of particular importance for our professional employees who are required to demonstrate technical competence within their specific sectors. The Group accordingly supports a range of schemes through professional bodies and is a recognised training provider in a number of technical fields. The Group provides training to the oil and gas sector through its Nautilus business, which also assists in providing technical training within the Group. It has also continued to operate approved structured training schemes for its chartered and water engineers in the UK as well as for civil engineers in the UK and Ireland. During 2013 RPS continued its long-term practice of supporting staff in pursuing relevant higher education courses. This involved sponsoring courses at a total of 50 universities and colleges across the United Kingdom, Ireland, The Netherlands, USA and Australia. Vacant positions within the Group are, wherever possible, filled from within and our developmental and training programmes support this objective.

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

Corporate Responsibility

Commitment

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

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

The policies adopted by the Group in relation to employees as well as health and safety are described elsewhere within this review whilst the risks associated with failures in both of these areas are described in the Risk Management section on pages 8 and 9. The Group recognises the importance of maintaining high standards of business conduct and contributing to the communities with which it is involved as detailed below. In the Board's view the challenges, risks and opportunities created by ESG issues as outlined in the Report and Accounts are unlikely to change significantly in the foreseeable future.

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

Standards of Business

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

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

Health and Safety

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

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

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

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

During the year the Group was neither prosecuted for the breach of health safety regulations nor subject to any investigation by regulatory authority. In 2013, the reportable accident rate was 30 accidents per 1,000 employees (2012: 27). Accidents that do occur most commonly relate to manual handling activities, slips and falls affecting individuals.

Reportable Accident Rates

Group	2013	2012
Reportable injuries	15	14
Reportable injuries incident rate per 1,000 employees	30	27

Community Involvement

RPS has supported a range of community and charitable initiatives with gifts in kind and financial contributions throughout the year, mostly at office level. In 2013 the Group and its staff gave or raised £740,000 in charitable contributions (2012: £797,000). Taking into account the £233,000 spent on academic bursaries and educational initiatives (2012: £168,000), the total contribution of the Group and its employees to the communities in which it operates was £973,000 (2012: £965,000).

Tree Aid

The Group has for a number of years been an active supporter of Tree Aid and its programme of education, tree planting and woodland conservation programmes to assist some of the poorest communities in sub-Saharan Africa. The Group has continued to focus its charitable contribution upon its work and is acknowledged as being Tree Aid's largest corporate sponsor, having contributed a total of £116,000 towards projects in Ghana and Mali in 2013. In addition to financial support the Group continues to harness the skills of its employees in providing important technical support for Tree Aid's work. During the year this has included GIS mapping, a biodiversity study and a topographical survey as well as training for Tree Aid employees.

We are pleased to continue our association with Tree Aid and grateful for the contribution made by our employees.

Environmental Management and Climate Change

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

The Group endeavours to

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

To achieve these objectives appropriate training is provided to enable activities to be conducted in an environmentally sensitive manner and sufficient management resources are allocated to enable effective implementation of policies. Parts of the Group have achieved ISO 14001, the internationally recognised environmental management system standard. Facilities for recycling office waste are in place at our offices. During 2013 our offices continued to recycle waste paper, spent toner and ink cartridges, obsolete computer hardware, printers and mobile phones.

Greenhouse Gas Reporting

Annual Emissions

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

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

Greenhouse gas emissions (tCO₂e) are set out below showing an 8% increase over the year which is attributable to the pattern of growth within the Group and the inclusion for the first time of data relating to air conditioning within the 2013 direct emissions.

	2012	2013
Scope 1 Direct emissions	5193	6095
Scope 2 Indirect emissions	4573	4458
Total	9766	10553

Data has been restated for 2012 reflecting the change in factors under the new reporting guidance.

Targets and Emission Intensity

The specific target set by the Board is to reduce energy consumption per capita by 5% per annum for office energy consumption. The target was set in 2008 as the base year and since that time there has been some fluctuation in performance with increases shown in 2009 and 2010 due to expansion in the business and increased data availability. In 2011 there was a reduction of 4.4% followed by a further reduction of 3% in 2012. For 2013 consumption was equal 3.6 MWh per capita, which represented an increase of 5%. This was attributable to an improving economic climate in parts of the Group with a related increase in activity as well as the acquisitions that have recently been completed and headcount reductions in our AAP business. The fluctuations over the five year period demonstrate the difficulties inherent in sustaining improvement as economic circumstances fluctuate and as the structure of the Group changes in pursuit of our acquisition strategy. We have therefore concluded that going forward the per capita target should be based on a five year rolling average reduction of 2.5%.

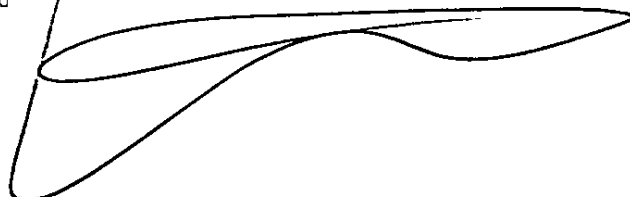
The Group's policies and objectives for environmental management are reviewed from time to time in the light of changes within the Group's businesses, new legislation and emerging practice.

On behalf of the Board

Alan Hearne

Chief Executive

27 February 2014



The Board

Brook Land

Non-Executive Chairman

Aged 64 Brook Land was formerly a senior partner of and is now a consultant to Nabarro. He is a director of a number of private companies. Until 2008 he was Senior Independent Director of Signet Group plc. He was appointed to the Board in 1997 and is also Chairman of the Nomination Committee.

Dr Alan Hearne

Chief Executive

Aged 61 Alan Hearne holds a degree in economics and a doctorate in environmental planning. Following a period of academic research into environmental planning he joined RPS in 1978, becoming a Director in 1979 and Chief Executive in 1981. Alan was the plc Entrepreneur of the Year in 2001, was made a Companion of the Institute of Management in 2002. He also became a member of the Board of the Companions in 2007, a fellow of Aston Business School in 2006 and an honorary Doctor of the University of Kent in 2011.

Gary Young

Finance Director

Aged 54 Gary Young graduated from Southampton University in 1982 and qualified as a Chartered Accountant in 1986 with Pricewaterhouse. Before joining RPS he held a number of finance director roles including positions within Rutland Trust plc and AT&T Capital. He joined RPS in 2000 and was appointed to the Board later that year.

Dr Phil Williams

Executive Director

Aged 61 Phil Williams joined the Group in 2003 through the acquisition of Hydrosearch Associates Limited where he held the position of Managing Director. Phil had joined Hydrosearch in 1981 and was appointed Managing Director in 1983. Over the next 20 years he led Hydrosearch as the company developed into one of the world's largest energy sector consulting groups. Phil was appointed to the Board in 2005.

Robert Miller-Bakewell

Independent Non-Executive Director

Aged 61 Robert joined the Board in 2010 and is serving a second three-year term. Robert was a Senior Director of Investment Research at Merrill Lynch from 1998 to 2008 and prior to this worked as an investment analyst with NatWest Markets and its predecessor companies. Over the previous twenty years his focus was on analysing and advising water, waste transport and environmental infrastructure companies both in the UK and internationally. He has also served as a member of OFWAT's Future Regulation Panel. Robert is a member of the Audit and Nomination Committees as well as being Senior Independent Director.

John Bennett

Independent Non-Executive Director

Aged 66 John was appointed to the Board in 2006. He is a Chartered Accountant with 30 years experience in the house building industry. He was Finance Director of Westbury plc until it was acquired early in 2006. He has wide experience of financial management, capital and debt raising, acquisitions and investor relations and he played a leading role in the strategic development of Westbury into a top ten volume house builder in the UK. John is serving a third three-year term. He is Chairman of the Audit Committee and a member of the Remuneration Committee.

Louise Charlton

Independent Non-Executive Director

Aged 53 Louise was appointed to the Board in 2008. She is Group Senior Partner of Brunswick Group LLP, the international corporate communications group of which she was a co-founder. Louise is also a Director and Trustee of the Natural History Museum. She is serving a second three-year term and has agreed to serve for a third. She is a member of the Remuneration and Nomination Committees.

Tracey Graham

Independent Non-Executive Director

Aged 48 Tracey Graham joined the Board in 2011 having been Chief Executive of Talans Limited, an international cash management business until 2010. Tracey led the management buy-out of Talans from De La Rue Plc, backed by private equity house Carlyle in 2008. Tracey is also an independent Non-Executive Director of Dialight Plc and the Royal London Group. She chairs the Remuneration Committee and is a member of the Audit Committee.

Report of the Directors

The Directors present their report together with the audited financial statements of RPS Group Plc and its subsidiary undertakings (the Group) for the year ended 31 December 2013

Directors

The Directors of the Company as at 31 December 2013 were those listed on page 15. There were no changes in Board membership during the year. The Directors' interests in the share capital of the Company are as shown in the Annual Report on Remuneration on page 87.

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

Results and dividend

The Consolidated Income Statement is set out on page 31 and shows the profit for the year. The Directors recommend a final dividend of 3.84p (2012: 3.34p) per share. This together with the interim dividend of 3.52p (2012: 3.06p) per share paid on 17 October 2013 gives a total dividend of 7.36p (2012: 6.40p) per share for the year ended 31 December 2013.

Strategic Review

The Group's Strategic Review can be found on pages 2 to 14 and includes information as to the likely future development of the Group. Financial key performance indicators can be found on page 2. The Directors review performance using these non-statutory measures as well as segmental and underlying profit, as they consider these to be more meaningful measures of performance. These performance measures are defined in note 1(g) of the Consolidated Financial Statements. Note 3 includes a 'Group Reconciliation' of the adjusted measures to the statutory results. The Board does not use non-financial key performance indicators to assess the Group as a whole, although parts of the Group do use non-financial key performance indicators from time to time.

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

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

Corporate Governance

The Directors report on corporate governance can be found on pages 19 to 24 and incorporates other parts of the Report and Accounts as detailed therein.

Employees

The Group's policies in relation to employees are disclosed on pages 10 and 11.

Corporate Responsibility

The Group's corporate responsibility statement is included on pages 12 to 14. This includes the disclosures concerning greenhouse gas emissions that are required pursuant to part 7 of The Companies Act (Strategic Report and Directors' Report) Regulations 2013. The Group made no contribution to political organisations during the year.

Substantial shareholdings

The Company is aware of the following interests in excess of 3% of the ordinary share capital of the Company as at 26 February 2014:

	No. of shares	Percentage
F & C Asset Management	11,446,819	5.19
Aberforth Partners	11,280,945	5.11
Kames Capital	10,103,822	4.58
Threadneedle Investments	9,466,393	4.29
UBS Global Asset Management	8,248,360	3.74
Montaro Investment Management	7,748,101	3.51
Franklin Templeton Fund Management	7,265,000	3.29
Norges Bank Investment Management	6,911,735	3.13
Legal and General Investment Management	6,829,065	3.09

Going concern

The Group's business activities, a review of the 2013 results together with factors likely to affect its future development and prospects are set out on pages 5 to 7. Note 16 to the Consolidated Financial Statements sets out the borrowings of the Group and considers liquidity risk, whilst note 30 describes the Group's approach to capital management, and financial risk management in general.

The Group has had good cash flow for a number of years, had a modest amount of net bank debt at the year end and operates well within the financial covenants applying to the main bank facility. The Group's banking facilities were renewed in 2012 and do not expire until July 2016.

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

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

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

Group Financial Statements

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

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

Parent Company Financial Statements

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

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

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

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

Responsibilities pursuant to DTR4

We confirm that to the best of our knowledge

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole.

- the strategic report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole together with a description of the principal risks and uncertainties that they face and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy

Financial instruments

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

Post balance sheet events

As detailed in the Strategic Review since the end of the year the Group has acquired the entire issued share capital of Whelans Corporation for a maximum cash consideration of A\$3.8m

Additional information

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

As at 31 December 2013 the Company's issued share capital consisted of 220,631,930 ordinary shares of 3p each. At a general meeting of the Company every holder of ordinary shares present in person is entitled to vote on a show of hands and on a poll every member present in person or by proxy and entitled to vote has one vote for every ordinary share held. There are no shares in issue that carry special rights with regard to control of the Company. There are no restrictions on the transfer of ordinary shares in the Company other than those that may be imposed by law or regulation from time to time.

The Company's Articles of Association may be amended by special resolution at a general meeting of the shareholders. Directors are appointed by ordinary resolution at a general meeting of the shareholders. The Board can appoint a Director but anyone so appointed must be elected by an ordinary resolution at the next general meeting. Under the Articles of Association any Director who has held office for more than three years since their last appointment must offer themselves for re-election at the next annual general meeting. It is the Company's policy, however, that all Directors should stand for annual re-election.

The Directors have power to manage the Company's business subject to the provision of the Company's Articles of Association, law and applicable regulations. The Directors have power to issue and buy back shares in the Company pursuant to the terms and limitations of resolutions passed by shareholders at each annual general meeting of the Company. No such power was exercised during the year under review.

Directors' interests in the share capital of the Company are shown in the table on page 87. Substantial shareholder interests of which the Company is aware are shown on page 16.

Annual General Meeting

The Annual General Meeting will be held on 2 May 2014. The Notice of Annual General Meeting circulated with this Report and Accounts contains a full explanation of the business to be conducted at that meeting. This includes a resolution to re-appoint Deloitte LLP as the Company's Auditors.

By order of the Board



Nicholas Rowe

Secretary

27 February 2014

Registered Office

20 Western Avenue

Milton Park

Abingdon

Oxfordshire OX14 4SH

Registered in England No. 02087786

Corporate Governance

Chairman's Introduction

As Group Chairman, I am pleased again to have the opportunity to report on how the principles relating to the role and effectiveness of the Board have been applied in our company. We continue to be fully compliant with the provisions of the UK Governance Code ('the Code') and the report below expands on this, as well as the processes and disciplines to which the Board adheres. In more general terms I am confident that, as a matter of substance, the Board operates in an open, effective and controlled manner. This enables the risks within the business to be identified and properly managed.

As the biographies on page 15 illustrate, we are fortunate to have a Board which offers a wide range of skill and experience. The composition of the Board and its Committees has been stable throughout 2013 which has been invaluable in maintaining our cohesion in what has been another demanding year. The significant progress we have made in the year in developing our acquisition strategy has been a testament not only to the quality of our executive team but also to the Board as a whole in challenging and supporting the steps already taken and proposed.

The development of the business has again been complemented by further review and improvement in the controls and systems necessary within a growing multi-national Group. As part of this process the Board regularly examines the significant risks that we are facing. The health and safety of our employees also remains a priority and is considered fully at every meeting. In my view, therefore the Board's agenda continues to strike the right balance between strategy, priorities, performance and risk management.

Our Board Committees, supported by external professional advice as appropriate, continue to operate effectively and independently whilst retaining open and regular dialogue with the Board. I have also had the benefit of a regular and valuable dialogue with the Senior Independent Director as well as the Chairs of our Audit and Remuneration Committees.

During the year we undertook our first externally evaluated Board review utilising the services of Equity Communications. It was pleasing to receive independent reassurance that the thoughts I expressed in this report last year are shared by both my executive and non-executive colleagues. No major issues or concerns emerged from the detailed process that we followed and certain recommendations have been implemented. In 2014 we plan to encourage Non-Executive Directors to visit our operating companies in Europe, Australia and North America as well as in the UK to ensure that they maintain their understanding of the markets these businesses operate in. In the past two years NEDs have attended Board Meetings in the USA, Canada and Australia in addition to the UK and the Netherlands.

I am therefore confident that the strengths of the Board reflected in this review will continue as a key driver in sustaining and improving the Group's performance.

The Nomination Committee keeps the issue of succession planning under close review and steps will be taken at the appropriate time to ensure continuity in the executive management of the Group. As I wrote last year, I am personally of the firm view that over-planning succession accelerates unwanted change which is neither in the interests of the Company, nor its shareholders. Disaster succession planning is in place and the Chief Executive has recently confirmed to the Board that he has no present intention of retiring before the age of 65 in 2017. At the present time, therefore I envisage that the Nomination Committee will start the process of identifying a successor in about 2 years. I will naturally keep shareholders informed of any changes to this plan.

Louise Charlton's second three year term as a NED comes to an end in May 2014 and Tracey Graham's first three year term comes to an end in September 2014. I am very pleased to report that both have agreed to continue for further three year periods. In addition to serving as a NED, Louise serves on the Nomination and Remuneration Committees whilst Tracey chairs the Remuneration Committee and sits on the Audit Committee. Louise and Tracey agreeing to extend gives continuity and stability to the constitution of the Board.

