

## CONSOLIDATED INCOME STATEMENT

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

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## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

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

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

## CONSOLIDATED BALANCE SHEET

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

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

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

John Douglas, Director

Judith Cottrell, Director

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

## CONSOLIDATED CASH FLOW STATEMENT

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

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

£m	Share capital	Share premium	Retained earnings	Merger reserve	Employee trust	Translation reserve	Total equity
At 1 January 2019	6.8	120.4	212.4	21.2	(9.8)	25.3	376.3
Loss for the year	–	–	(1.2)	–	–	–	(1.2)
Other comprehensive expense	–	–	(0.1)	–	–	(12.3)	(12.4)
Total comprehensive expense for the year	–	–	(1.3)	–	–	(12.3)	(13.6)
Issue of new ordinary shares (note 24)	–	1.5	(0.5)	–	(1.0)	–	–
Share-based payment expense (note 31)	–	–	2.7	–	–	–	2.7
Transfer on release of shares	–	–	(0.7)	–	0.7	–	–
Dividends paid (note 25)	–	–	(16.9)	–	–	–	(16.9)
At 31 December 2019	6.8	121.9	195.7	21.2	(10.1)	13.0	348.5

Loss for the year	–	–	<b>(31.1)</b>	–	–	–	<b>(31.1)</b>
Other comprehensive income/(expense)	–	–	<b>(0.1)</b>	–	–	<b>8.9</b>	<b>8.8</b>
Total comprehensive income/(expense) for the year	–	–	<b>(31.2)</b>	–	–	<b>8.9</b>	<b>(22.3)</b>
Issue of new ordinary shares (note 24)	<b>1.5</b>	<b>3.4</b>	<b>(0.9)</b>	<b>17.5</b>	<b>(2.1)</b>	–	<b>19.4</b>
Share-based payment expense (note 31)	–	–	<b>3.4</b>	–	–	–	<b>3.4</b>
Transfer on release of shares	–	–	<b>(0.7)</b>	–	<b>0.7</b>	–	–
<b>At 31 December 2020</b>	<b>8.3</b>	<b>125.3</b>	<b>166.3</b>	<b>38.7</b>	<b>(11.5)</b>	<b>21.9</b>	<b>349.0</b>

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. SIGNIFICANT ACCOUNTING POLICIES

RPS Group Plc (the 'Company') is a public company limited by shares domiciled in England under the Companies Act. The address of the registered office is 20 Western Avenue, Milton Park, Abingdon, Oxon OX14 4SH. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 7 to 62. The consolidated financial statements of the Company for the year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the 'Group').

### (a) Basis of preparation

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

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

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

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

- Classification of liabilities as current or non-current - amendments to IAS 1
- IFRS 17 Insurance Contracts - amendments to IFRS 17 Insurance Contracts

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

### (b) Basis of consolidation

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

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

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

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

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

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

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any

non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/ permitted by applicable IFRS Standards).

### (c) Revenue

#### Consultancy

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

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

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

#### Software

The Group sells licences and access to software and applications. The software may be customised by RPS for each client, and where we sell customised software we recognise revenue over

the period of customisation. Access to applications is provided for a period and revenue is recognised evenly over that period.

### Training

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

### Equipment

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

### Laboratory testing

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

### Agency agreements

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

### Payment terms

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

### Fee revenue and passthrough costs

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

### Contract assets and liabilities

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

### Financing components

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

### (d) Deferred consideration

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

Deferred consideration is stated at fair value and has been treated as part of the cost of investment. At each balance sheet date, deferred consideration comprises the fair value of the remaining deferred consideration valued at acquisition.

### (e) Intangible assets

#### i Goodwill

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

Goodwill is stated at cost less any accumulated impairment losses and is not amortised as it has an indefinite life. Goodwill is allocated to Groups of cash-generating units and is tested annually for impairment.

#### ii Other intangible assets

Intangible assets other than goodwill that are acquired by the Group and internally generated software are stated at cost less accumulated amortisation and impairment losses. Where assets are under construction, these are reviewed at the balance sheet date to determine whether there is an impairment.

Intangible assets identified in a business combination are capitalised at fair value at the date of acquisition if they are

separable from the acquired entity or give rise to other contractual or legal rights. The fair values ascribed to such intangibles are arrived at by using appropriate valuation techniques.

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

### iii Amortisation

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

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

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

### (f) Impairment of non-financial assets

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

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

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

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

Impairment losses recognised in respect of cash-generating units are allocated

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

### (g) Judgements made in applying accounting policies

In the course of preparing the financial statements, no significant judgements have been made in the process of applying the Group's accounting policies

that have had a significant effect on the amounts recognised in the financial statements.

### (h) Sources of estimation uncertainty

The Group performs an annual impairment review on goodwill and other non-current assets or whenever there are indicators of impairment. The recoverable amounts of cash-generating units have been determined from value

in use calculations and these calculations include estimates about the future financial performance and discount rates.

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

There are no other sources of estimation uncertainty.