John Bennett, who chairs the Audit Committee, completes 9 years as a NED at the 2015 AGM and will be retiring at that time in accordance with best practice. Steps are already in hand to identify John's successor to ensure a suitable hand-over period in this important role that he has filled outstandingly well.

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

The continuing success and development of our Company could not be achieved without the professionalism and hard work of all our employees to whom, on behalf of the Board, I am pleased to extend thanks.

Brook Land

Chairman

Corporate Governance Committee

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

UK Corporate Governance Code

The Board is pleased to report that the Company complied with all provisions of the UK Corporate Governance Code (the 'Code') throughout the year.

Board Responsibilities

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

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

Board Structure

At the date of this report, the Board comprised three Executive, four Non-Executive Directors and the Chairman. There were no changes to Board membership during the year. The Executive Directors are responsible for the day-to-day management of all the Group's business activities.

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

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

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

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

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

	Full Board	Audit Committee	Remuneration Committee	Nomination Committee	Corporate Governance
Brook Land	8	–	–	1	1
Alan Hearne	8	–	–	–	1
Gary Young	8	–	–	–	–
Phil Williams	8	–	–	–	–
John Bennett	8	3	5	–	–
Louise Charlton	6	–	4	1	–
Robert Miller-Bakewell	8	3	–	–	–
Tracey Graham	7	3	5	–	–
Number of meetings held	8	3	5	1	1

Board Operations

The Board generally meets on a monthly basis, except during holiday periods, although additional meetings may be held should circumstances require. The Board agenda gives significant focus to business performance and strategy, balanced by consideration of

emerging risks and the control environment. Comprehensive papers are circulated well in advance of Board meetings which include general updates and briefings on significant issues from each of the Executive Directors and the Company Secretary. These reports and other matters of immediate importance are discussed at each meeting. Presentations on the operations of particular operating companies are made from time to time. The Company Secretary assists the Chairman in ensuring that Board procedures are followed and advises on matters of Corporate Governance. The services of the Company Secretary are available to Directors generally. Outside of Board meetings the Chairman has regular individual discussions with all Directors.

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

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

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

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

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

Board Performance

The Board undertakes an annual appraisal of its performance. During 2013 and for the first time, the exercise was conducted on an externally facilitated basis. The review considered a wide range of issues relating to the organisation and effectiveness of the Board and its Committees in relation to which extensive input was obtained from each Director. A detailed report was produced at the end of this exercise which was circulated to and discussed by the Board. The report indicated that Directors were in general very satisfied with performance and no major areas of concern were highlighted by the external facilitator. As a result of this report it was agreed that certain detailed aspects of the Board's agenda and timetable should be reviewed.

The Non-Executive Directors hold meetings with the Chairman without the Executives present at least twice a year. The Non-Executives, led by the Senior Non-Executive Director, meet on an annual basis to appraise the Chairman's performance. The Executive Directors have their performance individually reviewed by the Chief Executive against annually set objectives. The Chief Executive has his performance reviewed by the Chairman and Senior Independent Non-Executive Director. The Board's annual appraisal process incorporates a review of the performance of Non-Executive Directors.

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

Communication

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

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

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

Audit and internal controls

The respective responsibilities of the Directors and the independent auditors in connection with the accounts are explained on pages 17 to 18 and 27 to 30 and the statement of the Directors in respect of going concern appears on page 17

The Board has throughout the year and up to the date of approval of the financial statements had procedures in place as recommended in the guidance in the UK Corporate Governance Code and the supporting document issued by the Financial Reporting Council 'Internal Control Guidance for Directors on the Combined Code'. The principal risks to which the Group is exposed and the measures to mitigate such risks are described on pages 8 and 9

The Board is responsible for the Group's systems of risk management and internal control which are designed to provide reasonable but not absolute assurance against material misstatement or loss. The Board reviews from time to time the effectiveness of the system of internal control and risk management from information provided by management and the Group's external auditors. Such a review was undertaken by the Audit Committee and the Board during 2013 the outcome of which was satisfactory. The key procedures that the Directors have established to provide effective internal financial controls are as follows:

Financial reporting The results for the Group are reported to and reviewed by the Board on a monthly basis. A detailed formal budgeting process for all Group businesses culminates in an annual Group budget which is approved by the Board.

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

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

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

Audit Committee

The Audit Committee comprises three Independent Non-Executive Directors, John Bennett, Robert Miller-Bakewell and Tracey Graham. The Committee has written terms of reference which are available on the Company's website and on request from the Company Secretary. Although the Board considers that all current members of the Committee have experience that is relevant to the role, John Bennett, who is a Chartered Accountant, is the member of the Committee specifically identified as having recent and relevant financial experience. Deloitte LLP were appointed as Group auditors in June 2012 following a tender process.

At its annual planning meeting in September the Committee reviews and approves plans with the Auditors including the locations to be audited and the key areas of audit focus. At the conclusion of the audit the Committee reviews the integrity of the Group's financial statements and the report and accounts as a whole prior to their submission to the Board. This review includes ensuring that statutory and associated legal and regulatory requirements are met as well as considering significant reporting judgements, the adoption of appropriate accounting policies and practices and compliance with accounting standards. In respect of the year under review the Committee considered the following significant issues in relation to the financial statements and in each case addressed these as indicated:

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

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

Recoverability of Trade Debtors and Accrued Income The risk that accrued income and trade debtors may not be collected and therefore may be overstated in the accounts is discussed and considered by the Board at its regular board meetings when it considers monthly results. The finance reports prepared for those meetings contain age profile information on debtors and accrued income by segment. Operational reports presented by Executive Directors at those meetings discuss specific issues in more detail as necessary.

The Committee also took comfort from a report prepared by the Group Finance Director that considered the level of impairment provisioning at the year end

Following the review conducted by the Audit Committee and its own consideration the Board was able to conclude that the Report and Accounts for 2013, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy

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

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

The split between audit and non-audit fees for the year under review appears on page 45. Taxation services undertaken by Deloitte LLP during the year were handled by a team that was separate and independent from the external audit team and led by a different senior partner. The Committee was satisfied that appropriate safeguards were in place and that the provision of these additional services by Deloitte LLP did not affect their independence as external auditor.

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

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

Nomination Committee

The Committee meets as required but not less than once a year, and comprises the Non-executive Chairman, Brook Land and two Independent Non-Executive Directors Louise Charlton and Robert Miller-Bakewell. The Committee's key responsibilities include reviewing the Board structure, size and composition as well as evaluating the balance of skills, knowledge and experience which may be required in the future and making recommendations to the Board accordingly. It is also responsible for nominating candidates to the Board when vacancies arise, recommending Directors who are retiring to be put forward for re-election and where appropriate considering any issues relating to the continuation in office of any Director. It has written terms of reference which are available on the Company's website and on request from the Company Secretary.

The range of skills and experience offered by the current directors is highlighted in the Chairman's Statement above and the Committee is satisfied with the balance and membership of the current Board. The Committee does, however, remain mindful of the need to ensure its periodic refreshment. The Committee also keeps succession planning under continuous review and has at all times, a clear plan which is designed to ensure a smooth transition, whenever that is needed, for all posts.

Account is also taken of the need to ensure that the Non-Executive Directors continue to provide the range and balance of skills required. The Committee and the Board recognise the importance of diversity. One quarter of the Board as currently constituted is female which is in line with Group's previously announced 25% target in this regard.

When Directors are appointed to the Board, this is through a formal, rigorous and transparent process. No appointments were made to the Board during the year although on the last occasion that an appointment was made such a process was followed as fully reported at that time.

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

Remuneration Committee

The membership and activities of the Remuneration Committee are described in the Remuneration Report on pages 25 to 26 together with the accompanying notes on pages 77 to 90.

Takeover Directive

Disclosures required under the Takeover Directive are included on page 18 and form part of the Group's Corporate Governance report.

Remuneration Committee Report

Annual Statement

I am pleased to present the Remuneration Committee's report for 2013. As shareholders will be aware this is the first year in which it has been necessary to report in accordance with the Large and Medium Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (the 'Regulations'). The report and accompanying notes therefore fully reflects the requirements of the Regulations and consists of my Annual Statement as well as a Policy Report and an Annual Report both of which are for approval by shareholders.

The major decision relating to Executive remuneration during the year related to the introduction of the RPS Group Plc Bonus Plan (the 'Bonus Plan') which, as shareholders will know, was approved at our Annual General Meeting in May following a consultation process with our larger shareholders. The RPS Group Plc Bonus Banking Plan which had operated in the three preceding years had, in the Committee's view, operated well in aligning executives' and shareholders' interests. Whilst the Bonus Plan differs in a number of detailed respects it has built upon the success of this previous plan. The detail of the Bonus Plan was set out for shareholders at the time of its approval and some of this detail is repeated in the report that follows. The Committee also determined the profit thresholds to apply in the first year of operation of the Plan as well as the separate targets relating to the conversion of profit into cash.

The Committee has set salaries, benefits and pensions at a level which when taken with on target bonus under the Bonus Plan, can provide up to median level comparative total reward. To ensure alignment with Group's key performance indicators and strategy the Bonus Plan's main performance condition is profit based with a smaller part of the bonus based upon the conversion of profits into cash. Part of the bonus is deferred in shares and at risk of forfeiture if minimum profit targets are not met in future years. It is the Committee's view that a material deferral of earned shares with a risk of forfeiture effectively aligns executive with shareholder interest and provides focus on long-term value creation. During the year under review the Group's PBTA grew to £63m which resulted in a total contribution to the Bonus Plan of £887,000. The target relating to conversion of profit into cash was not met and no contribution was made in respect of this element.

The Committee met on five occasions during the year and in addition to the above, considered levels of basic salary and benefits as well as pension contributions and supplements. There were no major changes in any of these areas. The Committee also had to consider a number of practical matters regarding the operation of the incentive plans mentioned above as well as a number of issues relating to remuneration in the wider Group. Detailed consideration was also, of course, given to the Regulations in respect of which we are now reporting. The Committee received professional advice from PricewaterhouseCoopers where appropriate.

I would like to thank my colleagues on the Remuneration Committee for their support and counsel during the year.

Tracey Graham

Chair of the Remuneration Committee
27 February 2014

Policy Report

The Committee focuses on trends and best practices amongst listed companies of similar size in the Support Services sector when determining remuneration. However the Committee recognises that a number of the Group's main competitors and therefore comparators for the purpose of remuneration are not publicly listed companies and needs to take account of this in its deliberations. The overall policy is designed to attract, retain and motivate individuals by providing the opportunity to earn competitive levels of compensation provided performance is delivered, whilst remaining within the range of compensation offered by similar companies and offering up to medium level comparative total reward. Directors' remuneration is the subject of annual review in accordance with this policy. Additionally it focuses on the contribution to the continued long-term growth and success of the Company and seeks to align Directors' interests with those of the Company, employees and shareholders. The Remuneration Committee also believes that the most effective remuneration policy is simple and transparent. In particular the use of the Bonus Plan as the sole incentive plan for Executive Directors provides a simple and transparent mechanism which supports the nature of the Company's business and its key strategic objectives.

The detailed information that is required under the Regulations as the policy that shareholders are asked to approve has been included in the notes 1 to 13 on pages 77 to 85 and which form part of this report. This policy has been operated during the year ended 31 December 2013 and for the purposes of the Regulations will apply from the date of the Company's 2014 Annual General Meeting for a three year period.

Annual Report

Audited Information

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

Director £000s	Base Salary or Fees		Benefits		Bonus		Long Term Incentives		All Employee Share Plan		Pensions		Total	
Year	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Executive														
Alan Hearn	459	446	20	19	287	689	–	383	2	2	115	111	883	1,650
Phil Williams	350	340	17	16	192	491	–	250	2	1	61	59	622	1,157
Gary Young	239	232	17	16	112	348	–	268	2	2	36	35	406	901
Non-Executive														
Brook Land	113	110	–	–	–	–	–	–	–	–	–	–	113	110
John Bennett	52	50	–	–	–	–	–	–	–	–	–	–	52	50
Louise Charlton	36	35	–	–	–	–	–	–	–	–	–	–	36	35
Robert Miller-Bakewell	42	41	–	–	–	–	–	–	–	–	–	–	42	41
Tracey Graham	44	43	–	–	–	–	–	–	–	–	–	–	44	43
Total	1,335	1,297	54	51	591	1,528	–	901	6	5	212	205	2,198	3,987

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

£000s	Total Remuneration	PBTA	Remuneration received as % of PBTA
2012	3,982	60,099	6.6
2013	2,198	63,000	3.5

The additional information that is required under the Regulations which form part of the annual report for the year ended 31 December 2013 has been included in notes 1 to 14 on pages 86 to 90. This additional information is unaudited with the exception of notes 1 to 7.

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

Opinion on financial statements of RPS Group plc

In our opinion

- the financial statements give a true and fair view of the state of the Group's and the Parent Company's affairs as at 31 December 2013 and the Group's profit for the year then ended,
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union,
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation

The financial statements comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and the related notes 1 to 33 for the Consolidated financial statements and 1 to 13 to the Parent Company financial statements. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Going concern

As required by the Listing Rules we have reviewed the directors' statement contained within the directors' report on page [17] that the Group is a going concern. We confirm that

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

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

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.

Risk	How the scope of our audit responded to the risk
Revenue recognition focussing on the judgement involved in determining the extent of revenue to recognise on contracts spanning the year end	Our audit work assessed the adequacy of the design and implementation of controls over the recognition of revenue through performing walkthrough procedures. We tested in detail a sample of contracts by reviewing the contract terms, the related time records and other assumptions used to determine revenue to be recognised for these contracts. Our testing focused on those contracts spanning the year end and any contracts which were complex or had unusual terms to check that revenue had been recognised accurately in the appropriate period.
Accounting for acquisitions, in particular the judgements involved in identifying and measuring the fair value of acquired assets and liabilities and measuring the consideration, including deferred consideration in accordance with IFRS 3 continue to have a significant impact on the consolidated balance sheet	We reviewed management's papers and workings underlying the business combination accounting for all six acquisitions in the year. We challenged key assumptions and judgements underpinning the valuations, such as the forecast revenues and margins for existing customers, and obtained support for the calculated fair values. We also benchmarked the discount rates with external peer group published rates. Where necessary we involved our own valuations specialists to assist our approach. In assessing the completeness of assets and liabilities recognised in the business combination, we reviewed details of the legal agreements in place and challenged management's assertions. We assessed the treatment of deferred payment arrangements against the requirements of IFRS 3 to confirm that they represent consideration rather than remuneration.

Risk	How the scope of our audit responded to the risk
Assessment of the carrying value of goodwill and intangible assets due to the significance of the amounts recorded on the consolidated balance sheet, the number of judgements involved in assessing goodwill and intangible assets for impairment and the continued challenging economic conditions	We evaluated the adequacy and reasonableness of management's assumptions and the appropriateness of their judgements and forecasts used as part of their value in use calculations. This included a specific review and challenge of discount rates, short and long-term growth rates, which we benchmarked against external peer group published rates making use of our valuation experts, as appropriate. We also considered the appropriateness of the level of aggregation of individual cash generating units and the methodology applied, as well as reviewing the associated disclosure in note 11.
Recoverability of trade receivables and accrued income due to the material nature of these balances and the fact that whilst the economy is showing signs of improvement, the Group remains exposed to the risk that amounts may not be recovered	We assessed the adequacy and reasonableness of the assumptions used in management's calculations and the appropriateness of judgements on, the completeness of the provisions against trade receivables and accrued income. This included a review of the cash received post year end on a sample of customer debts and a review of ageing analysis for trade receivables and accrued income by entity and customer, specifically challenging amounts significantly past-due but not impaired. We also performed audit procedures to understand and assess the movement in the respective provisioning during the year ended 31 December 2013.

We discussed these notes with the Audit Committee. Their report on those matters that they considered to be significant issues in relation to the Financial Statements is set out on page 22.

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

Our application of materiality

We determined materiality for the Group to be £3 million, which is 5% of adjusted pre-tax profit (profit before tax, amortisation of acquired intangibles and transaction-related costs), and below 7% of profit before tax and 1% of equity. Pre-tax profit is adjusted as this is the key performance measure reviewed by the market.

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

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls and assessing the risks of material misstatement at the Group level. Based on that assessment, we focused our Group audit scope primarily on the audit work at five locations including the UK, USA, Australia, Ireland and the Netherlands. Within the five locations, twenty-one principal business units, including the UK and Group Head Office, were subject to a full audit. In addition, twelve business units were subject to specified audit procedures with the nature of our testing based on our assessment of the risks of material misstatement and of the materiality of the Group's business operations at those locations.

The five locations incorporating the twenty-one principal business units represent the principal business units and account for 92% of the group's net assets, 95% of the group's revenue and 99% of the Group's profit before tax. They were also selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified above. Our audit work at the five locations was executed at levels of materiality applicable to each individual entity which were lower than Group materiality.

At the parent entity level, we also tested the consolidation process and carried out analytical procedures to confirm 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 Senior Statutory Auditor and/or another senior member of the group engagement team visit in-scope overseas components on a rotational basis. Every year, regardless of whether we have visited or not, we include the component audit partner and other senior members of the component audit team in our team briefing, direct the scope of their work for the purposes of our Group audit, discuss their risk assessment and review documentation of the findings from their work.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion

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

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion

- we have not received all the information and explanations we require for our audit or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us, or
- the Parent Company financial statements are not in agreement with the accounting records and returns

We have nothing to report in respect of these matters

Directors' remuneration

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

Corporate Governance Statement

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

Our duty to read other information in the Annual Report

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

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

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

Respective responsibilities of directors and auditor

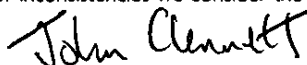
As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance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

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

Scope of the audit of the financial statements

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

John Clennett FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP



Chartered Accountants and Statutory Auditor Reading
United Kingdom

27 February 2014

Consolidated Income Statement

£000s	Note	Year ended 31 Dec 2013	Year ended 31 Dec 2012
Revenue	3	567,614	555,863
Recharged expenses	3	(75,493)	(77,028)
Fee income	3	492,121	478,835
Operating profit before amortisation of acquired intangibles and transaction related costs	1(g),3,4,5	65,305	62,069
Amortisation of acquired intangibles and transaction related costs	1(g),4	(19,425)	(19,925)
Operating profit		45,880	42,144
Finance costs	6	(2,430)	(2,128)
Finance income	6	157	158
Profit before tax amortisation of acquired intangibles and transaction related costs		63,032	60,099
Profit before tax		43,607	40,174
Tax expense	9	(14,987)	(14,263)
Profit for the year attributable to equity holders of the parent		28,620	25,911
Basic earnings per share (pence)	10	13.11	11.94
Diluted earnings per share (pence)	10	13.05	11.87
Adjusted basic earnings per share (pence)	10	20.22	19.48
Adjusted diluted earnings per share (pence)	10	20.14	19.36

Consolidated Statement of Comprehensive Income

£000s	Year ended 31 Dec 2013	Year ended 31 Dec 2012
Profit for the year	28,620	25,911
Exchange differences*	(18,200)	(5,545)
Total recognised comprehensive income for the year attributable to equity holders of the parent	10,420	20,366

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

The notes on pages 35 to 68 form part of these financial statements

Consolidated Balance Sheet

£000s	Note	As at 31 Dec 2013	As at 31 Dec 2012
Assets			
Non-current assets			
Intangible assets	11	375,279	328,440
Property plant and equipment	12	27,785	30,632
Deferred tax asset	20	2,018	–
		405,082	359,072
Current assets			
Trade and other receivables	14	161,741	159,381
Cash at bank		18,699	14,804
		180,440	174,185
Liabilities			
Current liabilities			
Borrowings	16	1,465	748
Deferred consideration	18	20,919	7,842
Trade and other payables	15	103,260	101,921
Corporation tax liabilities		3,058	3,582
Provisions	19	2,134	2,633
		130,836	116,726
Net current assets		49,604	57,459
Non-current liabilities			
Borrowings	16	49,602	27,557
Deferred consideration	18	14,923	3,543
Other payables		2,471	1,745
Deferred tax liability	20	13,645	8,436
Provisions	19	2,007	1,436
		82,648	42,717
Net assets		372,038	373,814
Equity			
Share capital	21	6,619	6,587
Share premium		108,307	106,198
Other reserves	22	17,652	36,070
Retained earnings		239,460	224,959
Total shareholders' equity		372,038	373,814

These financial statements were approved and authorised for issue by the Board on 27 February 2014

The notes on pages 35 to 68 form part of these financial statements

Dr Alan Heame, Director

Gary Young, Director

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

Consolidated Cash Flow Statement

£000s	Note	Year ended 31 Dec 2013	Year ended 31 Dec 2012
Adjusted cash generated from operations	26	72,030	76,045
Deferred consideration treated as remuneration		(7,714)	(9,969)
Cash generated from operations		64,316	66,076
Interest paid		(1,991)	(2,204)
Interest received		157	158
Income taxes paid		(19,829)	(18,162)
Net cash from operating activities		42,653	45,868
Cash flows from investing activities			
Purchases of subsidiaries net of cash acquired	28	(31,174)	(9,774)
Deferred consideration		(3,466)	(4,130)
Purchase of property, plant and equipment		(8,034)	(9,909)
Sale of property, plant and equipment		523	713
Proceeds from disposal of business		–	298
Net cash used in investing activities		(42,151)	(22,802)
Cash flows from financing activities			
Proceeds from issue of share capital		555	240
Purchase of own shares		–	(400)
Proceeds from / (repayments of) bank borrowings		18,609	(17,409)
Payment of finance lease liabilities		(580)	(1,350)
Dividends paid	23	(15,034)	(13,007)
Payment of pre-acquisition dividend		(247)	(399)
Net cash generated/(used) in financing activities		3,303	(32,325)
Net increase/(decrease) in cash and cash equivalents		3,805	(9,259)
Cash and cash equivalents at beginning of year		14,804	24,458
Effect of exchange rate fluctuations		(818)	(395)
Cash and cash equivalents at end of year	26	17,791	14,804
Cash and cash equivalents comprise			
Cash at bank		18,699	14,804
Bank overdraft		(908)	–
Cash and cash equivalents at end of year	26	17,791	14,804

The notes on pages 35 to 68 form part of these financial statements

Consolidated Statement of Changes in Equity

£000s	Share capital	Share premium	Retained earnings	Other reserves	Total equity
At 1 January 2012	6,544	103,717	210,890	43,299	364,450
Changes in equity during 2012					
Total comprehensive income	–	–	25,911	(5,545)	20,366
Issue of new ordinary shares	43	2,481	(1,000)	(1,284)	240
Purchase of own shares	–	–	–	(400)	(400)
Share based payment expense	–	–	2,070	–	2,070
Tax recognised directly in equity	–	–	95	–	95
Dividends paid	–	–	(13,007)	–	(13,007)
At 31 December 2012	6,587	106,198	224,959	36,070	373,814
Changes in equity during 2013					
Total comprehensive income	–	–	28,620	(18,200)	10,420
Issue of new ordinary shares	32	2,109	(1,370)	(218)	553
Share based payment expense	–	–	1,938	–	1,938
Tax recognised directly in equity	–	–	347	–	347
Dividends paid	–	–	(15,034)	–	(15,034)
At 31 December 2013	6,619	108,307	239,460	17,652	372,038

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

The notes on pages 35 to 68 form part of these financial statements

Notes to the Consolidated Financial Statements

1. Significant accounting policies

RPS Group Plc (the "Company") is a company domiciled in England. The consolidated financial statements of the Company for the year ended 31 December 2013 comprise the Company and its subsidiaries (together referred to as the "Group").

The consolidated financial statements were authorised for issuance on 27 February 2014.

(a) Basis of preparation

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

During the year, the Group has applied IFRS 13 Fair Value measurement, the Annual Improvements to IFRS and IAS 1 (amended) Presentation of Items of Other Comprehensive Income. The Group has early adopted "Recoverable Amount Disclosures for Non-Financial Assets" (Amendments to IAS 36). Their adoption has not had a material impact on the disclosures or amounts reported in these accounts. Otherwise these financial statements have been prepared using the accounting policies set out in the Report and Accounts 2012.

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

(b) Basis of consolidation

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

(c) Revenue

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

i Fees / expenses

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

ii Time and materials

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

iii Fixed price

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

iv Tuition

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

v Agency agreements

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

Notes to the Consolidated Financial Statements continued

1. Significant accounting policies continued

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

(d) Deferred consideration

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

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

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

(e) Intangible assets

i Goodwill

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

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

ii Negative Goodwill

Negative goodwill arises where the purchase price of acquisitions for accounting purposes is less than the fair value of the net assets acquired and is immediately credited to the consolidated income statement in accordance with IFRS 3 (2008).

iii Other intangible assets

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

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

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

iv Amortisation

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

Customer relationships	3 to 15 years
Trade names	1 to 5 years
Order backlog	1 to 4 years
Non-compete agreements	3 years
Software	10 years
Intellectual property rights	10 years

(f) Impairment of non financial assets

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

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

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

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

i Calculation of recoverable amount

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

ii Reversals of impairment

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

(g) Non statutory performance measures

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

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

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

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

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

This classification of income and expense comprises amortisation of acquired intangibles (see note 1 (e) iv), deferred consideration payments that are contingent on continuing employment and are treated as remuneration (see note 1 (d)), negative goodwill that has been credited to the income statement (see note 1 (e) ii), and third party transaction related costs.

ii Reorganisation costs

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

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

(h) Key accounting estimates and judgements

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

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

- 1 **Revenue recognition** – judgement is required to identify when it is appropriate to recognise revenue on contracts, particularly with respect to fixed price contracts.
- 2 **Acquisition accounting** – judgements are made with respect to the fair value of the net assets acquired. See note 28 for details of the acquisitions completed in 2013.
- 3 **Impairment of non-financial assets** – when impairment reviews of goodwill and intangible assets are undertaken, judgements are made with respect to the discount rates applicable to the Group's cash generating units along with the expected cash flows of those cash generating units and the growth rates applied to them. Detail of the results of the impairment reviews performed in 2013 can be found in note 11 along with the judgements applied.

Notes to the Consolidated Financial Statements continued

1. Significant accounting policies continued

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

2 Other accounting policies

(a) Foreign currency

i Foreign currency transactions

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

ii Financial statements of foreign operations

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

iii Net investment in foreign operations

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

iv Foreign currency forward contracts

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

(b) Property, plant and equipment

i Owned assets

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

ii Leased assets

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

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

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

iii Subsequent costs

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

iv Depreciation

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

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

(c) Trade and other receivables

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

(d) Cash and cash equivalents

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

(e) Employee benefits**i Defined contribution plans**

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

ii Defined benefit plans

The cost of providing benefits is determined using the Projected Unit Credit Method, with actual valuations being carried out at the end of each reporting period. The retirement benefit obligation recognised in the Consolidated Balance Sheet represents the deficit in the Group's Defined Benefit Scheme.

iii Share-based payments

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

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

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

Since 2004 the Group has incentivised and motivated employees through the grant of conditional share awards under the Long Term Incentive Plan ('LTIP') and Bonus Banking Plan ('BBP') for Executive Directors and other senior directors, the Performance Share Plan ('PSP') for senior managers and staff and the Share Incentive Plan ('SIP'), available to staff. Under these arrangements shares are granted at no cost to the employee. The release of shares granted under the LTIP, BBP and PSP are subject to the satisfaction of corporate performance conditions and continuity of employment provisions. Shareholder approval has lapsed for the LTIP and therefore no further grants will be made under this plan. The release of shares under the SIP are subject to continuity of employment provisions.

iv Accrued holiday pay

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

(f) Provisions

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

Notes to the Consolidated Financial Statements continued

2. Other accounting policies continued

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

(g) Trade and other payables

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

(h) Borrowings

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

(i) Reserves

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

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

(j) Expenses

i. Operating lease payments

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

ii. Finance lease payments

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

(k) Income tax

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

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

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and the differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. In accordance with IAS 12, deferred tax is taken directly to equity to the extent that the intrinsic value of the outstanding share awards (based on the closing share price) is greater than the share-based payment expense already charged to the income statement. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

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

(l) Dividends

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

(m) Employee Share Ownership Plan (ESOP)

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

(n) Accounting standards issued but not adopted

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

- | | |
|---|---|
| ■ IFRS 9 Financial Instruments | ■ IAS 28 (revised) Investments in Associates and Joint Ventures |
| ■ IFRS 10 Consolidated Financial Statements | ■ IAS 32 (amended) Offsetting Financial Assets and Financial Liabilities |
| ■ IFRS 10, IFRS 12 and IAS 27 (amended) Investment Entities | ■ IAS 39 (amended) Novation of Derivatives and Continuation of Hedge Accounting |
| ■ IFRS 11 Joint Arrangements | ■ IAS 19 (amended) Defined Benefit Plans |
| ■ IFRS 12 Disclosure of Interests in Other Entities | Employee Contributions |
| ■ IAS 27 (revised) Separate Financial Statements | |

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will not have a material impact on the financial statements of the Group.

3. Business and geographical segments

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

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

Business segments

As announced in October 2013, the Group now separately reports its Built and Natural Environment business in North America and now manages its Energy and BNE businesses in AAP under a single regional board. The prior year disclosures have been restated to reflect these changes.

The business segments of the Group are as follows:

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

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

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

Central costs - certain central costs are not allocated to the segments because either they predominantly relate to the running of the Group Head Office function or could only be allocated to the segments on an arbitrary basis. Such costs include the remuneration and support costs of the main board and the costs of the Group Finance and marketing functions. These costs are included in the category 'unallocated expenses'.

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

Notes to the Consolidated Financial Statements continued

3. Business and geographical segments continued

Segment results for the year ended 31st December 2013

	Fees	Expenses	Intersegment revenue	External revenue
Energy	189,535	33,803	(1,141)	222,197
BNE - Europe	149,292	20,171	(603)	168,860
BNE - North America	30,044	4,538	(1,111)	33,471
AAP	127,194	17,380	(1,488)	143,086
Group eliminations	(3,944)	(399)	4,343	–
Total	492,121	75,493	–	567,614

£000s	Underlying profit	Reorganisation costs	Segment profit
Energy	37,098	(78)	37,020
BNE - Europe	19,164	(487)	18,677
BNE - North America	7,592	–	7,592
AAP	10,020	(1,192)	8,828
Total	73,874	(1,757)	72,117

Segment results for the year ended 31st December 2012 (restated)

	Fees	Expenses	Intersegment revenue	External revenue
Energy	164,363	29,160	(823)	192,700
BNE - Europe	157,200	21,433	(1,301)	177,332
BNE - North America	26,938	4,264	(123)	31,079
AAP	133,888	22,393	(1,529)	154,752
Group eliminations	(3,554)	(222)	3,776	–
Total	478,835	77,028	–	555,863

£000s	Underlying profit	Reorganisation costs	Segment profit
Energy	31,243	(46)	31,197
BNE - Europe	18,874	(754)	18,120
BNE - North America	6,252	–	6,252
AAP	15,188	(946)	14,242
Total	71,557	(1,746)	69,811

Accounts

Group Reconciliation

£000s	Year ended 31 Dec 2013	Year ended 31 Dec 2012
Revenue	567 614	555 863
Recharged expenses	(75,493)	(77,028)
Fees	492,121	478 835
Underlying profit	73 874	71,557
Reorganisation costs	(1,757)	(1 746)
Segment profit	72,117	69,811
Unallocated expenses	(6 812)	(7,742)
Operating profit before amortisation of acquired intangibles and transaction related costs	65,305	62,069
Amortisation of acquired intangibles and transaction related costs	(19,425)	(19,925)
Operating profit	45,880	42,144
Finance costs	(2,273)	(1,970)
Profit before tax	43 607	40 174

£000s	Carrying amount of segment assets		Segment depreciation and amortisation	
	Year ended 31 Dec 2013	Year ended 31 Dec 2012 (restated)	Year ended 31 Dec 2013	Year ended 31 Dec 2012 (restated)
Energy	214,631	134,928	7,128	4,164
BNE - Europe	219,112	226,861	3 766	3,607
BNE - North America	27,430	28,677	2,266	2,816
AAP	117,769	140 466	7,670	8 215
Unallocated	6 580	2,325	819	784
Group total	585,522	533 257	21,649	19,586