## 2. OTHER ACCOUNTING POLICIES

### (a) Foreign currency

#### i Foreign currency transactions

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

#### ii Financial statements of foreign operations

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

#### iii Net investment in foreign operations

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

#### iv Foreign currency forward contracts

Foreign currency forward contracts are initially recognised at nil value, being priced-at-the-money at origination. Subsequently they are measured at fair value (determined by level 2 inputs: price changes in the underlying forward rate, the interest rate, the time to expiration of the contract and the amount of foreign

currency specified in the contract). Changes in fair value are recognised in the income statement as they arise.

### (b) Property, plant and equipment

#### i Owned assets

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

#### ii Subsequent costs

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

#### iii Depreciation

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

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

### (c) Leases

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

#### i Right-of-use assets

Right-of-use assets are measured at cost

comprising the following:

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

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

#### ii Lease liabilities

Lease liabilities are measured at the net present value of the following lease payments:

- fixed payments less any incentives receivable;
- variable lease payments based on an index or rate; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Extension and termination options are included in many property leases across the Group to maximise operational flexibility and these options tend to be only exercisable by the Group and not the lessor. In determining the lease term, the Group considers the facts and circumstances that incentivise the Group to exercise an extension or termination option. Extension options are included to the extent they are reasonably certain to be exercised. Likewise, the period after a termination option is only excluded from a lease if the option to terminate is reasonably certain to be exercised.

## 2. OTHER ACCOUNTING POLICIES CONTINUED

The lease payments are discounted using the incremental borrowing rate in all cases, as the interest rate implicit in the Group's leases cannot be determined. The lease liability is remeasured when there is a change in future lease payments arising from a change in index or rate, or if the Group changes its assessment of whether it will exercise an extension or termination option. A corresponding adjustment is made to the carrying amount of the right-of-use asset.

### iii Short-term leases and low value assets

Payments associated with short-term leases and leases of low value assets are recognised as an expense in the income statement on a straight-line basis over the lease term. Short-term leases are leases with a term of 12 months or less. Low value assets generally include small pieces of office equipment such as coffee machines and photocopiers where the total rentals payable are less than £4,000.

### (d) Trade and other receivables

Trade and other receivables are recognised initially at their transaction price as defined by IFRS 15 and subsequently measured at amortised cost less expected credit losses. Trade and other receivables are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Impairment losses are taken to the income statement as incurred.

### Financial assets

The Group's financial assets consist of trade receivables, contract assets and cash. These assets are measured at amortised cost as the Group's business model for managing these assets is to hold them until realisation of the asset as cash.

### Impairment of financial assets

For trade receivables and contract assets, the Group applies the simplified approach permitted by IFRS 9 which requires expected lifetime losses to be recognised from initial recognition of the receivables.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics relating to the markets we operate in. The Group's history of such losses is not material, even during significant downturns, and consequently the risk associated with Brexit and the COVID-19 pandemic are deemed to be limited.

### (e) Cash and cash equivalents

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

### (f) Employee benefits

#### i Defined contribution plans

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

#### ii Defined benefit plans

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

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

The retirement benefit obligation recognised in the consolidated balance sheet represents the deficit in the Group's defined benefit scheme.

#### iii Share-based payments

The Group operates share-based payment arrangements with employees for shares in RPS Group Plc.

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

#### The **Performance Share Plan ("PSP")**

is a discretionary share incentive arrangement for certain senior employees of RPS Group Plc. The awards are granted over a fixed number of shares at no cost to the employees. At the end of the three year holding period the award will vest subject to continuity of employment conditions.

#### The **Executive Long Term Incentive Plan ("ELTIP")**

is a discretionary share incentive arrangement for RPS Group Plc's senior executives. The awards are granted over a fixed number of shares at no cost to the employees. At the end of the three year holding period the award will vest subject to the achievement of the performance measures outlined in the Remuneration Report. There is then a two year holding period for awards that have vested.

#### The **Short Term Annual Bonus Plan ("STABP")**

is an incentive scheme for RPS Group Plc's senior employees based on the achievement of a range of financial and non-financial targets over a one year period. 50% of the bonus award is paid in cash and 50% is deferred into shares which are subject to a three year holding period. There are no further performance conditions applicable to the deferred shares.

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

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

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

#### iv **Accrued holiday pay**

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



### (g) Government grants

Government grants for furlough income and similar income are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the income will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

### (h) Provisions

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

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

### (i) Trade and other payables

Trade and other payables are stated at cost. Trade payables due within one year are not discounted.

### Financial liabilities

The Group's financial liabilities consist of trade and other payables, contract liabilities and borrowings and are measured at amortised cost.

### (j) Borrowings

Bank overdrafts and interest bearing loans are initially measured at fair value and then subsequently measured at amortised cost using the effective interest rate method.

### (k) Reserves

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

#### Share premium

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

#### Merger reserve

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

#### Employee trust

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

#### Translation reserve

Cumulative gains and losses arising on retranslating the net assets of overseas operations into sterling.

#### Retained earnings

Cumulative net gains and losses recognised in the consolidated statement of comprehensive income and consolidated statement of changes in equity.