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

£000s	Revenue		Fees	
	Year ended 31 Dec 2013	Year ended 31 Dec 2012	Year ended 31 Dec 2013	Year ended 31 Dec 2012
UK	240,065	238 481	205 044	204,436
Australia	131 174	144,753	114,418	123 782
USA	86,135	71,506	77,594	63,736
Netherlands	33 076	28 159	28,204	24 483
Canada	31 733	32,769	27,728	28 658
Ireland	28,349	30 917	22,083	24 607
Other	17 082	9,278	17,050	9 133
Total	567 614	555,863	492,121	478 835

£000s	Carrying amount of non current assets	
	As at 31 Dec 2013	As at 31 Dec 2012
UK	185 341	174,829
Australia	81,236	96 433
USA	31,490	26 419
Canada	21 019	4 434
Ireland	39,892	39,064
Netherlands	17 806	17,832
Norway	28,244	–
Other	54	61
Total	405,082	359,072

Notes to the Consolidated Financial Statements continued

4. Amortisation of acquired intangibles and transaction related costs

£000s	Year ended 31 Dec 2013	Year ended 31 Dec 2012
Amortisation of acquired intangibles	12,217	10,636
Contingent deferred consideration treated as remuneration	6,009	8,593
Negative goodwill (see note 28)	–	(266)
Transaction costs	1,199	827
Loss on disposal of business	–	135
	<u>19,425</u>	<u>19,925</u>

5. Operating profit - by nature of expense

£000s	Year ended 31 Dec 2013	Year ended 31 Dec 2012
Revenue	567,614	555,863
Staff costs (see note 7)	(214,317)	(217,932)
Subconsultants costs	(132,788)	(121,354)
Other employment related costs	(15,609)	(17,444)
Depreciation of owned assets	(9,219)	(8,205)
Depreciation of assets held under finance leases	(213)	(745)
Profit on disposal of fixed assets	241	138
Operating lease rentals payable - property	(12,562)	(11,998)
Operating lease rentals payable - equipment and motor vehicles	(4,469)	(4,218)
Travel costs	(12,909)	(14,041)
Office costs	(17,220)	(18,259)
Amortisation of acquired intangibles	(12,217)	(10,636)
Other transaction related costs	(7,208)	(9,289)
Other costs	(83,244)	(79,736)
Operating profit	<u>45,880</u>	<u>42,144</u>

6. Net financing costs

£000s	Year ended 31 Dec 2013	Year ended 31 Dec 2012
Finance costs		
Interest on loans, overdraft and finance leases	(1,593)	(1,583)
Interest payable on deferred consideration	(837)	(545)
	<u>(2,430)</u>	<u>(2,128)</u>
Finance income		
Deposit interest receivable	157	158
Net financing costs	<u>(2,273)</u>	<u>(1,970)</u>

7. Employee benefit expense

£000s	Year ended 31 Dec 2013	Year ended 31 Dec 2012
Wages and salaries	184,238	187,555
Social security costs	17,615	17,536
Pension costs - defined contribution plans	10,526	10,771
Share based payment expense - equity settled	1,938	2,070
	214,317	217,932
Average number of employees (including Executive Directors) was		
Fee earning staff	3,370	3,583
Support staff	936	924
	4,306	4,507

In addition to statutory staff costs, contingent deferred consideration treated as remuneration amounts to £6,009,000 (2012 £8,593,000)

The Group considers the Directors to be the key management personnel and details of directors' remuneration are included in the Remuneration Report from page 26. The share based payment charge in respect of key management personnel was £153,000 (2012 £221,000)

8 Auditors' remuneration

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

£000s	Year ended 31 Dec 2013	Year ended 31 Dec 2012
Statutory audit of the Company's annual accounts	47	45
Statutory audit of the Group's subsidiaries	330	289
Total audit fees	377	334
Interim review	35	25
Total assurance services	412	359
Tax compliance services	90	68
Tax advisory services	12	200
Services in relation to taxation	102	268
Other services	19	-
Total fees	533	627

Notes to the Consolidated Financial Statements continued

9. Income taxes

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

£000s	Year ended 31 Dec 2013	Year ended 31 Dec 2012
Current tax		
UK Corporation tax	4,834	4,596
Overseas tax	10,922	13,133
Adjustments in respect of prior years	692	618
	16,448	18,347
Deferred tax		
Origination and reversal of timing differences	(514)	(2,932)
Effect of change in tax rate	(490)	(21)
Adjustments in respect of prior years	(457)	(1,131)
	(1,461)	(4,084)
Total tax charge to income for the year	14,987	14,263

Analysis of tax credits in equity for the year

Current tax	–	–
Deferred tax	(347)	(95)
Total tax credit to equity for the year	(347)	(95)

The effective tax rate for the year on profit before tax is 34.4% (2012: 35.5%). The effective tax rate for the year on profit before tax, amortisation of acquired intangibles and transaction related costs is 29.9% (2012: 29.7%) as shown in the table below.

£000s	Year ended 31 Dec 2013	Year ended 31 Dec 2012
Total tax expense in Income Statement	14,987	14,263
Add back:		
Tax on amortisation of acquired intangibles and transaction related costs	3,889	3,569
Adjusted tax charge on the profit for the year	18,876	17,832
Profit before tax, amortisation of acquired intangibles and transaction related costs	63,032	60,099
Adjusted effective tax rate	29.9%	29.7%

Accounts

The UK rate of corporate tax was reduced from 24% to 23% from 1 April 2013. The UK tax expense for the group's UK companies is 23.25% (2012: 24.50%) representing the weighted average annual corporate tax rate for the full financial year.

The actual tax expense for 2013 is different from 23.25% (2012: 24.50%) of profit before tax for the reasons set out in the following reconciliation:

£000s	Year ended 31 Dec 2013	Year ended 31 Dec 2012
Profit before tax	43,607	40,174
Tax at the standard rate of 23.25% (2012: 24.50%)	10,139	9,843
Effect of:		
Effect of overseas tax rates	3,432	2,339
Non-deductible acquisition consideration treated as remuneration	1,401	2,105
Expenses not deductible for tax purposes	403	632
Non-taxable income	(133)	(65)
Effect of change in tax rates	(490)	(78)
Adjustments in respect of prior years	235	(513)
Total tax charge on the profit for the period	14,987	14,263

The UK government has announced a future decrease in the UK corporation tax rate from 23% to 20% from April 2015. This change has resulted in a deferred tax credit arising from the reduction in the balance sheet carrying value of deferred tax liabilities to reflect the anticipated rate of tax at which those liabilities are expected to reverse.

Notes to the Consolidated Financial Statements continued

10. Earnings per share

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

£000s/000s	Year ended 31 Dec 2013	Year ended 31 Dec 2012
Profit attributable to ordinary shareholders	28,620	25,911
Weighted average number of ordinary shares for the purposes of basic earnings per share	218,355	216,980
Effect of employee share schemes	909	1,313
Weighted average number of ordinary shares for the purposes of diluted earnings per share	219,264	218,293
Basic earnings per share (pence)	13.11	11.94
Diluted earnings per share (pence)	13.05	11.87

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

£000s	Year ended 31 Dec 2013	Year ended 31 Dec 2012
Profit attributable to ordinary shareholders	28,620	25,911
Amortisation of acquired intangibles and transaction related costs (note 4)	19,425	19,925
Tax on amortisation of acquired intangibles and transaction related costs (note 9)	(3,889)	(3,569)
Adjusted profit attributable to ordinary shareholders	44,156	42,267
Adjusted basic earnings per share (pence)	20.22	19.48
Adjusted diluted earnings per share (pence)	20.14	19.36

11. Intangible assets

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

Intangible asset additions that are recorded in 2013 have been recognised at their provisional fair values (see note 28)

Acquisitions in 2012 were originally stated at provisional values. These fair values have now been finalised and no adjustments have been made to the prior year balance sheet on grounds of immateriality in accordance with IFRS 3.

£000s	Intellectual property nghts	Customer relationships	Order backlog	Trade names	Non compete agreements	Software	Goodwill	Total
Cost								
At 1 January 2012	2,782	67,213	6,267	2,367	561	1,158	285,780	366,128
Additions	–	2,993	839	–	–	–	12,357	16,189
Reduction due to disposal	–	–	–	–	–	–	(1,135)	(1,135)
Reduction in deferred consideration payable	–	–	–	–	–	–	(107)	(107)
Adjustment to prior year estimates	–	–	–	–	–	–	232	232
Foreign exchange differences	(109)	(1,727)	(152)	(45)	(13)	(51)	(3,759)	(5,856)
At 31 December 2012	2,673	68,479	6,954	2,322	548	1,107	293,368	375,451
Aggregate amortisation and impairment losses								
At 1 January 2012	285	17,694	5,215	1,426	156	19	12,221	37,016
Amortisation	283	8,023	1,700	333	184	113	–	10,636
Foreign exchange differences	(9)	(475)	(109)	(40)	(5)	(3)	–	(641)
At 31 December 2012	559	25,242	6,806	1,719	335	129	12,221	47,011
Net book value at 31 December 2012	2,114	43,237	148	603	213	978	281,147	328,440

Goodwill

Goodwill acquired in a business combination is allocated at acquisition to the groups of cash generating units (CGUs) that are expected to benefit from that business combination. Due to the Group's change in segmentation, as announced in October 2013, the Group has reallocated goodwill between the Energy, BNE North America and AAP segments. In 2012, the AAP (Energy) and BNE North America CGU groups were included within the Energy (global) CGU grouping. In 2012 there were four CGU groups. In 2013 there are seven. The carrying amount of goodwill has been allocated as follows:

Notes to the Consolidated Financial Statements continued

11. Intangible assets continued

£000s	As at 31 Dec 2013	As at 31 Dec 2012
BNE Europe (UK and Ireland)	141,855	140,870
BNE Europe (Netherlands)	9,702	9,574
BNE North America	11,194	11,406
AAP (BNE)	56,266	64,220
AAP (Energy)	4,703	5,561
Energy (global)	66,753	49,516
Energy (Norway)	17,273	–
	307,746	281,117

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

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

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

Key assumptions

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

Discount rate applied

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

The discount rates applied to the CGUs are in the range 10.3% to 11.7% (2012: 10.8% to 12.0%).

Growth rates

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

The long-term growth rate applied to the perpetuity calculations was between 2.0% and 2.5% per annum (2012: 2.1%) reflecting the average long-term EBIT growth rates of the economies in which the CGUs are based.

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

	Post tax discount rate	Medium term real growth rate excluding inflation	Long term growth rate
BNE E (UK and Ireland)	10.9%	3.0%	2.2%
AAP (BNE)	11.3%	3.0%	2.5%
Energy (global)	11.5%	3.0%	2.2%

Summary of results

During the year, all goodwill was tested for impairment with no impairment charge resulting (2012: £nil).

The BNE Europe UKI CGU grouping has the lowest percentage headroom. An increase in the discount rate of 160bps, a 2014 budget miss of 19% or a reduction in the medium-term growth rate of 600bps would reduce the headroom to zero. The AAP (BNE) CGU grouping has the next lowest percentage headroom. An increase in the discount rate of 230bps, a 2014 budget miss of 29% or a reduction in the medium-term growth rate of 1900bps would reduce the headroom to zero.

12. Property, plant and equipment

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

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

£000s	Freehold land and buildings	Alterations to leasehold premises	Motor vehicles	Fixtures fittings IT and equipment	Total
Cost					
At 1 January 2012	9,071	6 373	3,718	55,671	74 833
Additions	4	1 632	1,218	7,089	9 943
Disposals	(450)	(251)	(641)	(1 652)	(2,994)
Additions through acquisition	–	–	18	844	862
Foreign exchange differences	(229)	(156)	(115)	(861)	(1,361)
At 31 December 2012	8,396	7 598	4,198	61 091	81,283
Depreciation					
At 1 January 2012	2,242	1,822	1,446	39,253	44,763
Charge for the year	239	1,012	816	6 883	8,950
Disposals	(208)	(230)	(522)	(1 466)	(2,426)
Foreign exchange differences	(44)	(50)	(48)	(494)	(636)
At 31 December 2012	2,229	2,554	1,692	44 176	50 651
Net book value at 31 December 2012	6,167	5 044	2 506	16 915	30,632

At 31 December 2012 the Group held under finance lease contracts alterations to leasehold properties, motor vehicles and equipment with net book values of £711,000, £40,000 and £262,000 respectively

Notes to the Consolidated Financial Statements continued

13 Subsidiaries

A list of the significant subsidiaries including the name, country of incorporation and proportion of ownership interests is given in Note 5 to the Parent Company's financial statements on page 73

14 Trade and other receivables

£000s	As at 31 Dec 2013	As at 31 Dec 2012
Trade receivables	122,267	126,920
Provision for impairment	(4,665)	(8,820)
Trade receivables net	117,602	118,100
Accrued income	35,692	35,576
Provision for impairment	(5,557)	(5,621)
Accrued income net	30,135	29,955
Prepayments	9,530	7,503
Other receivables	4,474	3,823
	161,741	159,381

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

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

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

£000s	As at 31 Dec 2013	As at 31 Dec 2012
Not more than three months	13,784	10,535
More than three months	13,515	11,341
	27,299	21,876

14. Trade and other receivables continued**Movements in impairment**

£000s	Trade receivables	Accrued income	Total
As at 1 January 2013	8 820	5,621	14,441
Impairment charge	1 108	3,083	4,191
Receivables written off during the year as uncollectible	(2,996)	(2 437)	(5 433)
Recoveries	(2,116)	(133)	(2 249)
Additions through acquisitions	22	–	22
Foreign exchange	(173)	(577)	(750)
As at 31 December 2013	4,665	5,557	10 222
As at 1 January 2012	8,228	6 496	14,724
Impairment charge	4,180	4,105	8 285
Receivables written off during the year as uncollectible	(2,159)	(3 715)	(5,874)
Recoveries	(1,591)	(1,146)	(2 737)
Additions through acquisitions	51	–	51
Foreign exchange	111	(119)	(8)
As at 31 December 2012	8,820	5,621	14,441

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

£000s	31 Dec 2013	31 Dec 2012
UK Pound Sterling	53,911	56 399
Euro	28,290	23 760
US Dollar	37,007	29,697
Canadian Dollar	6,700	14,449
Australian Dollar	24 283	31,797
Norwegian Krone	8,671	890
Other	2 879	2,389
	161,741	159 381

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

15. Trade and other payables

£000s	As at 31 Dec 2013	As at 31 Dec 2012
Trade payables	26 893	31,174
Accruals	32,779	30 932
Deferred income	19,236	20,386
Creditors for taxation and social security	15,064	13,779
Other payables	9,288	5,650
	103,260	101,921

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.

Notes to the Consolidated Financial Statements continued

16. Borrowings

£000s	As at 31 Dec 2013	As at 31 Dec 2012
Bank loans	49 637	27 098
Bank overdraft	908	–
Finance lease creditor	522	1,207
	51 067	28,305

£000s	as at 31 December 2013			as at 31 December 2012		
	Bank loans and overdraft	Finance lease creditor	Total	Bank loans and overdraft	Finance lease creditor	Total
The borrowings are repayable as follows						
On demand or in not more than one year	967	498	1,465	158	590	748
In the second year	–	24	24	70	588	658
In the third to fifth years inclusive	49,578	–	49 578	26 870	29	26,899
	50,545	522	51,067	27 098	1,207	28,305
Less amount due for settlement within 12 months	(967)	(498)	(1,465)	(158)	(590)	(748)
Amount due for settlement after 12 months	49 578	24	49,602	26,940	617	27,557

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

- (i) An uncommitted £1,000,000 bank overdraft facility, repayable on demand
- (ii) An uncommitted Australian Dollar denominated overdraft facility of AUD 3,000,000 repayable on demand
- (iii) The Group has two principal bank loans
 - (a) A revolving credit facility of £125,000,000 with Lloyds Bank plc, the Group's principal bank, expiring in 2016. This comprises of a £90,000,000 committed facility, with an additional £35,000,000 available as required subject to credit approval. Loans carry interest equal to LIBOR plus a margin determined by reference to the total bank borrowing of the Group.
There were loans drawn totalling £49,578,000 (2012 £26,870,000) at 31 December 2012.
The facility is guaranteed by the Company and certain subsidiaries but no security over the Group's assets exists.
 - (b) Australian Dollar denominated loans of AUD 111,000. The loans are guaranteed by interlocking guarantees between the acquired company's entities and fixed and floating charges over its assets.
- (iv) Bonding facility utilisation of £1,352,000 (2012 £3,594,000) drawn against a £10,000,000 ancillary facility with Lloyds Bank Plc.

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

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

Liquidity risk

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

Loan liquidity risk profile

£000s	2013	2012
< 1 year	1 196	693
1-2 years	1,133	594
> 2 but < 5 years	50,711	27,389
	53 040	28,676

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

17 Obligations under finance leases

Amounts payable under finance leases

£000s	as at 31 December 2013			as at 31 December 2012		
	Minimum lease payments	Less future interest charges	Present value of minimum lease payments	Minimum lease payments	Less future interest charges	Present value of minimum lease payments
Within one year	527	(29)	498	670	(80)	590
In two to five years	25	(1)	24	652	(35)	617
	552	(30)	522	1 322	(115)	1,207

For the year ended 31 December 2013, the average effective borrowing rate was 9%. Interest rates are fixed at the contract date.

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

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

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

18. Deferred consideration

£000s	As at 31 Dec 2013	As at 31 Dec 2012
Amount due within one year	20,919	7,842
Amount due between one and two years	14,923	3,543
Total deferred consideration payable	35,842	11,385

The amount due within one year as at 31 December 2013 includes contingent deferred consideration treated as remuneration expense accrued but not paid totalling £2,457,000 (31 December 2012: £4,157,000). See note 33 for detail of the commitment in respect of contingent deferred consideration treated as remuneration.

Notes to the Consolidated Financial Statements continued

19. Provisions

Property

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

Warranty

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

Dilapidations

The dilapidations provision is in respect of reinstatement obligations related to leasehold properties and will be utilised within 12 years

£000s	Property	Warranty	Dilapidations	Total
As at 1 January 2013	599	1,419	2,051	4,069
Additional provision in the year	175	415	635	1,225
Utilised in year	(491)	(250)	(460)	(1,201)
Arising on acquisition of subsidiary	127	–	35	162
Exchange difference	(33)	16	(97)	(114)
At 31 December 2013	377	1,600	2,164	4,141

£000s	As at 31 Dec 2013	As at 31 Dec 2012
Due as follows		
Within one year	2,134	2,633
After more than one year	2,007	1,436
	4,141	4,069

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

20. Deferred taxation

£000s	Fixed asset timing differences	Goodwill and intangible assets	Foreign exchange on investments	Employment benefits	Share based payments	Provisions and other timing differences	Total
At 1 January 2012	(883)	(12 121)	(528)	2,800	88	(950)	(11,594)
Credit to income for the year	26	2,284	–	147	41	1,565	4 063
(Charge)/credit to income due to change in tax rate	(80)	183	–	(15)	3	(70)	21
Credit to equity for the year	–	–	–	–	95	–	95
Owned by subsidiaries acquired	(32)	(1,150)	–	–	–	–	(1,182)
Exchange differences	48	244	–	(117)	–	(14)	161
At 31 December 2012	(921)	(10,560)	(528)	2,815	227	531	(8 436)
(Charge)/credit to income for the year	399	2,190	528	(665)	(111)	(1,371)	970
(Charge)/credit to income due to change in tax rate	(122)	638	–	(8)	4	(21)	491
Credit to equity for the year	–	–	–	–	347	–	347
Owned by subsidiaries acquired	(26)	(5,961)	–	84	–	300	(5,603)
Exchange differences	(68)	454	–	140	–	78	604
At 31 December 2013	(738)	(13,239)	–	2,366	467	(483)	(11 627)
Disclosed within liabilities	208	(15,649)	–	2,237	10	(451)	(13 645)
Disclosed within assets	(946)	2 410	–	129	457	(32)	2 018

The balances at 1 January 2012 and 31 December 2012 were disclosed within liabilities

No deferred tax liability is recognised on temporary differences of £34,953,000 (2012 £21,309,000) relating 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 not probable that they will reverse in the foreseeable future. The temporary differences at 31 December 2013 represent only the unremitted earnings of those overseas subsidiaries where remittance to the UK of those earnings may result in a tax liability principally as a result of dividend withholding taxes levied by the overseas tax jurisdictions in which they operate.

Notes to the Consolidated Financial Statements continued

21 Share capital

	as at 31 December 2013		as at 31 December 2012	
	Authorised Number	Authorised £000s	Authorised Number	Authorised £000s
Ordinary shares of 3p each	240 000 000	7 200	240,000 000	7,200

Issued and fully paid	2013		2012	
	Number	£000s	Number	£000s
Ordinary shares of 3p each				
At 1 January	219,566,269	6 587	218,138 273	6,544
Issued under share option schemes	352,252	11	193,905	6
Issued under the Share Incentive Plan	382 630	11	579,283	17
Issued in respect of the Performance Share Plan	330,779	10	654,808	20
At 31 December	220,631,930	6,619	219 566 269	6,587

Number	As at 31 Dec 2013	As at 31 Dec 2012
Ordinary shares held by the ESOP Trust	2,021,707	2 340 216
Ordinary shares held by the SIP Trust	3,592,678	3 602 403

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

The table below shows options outstanding at 31 December 2013

Period exercisable	Number	Exercise price (p)
2007 - 2014	750	118
2011 - 2018	165,000	295
2013 - 2020	60,000	195
2014 - 2021	175,000	212
	400,750	

22 Other reserves

£000s	Merger reserve	Employee trust	Translation reserve	Total
At 1 January 2012	21,256	(7,375)	29,418	43,299
Exchange differences	-	-	(5,545)	(5,545)
Issue of new shares	-	(1,284)	-	(1,284)
Purchase of own shares	-	(400)	-	(400)
At 31 December 2012	21,256	(9,059)	23,873	36,070
Exchange differences	-	-	(18,200)	(18,200)
Issue of new shares	-	(218)	-	(218)
At 31 December 2013	21,256	(9,277)	5,673	17,652

23. Dividends

£000s	Year ended 31 Dec 2013	Year ended 31 Dec 2012
Amounts recognised as distributions to equity holders during the year		
Final dividend for the year ended 31 December 2012 of 3.34p (2011: 2.90p) per share	7,308	6,325
Interim dividend for the year ended 31 December 2013 of 3.52p (2012: 3.06p) per share	7,726	6,682
	15,034	13,007
Proposed final dividend for the year ended 31 December 2013 of 3.84p (2012: 3.34p) per share	8,463	7,317

The proposed final dividend for the year ended 31 December 2013 is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in the financial statements

24 Operating lease arrangements

At 31 December 2013 the Group's total remaining commitments as lessee under non-cancellable operating leases were as follows

£000s	as at 31 December 2013		as at 31 December 2012	
	Property	Other	Property	Other
Within one year	12,202	2,263	10,063	3,004
In two to five years	29,176	2,750	24,528	3,947
After five years	6,225	2	3,199	6
	47,603	5,015	37,790	6,957

Notes to the Consolidated Financial Statements continued

25. Related party transactions

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

26. Notes to the Consolidated Cash Flow Statement

£000s	Year ended 31 Dec 2013	Year ended 31 Dec 2012
Operating profit	45,880	42,144
Adjustments for:		
Depreciation	9,432	8,950
Amortisation of acquired intangible assets	12,217	10,636
Contingent consideration treated as remuneration	6,009	8,593
Share based payment expense	1,938	2,070
Negative goodwill	–	(266)
Profit on sale of property, plant and equipment	(241)	(119)
Loss on disposal of business	–	135
	75,235	72,143
Decrease in trade and other receivables	8,838	12,491
Decrease in trade and other payables	(12,043)	(8,589)
Adjusted cash generated from operations	72,030	76,045

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

The table below provides an analysis of net bank borrowings, comprising cash and cash equivalents, interest bearing loans and finance leases during the year ended 31 December 2013.

£000s	At 31 Dec 2012	Cash flow	Acquisition debt	Foreign Exchange	At 31 Dec 2013
Cash and cash equivalents	14,804	4,831	–	(936)	18,699
Overdrafts	–	(1,026)	–	118	(908)
Bank loans	(27,098)	(18,609)	(4,353)	423	(49,637)
Finance lease creditor	(1,207)	580	–	105	(522)
	(13,501)	(14,224)	(4,353)	(290)	(32,368)

The cash balance at 31 December 2013 includes £6,028,000 (2012: £3,566,000) that is restricted in its use either as security or client deposits.

27. Major non-cash transactions

Major non-cash transactions during the year are as follows:

£000s	Year ended 31 Dec 2013	Year ended 31 Dec 2012
Depreciation	9,432	8,950
Amortisation of acquired intangibles	12,217	10,636
Share based payment expense	1,938	2,070
Negative goodwill	–	(266)
	23,587	21,390

28 Acquisitions

During 2013 the Group completed six acquisitions. Each of them broadens and strengthens the services the Group offers.

Entity acquired	Date of acquisition	Place of incorporation	Percentage of entity acquired	Nature of business acquired
Petroleum Institute of Continuing Education Ltd	16th January 2013	Canada	100%	Training
Knowledge Reservoir Group LLC	18th April 2013	USA	100%	Oil and gas consultancy
Asia Pacific ASA Pty Ltd	17th July 2013	Australia	100%	Oceanographic consultancy
HMA Ltd	16th August 2013	Canada	100%	Linear infrastructure consultancy
Ichron Ltd	25th September 2013	UK	100%	Oil and gas consultancy
OEC Group	7th November 2013	Norway	100%	Project management

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

£000s	PEICE	KR	APASA	HMA	Ichron	OEC	Total
Intangible assets							
Order book	126	745	79	1,337	620	1,355	4,262
Customer relations	4,423	6,314	1,901	2,234	4,660	9,460	28,992
Trade names	183	719	127	285	260	1,213	2,787
Intellectual property	–	425	–	–	–	–	425
Software	499	–	–	–	–	–	499
PPE	1	88	102	202	113	148	654
Cash	612	1,956	2,070	2,306	2,610	4,297	13,851
Other assets	60	4,779	1,034	2,006	1,693	9,131	18,703
Borrowings	–	–	–	(4,353)	–	–	(4,353)
Other liabilities	(2,034)	(2,439)	(2,391)	(4,401)	(2,921)	(12,979)	(27,165)
Net assets acquired	3,870	12,587	2,922	(384)	7,035	12,625	38,655
Satisfied by							
Initial cash consideration	3,637	9,774	2,650	2,039	6,650	20,025	44,775
Fair value of deferred consideration	3,576	4,327	2,470	5,196	5,923	10,893	32,385
Total consideration	7,213	14,101	5,120	7,235	12,573	30,918	77,160
Goodwill	3,343	1,514	2,198	7,619	5,538	18,293	38,505

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

The total fair value of receivables acquired was £15,481,000. The breakdown between gross received and amounts estimated irrecoverable is as follows:

£000s	Gross receivables	Estimated irrecoverable	Fair value of assets acquired
PEICE	3,066	(25)	3,041
KR	83	–	83
APASA	1,099	–	1,099
HMA	1,923	(25)	1,898
Ichron	1,400	–	1,400
OEC	7,972	(12)	7,960
	15,543	(62)	15,481

The vendors of the acquired companies have entered into warranty agreements with the Group. The total undiscounted cash flow that could be receivable by the Group is between £nil and £18,164,000. The Group does not expect that these warranties will become receivable and therefore has not recognised an indemnification asset on acquisition.

Notes to the Consolidated Financial Statements continued

28 Acquisitions continued

The Group incurred acquisition related costs of £1 199 000 which have been expensed through the income statement and are included within amortisation of acquired intangibles and transaction related expenses

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

£000s	Segment	Revenue	Operating profit
PEICE	Energy	4,167	83
KR	Energy	8 955	366
APASA	AAP	2,050	378
HMA	Energy	3,199	359
Ichron	Energy	2,632	1,386
OEC	Energy	4 720	(83)
		25,723	2 489

HMA is currently managed as part of the Energy segment, but since the year end HMA has worked closely with BNE NA business and we are anticipating that it may transfer under the management of the BNE NA board. HMA's results will be included in the BNE NA segment in that case. HMA's contribution to Energy in 2013 comprised revenue of £3 199 000 fees of £2,620,000 and operating profit before amortisation of intangibles and transaction related costs of £695,000. The proforma Group revenue and operating profit assuming that all of the acquisitions had been completed on the first day of the year would have been £621,272,000 and £50,928 000 respectively.

A reconciliation of the goodwill movement in 2013 in respect of acquisitions made in 2012 and 2013 is given in the table below

£000s	PEICE	KR	APASA	HMA	Ichron	OEC	MR
Goodwill at 1 January 2013	—	—	—	—	—	—	11 943
Additions through acquisition	3 343	1,514	2,198	7,619	5 538	18,293	—
Foreign exchange gains and losses	(336)	(115)	(243)	(622)	—	(1 020)	(1,842)
Goodwill at 31 December 2013	3,007	1,399	1,955	6 997	5,538	17,273	10 101

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

In 2012 negative goodwill in respect of the acquisition of ASA was recognised and credited to the income statement. No negative goodwill was recognised in 2013.

29. Defined benefit pension scheme

On 7 November 2013 RPS acquired 100% of the issued share capital of the OEC Consulting Group. This company has a defined benefit pension scheme. The defined benefit pension scheme assets and liabilities were valued by a qualified actuary at acquisition. Since the acquisition was completed so close to the year end, a further valuation of the scheme assets and liabilities has not been undertaken on the grounds of immateriality.

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

Discount rate	4.10%
Expected rate of salary increase	3.75%
Expected rate of pension increase	0.60%
Inflation	1.75%

Mortality assumptions

The assumed life expectations on retirement at age 65 are:

Retiring today	
Males	20.4
Females	23.2

Since the pension scheme was acquired by the Group late in the year, there has been no impact on the Group income statement for 2013 resulting from this pension scheme. The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit pension scheme is as follows:

£000s

Present value of defined benefit obligations	(3,937)
Fair value of scheme assets	2,931
Net liability arising from defined benefit obligation	(1,006)

The only movement in the present value of the scheme recognised since acquisition relates to foreign exchange since this is a foreign scheme whose functional currency is Norwegian Krone.

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

Shares	6.8%
Other investments	3.5%
Short term bonds	17.0%
Money market	22.0%
Term bonds	35.3%
Property	14.3%
Other	1.1%

30. Financial Risk Management

(a) Capital management

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

The borrowings are managed centrally and funds are onward lent to operating subsidiaries as required. The main borrowing facility of the Group is a committed £90 million multi-currency revolving credit facility that provides a high degree of flexibility. An additional £35 million is available as required subject to credit approval. There are two financial covenants related to this facility; interest cover must be no less than 400% and the ratio of group net borrowings (including deferred consideration) to EBITDA should be no greater than 250%. These covenants are tested regularly and were not breached during the year and have not been since the year end.

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

(b) Financial instruments

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

Fair values

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

Notes to the Consolidated Financial Statements continued

30 Financial Risk Management continued

£000s	As at 31 Dec 2013	As at 31 Dec 2012
Cash	18,699	14,804
Trade receivables	147,737	148,055
Financial assets	166,436	162,859
Borrowings	51,067	28,305
Deferred consideration	35,842	11,385
Trade and other payables	75,572	73,570
Financial liabilities	162,481	113,260

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

(c) Interest rate risk

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

Interest rate risk and profile of financial liabilities

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

£000s	Floating rate		Fixed rate		Non interest bearing		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
Sterling	568	–	24,680	5,239	30,647	27,907	55,895	33,146
Euro	94	–	–	–	9,228	9,009	9,322	9,009
Australian Dollar	192	–	5,867	8,767	12,631	14,379	18,690	23,146
Canadian Dollar	–	–	7,987	361	7,750	12,135	15,737	12,496
US Dollar	40	–	24,721	25,323	9,550	9,856	34,311	35,179
Norwegian Krone	14	–	21,630	–	6,050	–	27,694	–
Other	–	–	–	–	832	284	832	284
At 31 December	908	–	84,885	39,690	76,688	73,570	162,481	113,260

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

£000s	Floating rate		Fixed rate		Non interest bearing		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
Within one year	908	–	20,360	8,590	72,210	70,389	93,478	78,979
In one to two years	–	–	10,864	4,201	1,084	985	11,948	5,186
In two to five years	–	–	53,661	26,899	3,394	2,196	57,055	29,095
	908	–	84,885	39,690	76,688	73,570	162,481	113,260

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 % 2013	2012	Weighted average period for which rate is fixed – months 2013	2012
Sterling	2.6	2.6	4	1
Australian Dollar	4.6	4.8	10	13
Canadian Dollar	4.0	1.0	13	8
US Dollar	2.2	1.8	3	1
Norwegian Krone	3.7	–	7	4
	3.0	2.6	5	4

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

There are no interest bearing trade and other receivables

Borrowing facilities

The Group's undrawn borrowing facilities comprise revolving credit facilities that expire in 2016 where interest costs are fixed at the time drawings are made. During 2013, the Group had an uncommitted overdraft facility, carrying floating rate interest.

The Group has the following undrawn committed borrowing facilities available in respect of which all conditions precedent had been met:

£000s	As at 31 Dec 2013	As at 31 Dec 2012
Expiring in more than 2 years but not more than 5 years	40,422	48,130

Interest rate sensitivity

A 1.0% decrease in interest rates would increase Group profit before tax by £529,000. A 1.0% increase in interest rates would decrease Group profit before tax by £529,000.

(d) Foreign currency risk

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

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

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

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

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.

30. Financial Risk Management continued**(e) Credit Risk**

It is Group policy implemented locally, to assess the credit risk of new customers before entering contracts. The Group does not enter into complex derivatives to manage credit risk. The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date. The directors consider the Group's financial assets that are not impaired to be of good credit quality including those that are past due. See note 14 for further detail on receivables that are past due. The group's financial assets are not secured by collateral advanced by counterparties. In respect of trade and other receivables, the group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties with similar characteristics. The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

31. Share-based payments**Share scheme costs**

£000s	Year ended 31 Dec 2013	Year ended 31 Dec 2012
Share Incentive Plan (SIP)	1,142	1,097
Performance Share Plan (PSP)	684	663
Share Option Plan	55	94
Bonus Plan	57	216
	1,938	2,070

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

SIP

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

Year of grant	Number outstanding 31 Dec 2011	New grants	Releases	Forfeits	Number outstanding 31 Dec 2012	Vesting conditions
2009	460,278	—	(442,542)	(17,736)	—	3 years
2010	543,057	—	(19,645)	(31,127)	492,285	3 years
2011	541,159	—	(18,111)	(44,958)	478,090	3 years
2012	—	541,850	(12,940)	(18,247)	510,663	3 years
	1,544,494	541,850	(493,238)	(112,068)	1,481,038	

PSP

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

Year of grant	Number outstanding 31 Dec 2011	New grants	Releases	Lapses	Number outstanding 31 Dec 2012	Vesting conditions
2006	2,148	—	—	—	2,148	2 or 3 years
2007	5,129	—	(786)	—	4,343	1, 2 or 3 years
2009	1,026,659	—	(650,310)	(66,522)	309,827	3 years
2010	31,124	—	—	(22,137)	8,987	3 years
2011	450,772	—	(3,712)	(41,287)	405,773	3 years
2012	—	426,403	—	(7,127)	419,276	3 years
	1,515,832	426,403	(654,808)	(137,073)	1,150,354	

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	160.20p - 310.50p
Weighted fair value	227.21p
Holding period	3 years

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

PSP

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

PSP awards	
Fair value at measurement date	130.01p - 288.75p
Weighted fair value	211.11p
Holding period	3 years
Expected dividend yield	0.99% - 2.44%

32. Events after the balance sheet date

On 5th February the Group completed the acquisition of the entire share capital of Whelan's Corporation Pty Ltd trading as "InSites", a consultancy with about 50 staff providing surveying and spatial services primarily within the residential land development and urban planning sectors in New South Wales Australia. Total consideration is AUD 3 839 000 (c £2,100,000) inclusive of interest at market rate payable entirely in cash. Consideration paid at completion was AUD 2 639 000 (c £1,440,000) and a further AUD 600,000 (c £330,000) inclusive of interest will be paid on both the first and second anniversaries of completion. In the year to 30th June 2013 Whelan's generated revenue of AUD 9,560,000 (c £5,220,000) fees of AUD 8 548,000 (c £4,670,000) and profit before tax of AUD 800,000 (c £440,000).

Due to the proximity of the acquisition date to the date of approval of the Report and Accounts it is impracticable to provide further information.

33. Commitments and contingencies

The Group completed a number of acquisitions between 1st January 2010 and 31 December 2011 where deferred consideration payments to vendors are contingent on the vendors' continued employment with the Group and so are recognised as employment costs over the deferred consideration period. The Group considers it probable that the remaining deferred consideration payments will be settled.

The Group retains a cash commitment of £3 603,000 and an estimated remuneration charge to be expensed in 2014 of £1,146,000. These values assure constant foreign exchange rates.

The cash commitment due in 2014 includes contingent deferred consideration expense accrued, but not paid, totalling £2,457 000 as referred to in note 18.

Parent Company Balance Sheet

£000s	Notes	As at 31 Dec 2013	As at 31 Dec 2012
Fixed assets			
Intangible assets	3	580	646
Tangible assets	4	2,100	2,554
Investments	5	415,426	246,154
		418,106	249,354
Current assets			
Debtors			
Amounts due from subsidiary undertakings		41,117	33,759
Other debtors		1,800	1,816
Prepayments and accrued income		2,373	1,529
		45,290	37,104
Cash at bank and in hand		–	–
		45,290	37,104
Current liabilities			
Creditors amounts falling due within one year			
Borrowings		1,409	2,556
Deferred consideration		2,322	–
Trade creditors		1,869	1,139
Amounts due to subsidiary undertakings		16,850	19,005
Other creditors		548	476
Accruals and deferred income		3,010	3,640
		26,008	26,816
Net current assets		19,282	10,288
Total assets less current liabilities		437,388	259,642
Borrowings	6	49,578	26,870
Deferred consideration		1,675	–
Other payables		47	–
Provision for liabilities	7	321	205
Net assets		385,767	232,567
Capital and reserves			
Called up share capital	9,10	6,619	6,587
Share premium account	10	108,307	106,198
Profit and loss reserve	10	116,141	107,585
Merger reserve	10	21,256	21,256
Employee trust shares	10	(9,277)	(9,059)
Other reserve	2,10	142,721	–
Total shareholders' equity		385,767	232,567

These financial statements were approved and authorised for issue by the Board on 27 February 2014

The notes on pages 70 to 76 form part of these financial statements

Dr Alan Heame, Director

Gary Young, Director

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

Notes to the Parent Company Financial Statements

1. Accounting policies

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

Goodwill

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

Valuation of investments

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

Tangible fixed assets

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

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

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

Revaluation of properties

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

Leased assets and assets held under hire purchase contracts

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

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

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

Foreign currency translation

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

Pension costs

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

Share based employee remuneration

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

Taxation

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

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

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

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

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

Employee Share Ownership Plan (ESOP)

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

Financial instruments

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

Loans and receivables

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

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

Amounts held at amortised cost

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

2 Profit attributable to shareholders

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

	Year ended 31 Dec 2013	Year ended 31 Dec 2012
£000s		
Profit for the year attributable to the shareholders of the Parent Company, dealt with in the accounts of the Parent Company	165,743	20,714

Of the profit recognised in 2013, £142,721,000 relates to the disposal of the Company's investment in the USA subgroup to another Group company. As such, this represents non-distributable profit (included in other reserve)

The remuneration of the auditors for the statutory audit of the Company was £46,000 (2012: £45,000)

Notes to the Parent Company Financial Statements continued

3. Intangible Assets

£000s	Goodwill
Cost	
At 1 January 2013 and at 31 December 2013	2,134
Amortisation	
At 1 January 2013	1,488
Charge for the year	66
At 31 December 2013	1,554
Net book value at 31 December 2013	580
Net book value at 31 December 2012	646

4. Tangible Assets

£000s	Alterations to leasehold premises	Fixtures fittings IT and equipment	Total
Cost or valuation			
At 1 January 2013	1,020	6,047	7,067
Additions	4	361	365
Disposals	–	(125)	(125)
At 31 December 2013	1,024	6,283	7,307
Depreciation			
At 1 January 2013	256	4,257	4,513
Provided for the year	199	620	819
Disposals	–	(125)	(125)
At 31 December 2013	455	4,752	5,207
Net book value at 31 December 2013	569	1,531	2,100
Net book value at 31 December 2012	764	1,790	2,554

5. Investments

£000s	2013	2012
Subsidiary undertakings		
Cost		
At 1 January	246,992	235,097
Additions	184,134	11,895
Disposals	(14,862)	–
At 31 December	416,264	246,992
Provisions		
At 1 January and 31 December	838	838
Net book value at 31 December	415,426	246,154

During 2013 RPS Group PLC invested £14,100,000 in the acquisition of Knowledge Reservoir Group Inc a reservoir engineering and geosciences consulting firm based in the USA. It also restructured its USA sub group which led to £157,583,000 being recognised in additions and £14,862,000 in disposals to investments. A further £12,451,000 was invested in the Australian sub group. During 2012 RPS Group Plc invested a further £11,895,000 in RPS Consultants Pty Ltd to fund the acquisition of Manidis Roberts Pty Ltd.

Subsidiary undertakings

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

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

	Country of registration and operation	Proportion of ordinary share capital held
The Environmental Consultancy Limited	England	100%
RPS Environmental Management Limited (formerly RPS Consultants (UK) Limited)	England	100%
RPS Energy Limited	England	100%
RPS Health in Business Limited	England	100% *
Nautilus Limited	England	100% *
Ichron Limited	England	100% *
RPS Energy Consultants Limited	England	100% *
RPS Ireland Limited	Northern Ireland	100% *
RPS bv	Netherlands	100%
RPS Advies-en ingenieursbureau bv	Netherlands	100% *
RPS Analyse bv	Netherlands	100% *
RPS Detachering bv	Netherlands	100% *
OEC Consulting AS	Norway	100% *
Hospitalitet AS	Norway	100% *
RPS Group Limited	Ireland	100% *
RPS Engineering Services Limited	Ireland	100% *
RPS Consulting Engineers Limited	Ireland	100% *
RPS Consultants Pty Limited	Australia	100% *
RPS Energy Pty Limited	Australia	100% *
RPS Environment Pty Limited	Australia	100% *
MetOcean Engineers Pty Limited	Australia	100% *
RPS Australia East Pty Limited	Australia	100% *
Aquaterra Consulting Pty Limited	Australia	100% *
Manidis Roberts Pty Ltd	Australia	100% *
Asia - Pacific ASA Pty Ltd	Australia	100% *
Cambrian Consultants America Inc	USA	100% *
RPS JD Consulting Inc	USA	100% *
Nautilus World Limited	USA	100% *
Evans Hamilton Inc	USA	100% *
Espey Consultants Inc	USA	100% *

Notes to the Parent Company Financial Statements continued

	Country of registration and operation	Proportion of ordinary share capital held
Knowledge Reservoir Group LLC	USA	100% *
RPS Energy Canada Limited	Canada	100% *
Geoprojects Canada Limited	Canada	100% *
Boyd Exploration Consultants Limited	Canada	100% *
Petroleum Institute for Continuing Education Ltd	Canada	100% *
HMA Land Services Ltd	Canada	100% *

6 Borrowings

£000s	31 Dec 2013	31 Dec 2012
Bank loans	49,578	26,870
Due as follows		
After one year and within two years	–	–
After two years and within five years	49,578	26,870
	49,578	26,870

7 Provision for liabilities

£000s	Property	Dilapidations	Total
As at 1 January 2013	71	134	205
Additional provision in the year	175	36	211
Utilised in the year	(70)	(25)	(95)
As at 31 December 2013	176	145	321

This provision is expected to be utilised as follows

£000s	As at 31 Dec 2013	As at 31 Dec 2012
Within one year	205	85
After more than one year	116	120
	321	205

The provision booked during the year relates to an onerous operating lease and related costs on vacated property and will be utilised within 4 years

8. Deferred taxation

The movement on deferred taxation in the year was as follows

£000s	As at 31 Dec 2013	As at 31 Dec 2012
Net asset at beginning of year	281	267
(Charge) / Credit to income for the year	(141)	14
Net asset at year end	140	281

The deferred taxation balances comprise

£000s	As at 31 Dec 2013	As at 31 Dec 2012
Short term timing differences	44	165
Depreciation in excess of capital allowances	96	116
Deferred tax asset	140	281

Deferred tax is included within other debtors in the balance sheet

9 Share capital

	Number	Authorised Value £000s	Number	Allotted and fully paid Value £000s
Ordinary shares of 3p each				
At 1 January 2013	240 000,000	7 200	219,566,269	6,587
At 31 December 2013	240,000,000	7,200	220 631,930	6,619

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

10. Reconciliation of movements in shareholders' funds

£000s	Share capital	Share premium	Merger reserve	Revaluation reserve	Employee trust shares	Profit and loss reserve	Other reserve	Total
At 1 January 2012	6,544	103,717	21,256	32	(7 375)	98,776	–	222 950
Issue of new shares	43	2 481	–	–	(1 284)	(1,000)	–	240
Purchase of own shares	–	–	–	–	(400)	–	–	(400)
Share-based payment expense	–	–	–	–	–	2,070	–	2,070
Retained profit for the year	–	–	–	–	–	20,714	–	20,714
Transfer	–	–	–	(32)	–	32	–	–
Dividend paid	–	–	–	–	–	(13,007)	–	(13 007)
At 31 December 2012	6 587	106 198	21,256	–	(9,059)	107 585	–	232 567
Issue of new shares	32	2,109	–	–	(218)	(1,370)	–	553
Share-based payment expense	–	–	–	–	–	1,938	–	1 938
Non distributable profit	–	–	–	–	–	–	142,721	142,721
Retained profit for the year	–	–	–	–	–	23,022	–	23 022
Dividend paid	–	–	–	–	–	(15,034)	–	(15,034)
At 31 December 2013	6 619	108,307	21,256	–	(9,277)	116 141	142,721	385 767

Notes to the Parent Company Financial Statements continued

11 Dividends

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

12. Commitments under operating leases

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

£000s	Land and buildings		Other	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
Operating leases which expire				
Within one year	1,005	–	107	–
In two to five years	1,666	1,002	104	107
	2,671	1,002	211	107

13 Directors' interests in transactions

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

Notes to the Remuneration Committee Report Policy Statement

I. Element of Remuneration: Salary

How it supports the Company's Short and Long-Term Strategic Objectives

The Committee's overall policy is to set total on target reward at up to median level compared with the Company's comparator groups. Salaries are set as part of this policy and to achieve this objective. The Company is required to provide a basic salary at this level in order to be competitive and to maintain its ability to recruit and retain executive directors.

For the purpose of benchmarking salaries and other remuneration the principal grouping used by the Company consists of companies within the FTSE 250 with a range of capitalisations such that the company sits within the middle of that grouping.

The Committee wishes to ensure that fixed costs are minimised and that total actual payments to executives will only exceed the median level within the company's comparator groups through the operation of the performance related element of the package.

As described below the performance elements of total reward are directly linked to the achievement of the Company's strategy.

Operation

An Executive Director's basic salary is considered by the Committee on appointment and normally reviewed once a year or when there is a significant change to role or responsibility.

When making a determination as to the appropriate remuneration, the Committee where it is relevant benchmarks the remuneration against the Company's comparator groups.

The results of benchmarking will, however, only be one of a number of factors taken into account by the Remuneration Committee and which will include:

- the individual performance and experience of the Executive Director
- pay and conditions for employees across the Group
- the general performance of the Company and
- the economic environment

Opportunity

The Remuneration Committee policy in relation to salary is:

- up to median salary on appointment depending on the experience and background of the new Executive Director;
- on promotion up to the median salary for the new role.

The salaries for the Executive Directors are:

	2014	2013	Review Date
Alan Hearne	£482,370	£459,400	1 January
Phil Williams	£364,210	£350,200	1 January
Gary Young	£245,860	£238,700	1 January

The Committee is satisfied that the salaries conform to its strategy, whilst remaining competitive against similar roles within the relevant comparator groups.

Performance Metrics

There are no performance conditions attached to the payment of salary although there are a number of performance based factors both at the individual and Company level that influence the level of salaries provided to Executive Directors.

2 Element of Remuneration: Non-Executive Director Fees

How it supports the Company's Short and Long-Term Strategic Objectives

The Company's policy is to set fees at up to median level and at a level necessary to attract and retain experienced and skilled Non-Executive Directors with the necessary experience and expertise to advise and assist in establishing and monitoring the strategic objectives of the Company. Fees also reflect the time commitment and responsibilities of the roles.

An additional fee is paid for Chairmanship of a Board Committee and to the Senior Independent Director.

Operation

Non-Executive Directors have specific terms of engagement provided in formal letters of appointment. Their remuneration is determined by the Board within the limits set by the Articles of Association and based on equivalent roles in FTSE 250 companies and the comparator groups used for Executive Directors. The fees for Non-Executive Directors are considered each year. The Non-Executive Directors are appointed for a three year term, subject to annual re-election by the shareholders, at the Company's Annual General Meeting.

Non-Executive Directors do not receive any bonus, do not participate in awards under the Company's share plans, and are not eligible to join the Company's pension scheme.

Opportunity

The Company's policy is to set fees at up to median on appointment depending on the experience and background of the new Non-Executive Director.

The fees payable to the Chairman and the Non-Executive Directors are as detailed below. In each case the fees paid take account of responsibilities in acting as Chairman of a Board Committee or as Senior Independent Director.

	2014	2013	Review Date
Brook Land	£116,460	£113,400	1 January
John Bennett	£52,950	£51,550	1 January
Louise Charlton	£37,075	£36,100	1 January
Robert Miller-Bakewell	£43,400	£42,250	1 January
Tracey Graham	£45,550	£44,350	1 January

The fees for the Non-Executive Directors were reviewed on 1 January 2014 and the decision taken to increase these fees by 2.7%.

The Committee is satisfied that the level of fees conform to its strategy, whilst remaining competitive against similar roles within the relevant peer groups.

Performance Metrics

There are no performance conditions attached to the payment of fees.

3. Element of Remuneration: Benefits

How it supports the Company's Short and Long-Term Strategic Objectives

The Committee's policy is to provide a benefits package with a value up to median level within the comparator group and in line with market practice

The Company is required to provide this benefits package in order to be competitive and to maintain its ability to recruit and retain Executive Directors

Operation

The Executive Directors receive the following benefits

- healthcare
- life assurance and dependents' pensions,
- disability schemes, and
- company car or car allowance

In addition they participate in the all-employee HMRC Share Incentive Plan (SIP). The SIP gives employees the opportunity to purchase up to £1,500 of shares a year with the Company providing one additional matching share for every employee purchased share.

Opportunity

This is the cost of providing those benefits detailed above which in 2013 was as follows

Name	Benefits Cost
Alan Heame	£20,000
Phil Williams	£17,000
Gary Young	£17,000

Performance Metrics

There are no performance conditions attached to the payment of benefits

4. Element of Remuneration: Pension

How it supports the Company's Short and Long-Term Strategic Objectives

It is the Committee's policy to provide pension benefits in line with market practice

The Company is required to provide pension benefits in order to be competitive and to ensure its ability to recruit and retain Executive Directors

Operation

The Executive Directors are eligible to participate in defined contribution pension schemes, or receive a salary supplement or a combination of the two

Other than basic salary, no element of the Directors' remuneration is pensionable. Salary supplements are not included in base salary to calculate other benefits and incentive opportunities

Opportunity

The maximum employer contribution either to a pension scheme or provided as a salary supplement (where the amount exceeds the annual effective tax contribution) is 25% of basic salary. The contribution for each director in 2014 is set out below

Name	Contribution %
Alan Heame	25
Phil Williams	17.5
Gary Young	15

Performance Metrics

None

5. Element of Remuneration: The RPS Group plc Bonus Plan (the 'Bonus Plan')

How it supports the Company's Short and Long-Term Strategic Objectives

The Committee's policy is to provide a level of bonus as part of a target total reward of up to median level. The Bonus Plan, which was approved by shareholders at the 2013 Annual General Meeting, supports the Company's strategic objectives in a number of ways as detailed below

- It provides a direct link between the level of profit and cash generated by the Company and the total incentive cost
- It supports a positive relationship between the changes to profits, dividends and Executive Director pay by linking two of the elements directly (profit and Executive Director pay through the Bonus Plan), in particular
 - the Bonus Plan provides a direct link between the level of profit generated by the Company and the total incentive cost,
 - there will be no Company contribution unless a minimum threshold profit is achieved,
 - there is a risk adjustment mechanism built in to the operation of the Plan with a claw back of contributions if the minimum threshold profit is not met for any financial year during the Plan period. This adjustment mechanism ensures that
 - profit performance must be maintained over the Plan period, and
 - if there is a material deterioration in performance there is a claw back of part or all of the unvested but earned deferred elements (Element B Awards)
- It directly supports the achievement of two of the key financial KPIs of the Company, PBTA and cash generation
- There is an alignment of participants' interests with shareholders
 - shareholders receive a minimum level of profit prior to any incentive payments to participants,
 - participants are encouraged to maximise consistent levels of profit (or lose through the risk adjustment mechanism) as they have a linear interest in every additional pound of profit generated and
 - there is a long term alignment with the interests of shareholders as a substantial proportion of bonus earned is in the form of deferred equity (Element B Awards)
- It allows a close tailoring by the Remuneration Committee of the performance condition to the budget and performance of the Company for each Plan Year. This allows the Remuneration Committee to recognise when setting targets that a large element of the Company's business is cyclical and therefore at certain points in the cycle maintaining profits and revenues (or minimising their decline) is a legitimate outcome. However, while providing this flexibility the design of the Plan should give shareholders comfort that the participants are focused on longer term sustainable risk adjusted performance because of
 - the annual risk of partial forfeiture of earned deferred elements (unvested Element B Awards) if the annually set forfeiture threshold is not met and,
 - the fact that deferred elements are in shares allows part of the bonus earned for a given financial year to reflect whether the performance delivered flows through to longer term shareholder value
- The use of the Bonus Plan as the sole incentive plan for Executive Directors provides a simple and transparent mechanism which supports the nature of the Company's business and its key strategic objectives

Operation

Key features of the Plan

- The Maximum Annual Contribution by the Company for a Participant in respect of a Plan Year is 200% of salary p.a.
- No Company contribution is made to a Participant's Plan Account unless the terms and conditions set by the Company for a contribution are met. The main terms and conditions are described below
- Primary performance conditions must be satisfied before any contribution is made to the plan and in respect of which the Remuneration Committee sets profit thresholds for each year. If these are met they will result in a percentage of the profit being conditionally allocated to the Plan, with the maximum percentage of profit capable of being allocated set at 3%. The Remuneration Committee also sets a minimum threshold profit for each Plan Year. If this minimum is not met the cumulative value of Participants' unvested deferred share awards (Element B as shown below) is reduced by 15% of the difference between the actual profit for the Plan Year and the minimum threshold profit. Any adjustment will be in proportion to the Participant's Maximum Annual Contribution payable as proportion of the aggregate of all Participants' Maximum Annual Contributions

Key features of the Plan (continued)

- The Remuneration Committee is also able to set Secondary Performance Conditions to determine how much of the profit conditionally allocated to the Plan in accordance with (a) above is actually allocated. For the 2013 operation of the Bonus Plan the Committee determined to include condition relating to the conversion of profit to cash.
- The Company contribution is split into two elements for each Plan Year and for the purposes of illustration it has been assumed that the Company contribution is the Maximum Annual Contribution.
 - Element A which is 50% of the Maximum Annual Contribution (i.e. 100% of salary) is paid at the end of that Plan Year 1
 - Element B which is the other 50% of the Maximum Annual Contribution (i.e. 100% of salary) is deferred for two years and paid in Shares at the end of Plan Year 3. The vesting of Element B is subject to (i) continued employment of the Participant by a Group Company to the end of Plan Year 3 (other than where cessation is prior to the end of this period and the participant is a "good leaver") and (ii) risk adjustment through forfeiture of part or all of subsisting unvested Element B Awards if the Threshold Profit set for Plan Year 2 and/or Plan Year 3 is not met.

The table below shows the profile of payments over a four year period

Plan Years	Plan Year 1 (%age of Salary)	Plan Year 2 (%age of Salary)	Plan Year 3 (%age of Salary)	Plan Year 4 (%age of Salary)
Plan Year 1	100% (Element A)		100% (Element B)	
Plan Year 2		100% (Element A)		100% (Element B)
Plan Year 3			100% (Element A)	
Plan Year 4				100% (Element A)
TOTAL	100%	100%	200%	200%

The above explanation of the payment of the two elements relates to the ongoing operation of the Bonus Plan. As detailed below for the first two years of the Bonus Plan's operation the split between Element A and Element B will be 2/3 and 1/3.

Forfeiture Threshold

The forfeiture condition for each year of deferral of Element B is based on the bonus targets set for the relevant financial year and will be disclosed in full retrospectively with the associated bonus targets and their level of satisfaction for the year under review.

Transitional Operation of the Plan

The Remuneration Committee considered the transition between the 2012 operation of the old Bonus Plan and the changes to the payment profile under the new Bonus Plan operating in 2013. Under the operation of the old Bonus Plan the annual bonus payment which could be earned was 50% of the cumulative balance in a Participant's Plan Account over a fixed three year period with the final balance being paid at the end of 2012. However, the payment profile for the new Bonus Plan is on a rolling basis with 50% of the bonus earned in respect of the year paid and 50% deferred in shares for an additional two years and at risk of forfeiture. A straightforward change between the payment profile under the old Bonus Plan and the payment profile under the new Bonus Plan would result in the annual bonus paid in 2013 and 2014 dropping by up to 50%. This anomaly corrects itself in 2015 when the first deferred elements in shares are capable of vesting. The Committee was concerned about this timing issue and the impact it may have on the incentive effect for Executives in 2013 and 2014.

When seeking shareholder approval for the Plan, the Committee therefore, did so on the basis that for 2013 and 2014 only the balance between Element A (immediate) and Element B (deferred) would change from 50/50 to 2/3rds Element A and 1/3rd Element B.

Opportunity

The maximum annual contribution that may at the discretion of the Committee be paid to any director under the Bonus Plan is 200% of salary. The maximum contribution that may be payable to each director for 2014 is as set out below. The Company intends to seek shareholder approval to increase the maximum opportunity under the Bonus Plan.

Name	Maximum Contribution
Alan Hearn	200%
Phil Williams	175%
Gary Young	150%

Performance Metrics

PBTA

Up to 3% of the total PBTA for the financial year may be contributed to the Bonus Plan for the Executive Directors provided that the threshold profit is met or exceeded. The Remuneration Committee considers a 3% maximum contribution to be appropriate based on the historical incentives costs of the Executive Directors of the Company and their counterparts in the other constituents of their comparator groups. The contribution paid to the Bonus Plan for 2013 was £887,000 which is 1.41% of PBTA for that year.

If the actual PBTA for the financial year is less than the threshold profit, 15% of the difference will be deducted from the deferred value held in the Plan provided that this value cannot be less than zero.

Cash Collection

There is a secondary performance condition based on the conversion of profit into cash where additional contributions to the Plan can be earned subject to the overall Maximum Annual Contribution.

In the Committee's view advance and detailed disclosure of the Bonus Plan's performance targets for future financial years is commercially sensitive. The targets are based on profit projections for the year ahead which are price sensitive and would provide the Company's competitors with a potential commercial advantage. The Committee, will, however provide full retrospective disclosure of the performance conditions and targets at the end of each financial year.

6. Employment Conditions elsewhere in the Company

In considering changes to the Remuneration of the Executive Directors the Committee is mindful of pay and conditions in the wider Group. The general salary increase for employees for 2013 is shown in the table at note 10 on page 89. Whilst the Group operates a range of bonus plans appropriate to its various businesses the main drivers of these plans is, in common with the Bonus Plan, are profit and growth in profit. The Committee has not expressly sought the views of employees and no remuneration comparison measurements were used when drawing up the Directors' remuneration policy. Through the Board, however, the Committee is updated as to employees views on remuneration generally.

In the event that an employee is promoted to the Board that individual would be allowed to retain any pre-existing incentive entitlement that had not vested at that time.

7. Employee Share Schemes

The Company operates a range of share schemes including for all employees in the United Kingdom an HMRC Share Incentive Plan (SIP). The SIP gives employees the opportunity to purchase up to £1,500 of shares a year with the Company providing one additional matching share for every employee share purchased. Similar arrangements are in place in respect of the Group's overseas employees.

8. Dilution Limits

The Company operates its share plans within the dilution limits issued by the Association of British Insurers.

9. Recruitment policy

The following table sets out the Company's policy on recruitment of new Executive Directors for each element of the remuneration package

Remuneration element	Policy on Recruitment
Base Salary	The Remuneration Committee will offer salaries up to a level necessary to provide a median target total reward for comparative roles in line with its policy for existing Executive Directors
Benefits	The Remuneration Committee will offer the Company's standard benefit package
Pension	Maximum contribution will be set in line with the Company's policy for existing Executive Directors
Bonus Plan	The maximum annual contribution will be set in line with the Company's policy for Executive Directors and cannot exceed 200% of salary p.a.
Maximum Variable Pay	In the year of recruitment the maximum variable pay is 200% of salary
"Buy Outs"	<p>The Remuneration Committee does not have an automatic policy to buy out subsisting incentives granted by an Executive's previous employer which would be forfeited on cessation. Should, however, the Committee determine that is appropriate to do so it will apply the following approach</p> <ul style="list-style-type: none"> ■ The fair value of these incentives will be calculated taking into account the following <ul style="list-style-type: none"> ■ the proportion of the performance period completed on the date of an Executive's cessation of employment, ■ the performance conditions attached to the vesting of these incentives and the likelihood of them being satisfied and ■ any other terms and condition having a material effect on their value ■ The Remuneration Committee may then grant up to the same fair value where possible under the Company's incentive plans (subject to the annual limits under these plans). The Committee, however, retains the discretion to provide the fair value under specific arrangements in relation to the recruitment of the particular individual

10 Service Contracts

Details of the Executive Directors' service agreements are shown below

Term	Alan Hearne	Phil Williams	Gary Young
Date of Contract	February 1997	November 2005	September 2000
Notice Period in Months	12	12	12

The only event on the occurrence of which the Company is liable to make a payment to any of the Executive Directors is cessation of employment. None of the Directors' contracts provide for extended notice periods or compensation in the event of a change of control. None of the Directors' contracts provide for liquidated damages. The Company's policy in respect of payment for loss of office is described below. The Company's general policy is to provide contracts to Executive Directors with no greater than 12 months notice.

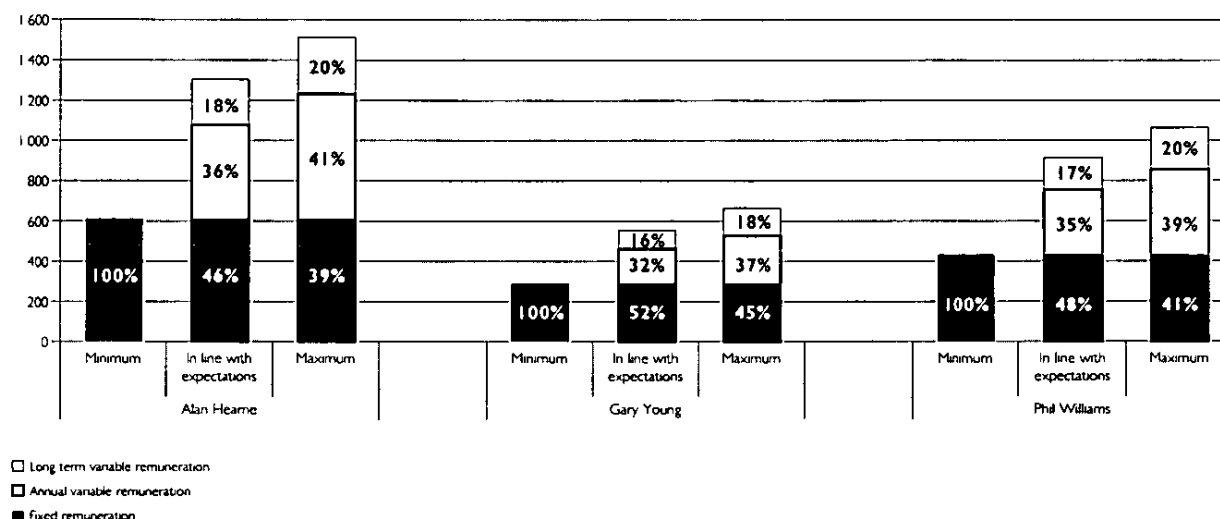
Details of the terms of appointment of the Non-Executives are shown below

Term	Brook Land	John Bennett	Louise Charlton	Robert Miller-Bakewell	Tracey Graham
Initial Date of Contract	September 1997	June 2006	May 2008	May 2010	August 2011
Unexpired Term as at 31 12 13	Annual Review	19 months	5 months	31 months	8 months

The service contracts and letters of appointment are available for inspection at the Company's registered office. All Directors are subject to annual re-election by shareholders.

11. Application of Remuneration Policy

The composition and value of the Executive Directors' remuneration packages for 2014 at, threshold, target and maximum scenarios are set out in the charts below



As explained in detail in the Remuneration Policy statement the Committee seeks to ensure that a significant proportion of the Executive Director's remuneration is performance related and that performance targets are aligned with the Group's business objectives. The minimum remuneration shown for each Executive Director in the above table consists of basic salary, benefits and pension contribution or allowance. These elements of remuneration are fixed and are therefore the same in the three scenarios shown. The scenarios showing payments in line with expectations for each Executive Director consist of these fixed elements plus achievement of target under the Bonus Plan which, in respect of 2014 as a transitional year, is equal to 75% of the maximum contribution. The scenarios showing payments at maximum for each Executive Director consist of the fixed elements plus achievement of the Maximum Annual Contribution for each Executive Director. As explained above 2/3 of contributions under the Bonus Plan are immediately payable in cash and this part is shown as annual variable remuneration. The remaining 1/3 of contributions are deferred for two years and are accordingly shown as long term variable remuneration.

12. Payment for Loss of Office

Service contracts do not contain liquidated damages clauses. If a contract is to be terminated the Committee will determine such mitigation as it considers fair and reasonable in each case. In determining any compensation it will take into account the best practice provisions of the UK Corporate Governance Code as well as published guidance from recognised institutional investor bodies. It will also take legal advice on the Company's liability to pay compensation and the quantum of any such compensation. There are no contractual arrangements that would guarantee a pension with limited or no abatement on severance or early retirement. There is no agreement between the Company and its Directors, or employees, providing for compensation for loss of office or employment that occurs because of a takeover bid.

On loss of office occurring salary, benefits and pension contributions would normally be paid over the notice period, although the Company has discretion to make a lump sum payment on termination equal to the value of these elements of remuneration. In all cases and in accordance with the above policy the Company will seek to apply mitigation to any payments due. Payments under the Bonus Plan would be in accordance with the rules of that plan. In the case of a good leaver and in respect of the year of cessation a participant would receive an immediate award in cash based upon the level of satisfaction of the performance conditions set and prorated to the amount of the year that has been completed. In addition all outstanding Element B awards would vest to good leaver. A bad leaver would have no entitlement to receive any payment in respect of the year of cessation and outstanding Element B awards would be forfeited. For the purposes of the Bonus Plan a participant will be a good leaver if his cessation of employment is the result of certain specified events such as injury, disability, ill health, retirement, redundancy, death or where the Committee so determines. An explanation of any discretion exercised would be provided to shareholders.

The Committee reserves the right to make additional payments where they are made in good faith in discharge of an existing obligation (or by way of damages for breach of such an obligation) or by way of settlement or compromise of any claim arising in connection with the termination of a Director's office or employment.

13. Consideration of Shareholder Views

During the year under review the Remuneration Committee consulted extensively with 15 of the Company's main shareholders (who accounted for over 50% of the Company's issued share capital), as well as the main shareholder representative bodies the ABI and ISS on the renewal of Bonus Plan and the associated remuneration policy. The shareholder consultation process consisted of briefing letters, discussions and in a number of cases meetings with the Chairman of the Remuneration Committee. The comments and views received were taken into account in finalising the design of the Bonus Plan.

Shareholders confirmed their support for the Company's approach at the end of the consultation process and the Bonus Plan was approved by shareholders at the Company's last Annual General Meeting at which over 93% of votes cast were in favour. This report further describes the main features of the Bonus Plan and explains how it has operated during its first year. The Remuneration Committee therefore believes that the Report and its contents should have shareholder support.

Notes to Remuneration Committee Report Annual Statement

1. Bonus payments for year under review

The bonus payment included within the single figure of total remuneration has been calculated as set out in the following tables. These show the performance conditions for 2013, their level of satisfaction and the corresponding level of bonus earned by each of the Executive Directors.

Profit & contribution thresholds for year under review

Level	Forfeiture* Threshold	Level 1	Level 2	Actual
PBTA Threshold	–	£60m	£72m	£63m
PBTA is net of all bonus costs including the bonus costs under the Plan for this financial year				
Company Contribution Percentage to Bonus Pool	–	1%	3%	141%
Bonus Pool Deduction Percentage	–			
*There is no forfeiture condition in the first year of the Bonus Plan				

Cash collection targets for year under review

Level	Forfeiture Threshold	Threshold	Maximum	Bonus	Actual
Cash Collection Percentage	85%	100%	120%	1% of salary for each percentage point above 100%	96%
Additional Bonus earned (%age of Salary)	zero	zero	20%		–

*In the event that conversion of profit to cash is below 85% a deduction equal to 10% of the profit contribution is made.

Contributions to participant's plan accounts for year under review

Executive	Percentage of PBTA Bonus Pool Allocated	Value of PBTA Based Contribution
Alan Hearne	48.6%	£431,000
Phil Williams	32.5%	£288,000
Gary Young	18.9%	£168,000

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

Bonus payments & awards for year under review

Executive	Total Value of Company Contribution to Participant's Plan Account	Element A Paid	Element B Awarded
Alan Hearne	£431,000	£287,333	£143,667
Phil Williams	£288,000	£192,000	£96,000
Gary Young	£168,000	£112,000	£56,000

Notes

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

2. Benefits for the year under review

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

3. Long term incentives

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

4 Incentive grants to executive directors made during the year

The following table sets out the details of the incentive grants that will be made to the Executive Directors under the RPS Group Plc Bonus Plan in respect of 2013

Executive Director	Award	%age of Salary Awarded	Nature of Interest	Face Value of Award £	Performance Conditions
Alan Hearne	Bonus Plan Element B	31%	Nil Cost Shares	143,667	Forfeiture Threshold
Phil Williams	Bonus Plan Element B	27%	Nil Cost Shares	96,000	Forfeiture Threshold
Gary Young	Bonus Plan Element B	23%	Nil Cost Shares	56,000	Forfeiture Threshold

An Element B award of shares equal to the face value shown above will be made under the Bonus Plan shortly after publication of the Company's results for the year-ended 31 December 2013 and based upon the market price of the Company's shares at that time. This award will be held conditionally subject to the rules of the Bonus Plan and the performance conditions described in the Policy Report above.

The following table sets out the number and value of matching and dividend shares that were awarded to the Executive Directors under the all employee Share Incentive Plan during 2013

Executive Director	Number of shares	Value of shares £
Alan Hearne	899	2,219
Phil Williams	991	2,446
Gary Young	831	2,053

5 Payments to past directors

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

6 Payment for loss of office

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

7 Total shareholding of directors

The table below shows the total shareholding for each Director

Director	Unconditional Shares		Conditional Matching Shares under the SIP		Total Shares	
	Number of Shares held at 31/12/13	Number of Shares held at 25/02/14	Number of Shares held at 31/12/13	Number of Shares held at 25/02/14	Number at 31/12/13	Number at 25/02/14
Executive						
Alan Hearne	113,117	113,154	5,137	5,174	118,254	118,328
Phil Williams	323,157	323,194	4,060	4,097	327,217	327,291
Gary Young	96,509	96,546	6,568	6,605	103,077	103,151
Non-Executive						
Brook Land	30,000	–	–	–	30,000	30,000
John Bennett	–	–	–	–	–	–
Louise Charlton	–	–	–	–	–	–
Robert Miller-Bakewell	5,000	–	–	–	5,000	5,000
Tracey Graham	5,000	–	–	–	5,000	5,000

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

Notes to Remuneration Committee Report Annual Statement continued

The following table sets out the details of vested options exercised during the year

Executive	Number of Shares subject to Option on 1 January 2013	Exercised During the Year	Number of Shares subject to Option on 31 December 2013	Exercise Price	Share Price on Exercise	Gain on Exercise	Number of Shares Retained	Expiry Date
Alan Heame	62 500	62 500	–	111p	246 5p	£84,687	14,000	20/3/2013
Alan Heame	28 157	28 157	–	146 5p	259 2p	£31 733	5 463	12/8/2013
Gary Young	13 720	13 720	–	146 5p	259 2p	£15,462	–	12/8/2013

The number of shares retained is after sale of the required number of shares in order to fund the exercise price and to settle the tax due on exercise

The table below shows the shareholding guideline for each Executive Director and the extent to which that guideline is met

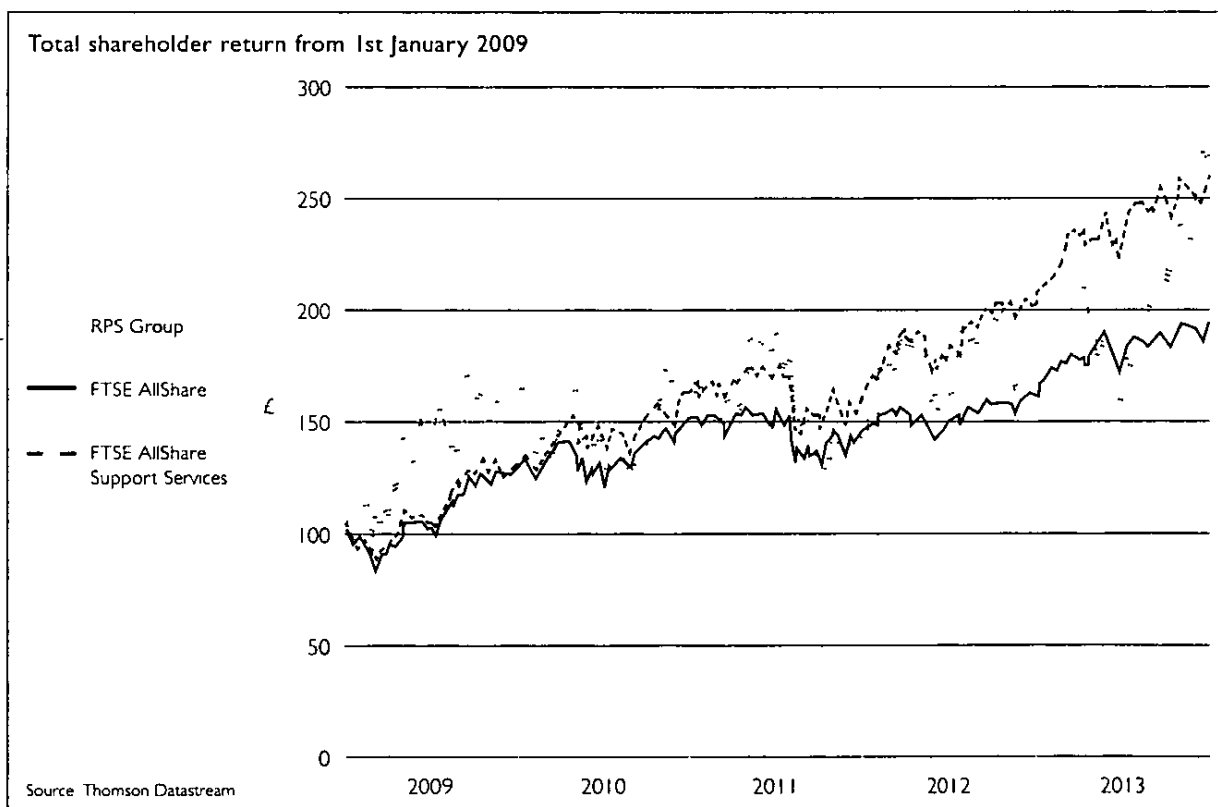
	Guideline % salary	Value of shareholding required £	Value of unconditional shares £	Value of conditional shares £	Value to be awarded £	Total £
Alan Heame	150	723 555	379 734	17 245	143,667	540,646
Phil Williams	100	364,210	1,084,383	13,629	96 000	1 194 012
Gary Young	100	245,860	323,981	22,049	56,000	402 030

The value shown for conditional and unconditional shares is based upon the Company's share price as at 31 December 2013

The value of shares to be awarded relates to the conditional shares that will be awarded under the RPS Group Plc Bonus Plan shortly after announcement of the Company's results for the year ended 31 December 2013 as detailed in note 4 above

8 Total Shareholder Return Performance

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



9. CEO Remuneration

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

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

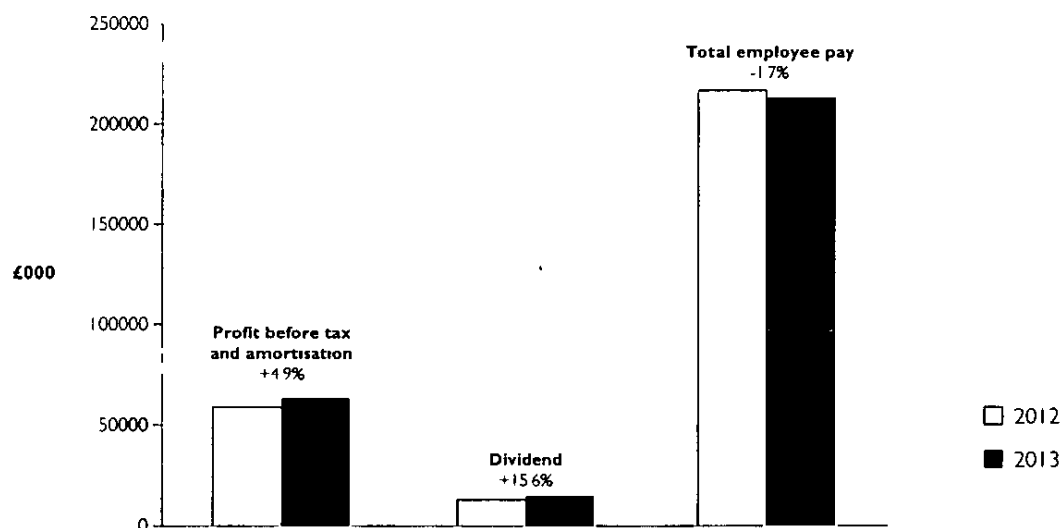
10 Percentage Change in Remuneration of CEO

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

Element	Percentage Change from 2012 Financial Year to 2013 Financial Year	
	CEO	Employees
Salary	3%	2%
Taxable Benefits	1%	4%
Annual Bonus	-58%	7%

11. Relative Importance of Spend on Pay

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



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

12. Implementation of Policy

Remuneration policy in 2014 will be operated in accordance with the Company's stated policies. The Executive Directors' salaries having been reviewed and adjusted at 1 January 2014 as detailed in the Policy Statement.

Notes to Remuneration Committee Report Annual Statement continued

The Committee and its Advisors

Role of the Remuneration Committee ("Committee")

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

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

Committee members

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

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

Further information on meetings and attendance by the Committee members is disclosed in the Corporate Governance report on page 20.

13 External advice

The Committee received external advice in 2013 from PwC. The Committee appointed and agreed the fees for the advice provided to it in relation to executive remuneration.

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

14 Statement of Shareholder voting

The Remuneration Report for 2012 and the new Bonus Plan were both approved at the Company's 2013 Annual General Meeting. The proxy votes cast for each resolution are shown below.

Votes	For as % of Votes Cast	Against as % of Votes Cast	At Discretion as % of Votes Cast	Withheld as % of Votes Cast
Remuneration Committee Report	94.35	5.6	0.03	0.02
Bonus Plan	85.74	6.14	0.03	8.09

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

Five Year Summary

£000s	2013	2012	2011	2010	2009
Revenue	567,614	555,863	528,710	461,830	443,909
Fee income	492,121	478,835	452,729	393,262	374,351
PBTA	63,032	60,099	50,812	47,993	52,472
Net bank debt	(32,368)	(13,501)	(23,523)	(31,537)	(32,763)
Net assets	372,038	373,814	364,450	344,993	313,468
Adjusted cash generated from operating activities	72,030	76,045	71,053	57,874	70,583
Average number of employees	4,306	4,507	4,686	4,422	4,254
Dividend per share	7.36p	6.40p	5.56p	4.83p	4.20p
Adjusted basic EPS	20.22p	19.48p	16.68p	15.79p	17.08p
Adjusted diluted EPS	20.14p	19.36p	16.56p	15.69p	16.87p

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

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