### (l) Exceptional items

Exceptional items are items which, because of their size, nature or expected infrequency, merit separate presentation in the consolidated income statement to provide a consistent presentation of adjusted profit measures. Examples of exceptional items would include impairment charges, substantial legal costs, significant restructuring programs along with other significant non-recurring items where the Group considers separate disclosure would be useful.

### (m) Income tax

Income tax on the income for the years presented comprises current and deferred tax. It is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Income tax is recognised in the income statement except to the extent that it relates to items recognised in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates and rules enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and the differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based

on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

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

### (n) Dividends

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

### (o) Share Scheme Trusts

The Company administers its share plans through two Trusts - the Employee Benefit Trust ('EBT') and the SIP Trust. The SIP Trust is used for the HMRC-approved Share Incentive Plan and the EBT as used for all other plans. As the Company is deemed to have control of its share trusts, they are treated as subsidiaries and consolidated for the purpose of the Group accounts. The Trusts' assets (other than investments in the Company's shares), liabilities, income and expenses are included on a line-by-line basis in the Group financial statements. The Trusts' investments in the Company's shares are deducted from shareholders' funds in the Group balance sheet as if they were treasury shares.

### 3. ALTERNATIVE PERFORMANCE MEASURES

Throughout this document the Group presents various alternative performance measures. The measures presented are those adopted by the Chief Operating Decision Maker ('CODM', deemed to be the main Board) and analysts who follow us in assessing the performance of the business.

#### Group profit and earnings measures

##### Adjusted operating profit and adjusted profit before tax

Adjusted profit before tax (2019: PBT) is used by the Board to monitor and measure the trading performance of the Group. It excludes certain items which the Board believes distort the trading performance of the Group. These items are either

acquisition and disposal related, non-cash items, or they are exceptional in nature. This alternative performance measure was renamed in the year but the definition is unchanged.

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

Accordingly, transaction-related costs including costs of acquisition and disposal, losses on the closure of businesses and amortisation of intangible assets are excluded from the Group's preferred performance measure. Similarly, exceptional items are excluded as they are not reflective of the Group's trading performance in the year.

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

Adjusted operating profit is a derivative of adjusted profit before tax. A reconciliation is shown below.

£m	Year ended 31 December 2020	Year ended 31 December 2019
(Loss)/profit before tax	(31.3)	4.9
Add: Amortisation of acquired intangibles and transaction-related costs	5.5	9.1
Exceptional items	39.2	23.4
Adjusted profit before tax	13.4	37.4
Add: Net finance costs	7.1	6.0
Adjusted operating profit	20.5	43.4

##### Adjusted profit attributable to ordinary shareholders and adjusted earnings per share

It follows that the Group uses adjusted profit attributable to ordinary shareholders as the input to its adjusted EPS measures. Again, this profit measure excludes amortisation of acquired intangibles, transaction-related costs and exceptional items, but is an after tax measure. The Board considers adjusted EPS to be more reflective of the Group's trading performance in the year.

£m	Year ended 31 December 2020	Year ended 31 December 2019
Loss attributable to ordinary shareholders	(31.1)	(1.2)
Add: Amortisation of acquired intangibles and transaction-related costs	5.5	9.1
Exceptional items	39.2	23.4
Tax on amortisation of acquired intangibles, transaction-related costs and exceptional items	(3.2)	(3.4)
Adjusted profit attributable to ordinary shareholders	10.4	27.9

##### Constant currency

The Group generates revenues and profits in various territories and currencies because of its international footprint. Those results are translated on consolidation at the foreign exchange rates prevailing at the time. These exchange

rates vary from year to year, so the Group presents some of its results on a constant currency basis. This means that the prior year's results have been retranslated using current year exchange rates. This eliminates the effect of exchange from the

year-on-year comparison of results. The difference between the reported numbers and the constant currency numbers is the 'constant currency effect'.

£m	2019	Constant currency effect	2019 at constant currency
Revenue	612.6	(6.2)	606.4
Fee revenue	528.2	(6.0)	522.2
Adjusted profit before tax	37.4	(0.5)	36.9
Profit before tax	4.9	(1.5)	3.4

**Segment profit and underlying profit**

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

**Reorganisation costs**

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

**Unallocated expenses**

Certain central costs are not allocated to the segments because they predominantly relate to the stewardship of the Group. They include the costs of the main board and the Group finance and marketing functions and related IT costs.

**Revenue measures**

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

**Cash flow measures****EBITDAS and EBITAS**

EBITDAS is operating profit adjusted by adding back non-cash expenses, tax and financing costs. The adjustments include interest, tax, depreciation, amortisation and transaction-related costs and share scheme costs. This generates a cash-based operating profit figure which is the input into the cash flow statement. A reconciliation between operating profit and EBITDAS is given in note 28. EBITAS is an equivalent measure, but is after depreciation costs.

**Conversion of profit into cash**

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

**Net bank borrowings**

Net bank borrowings is the total of cash and cash equivalents and interest bearing bank loans. This measure gives the external indebtedness of the Group (excluding lease liabilities), and is an input into the leverage calculations. This is reconciled in note 28.

**Leverage**

Leverage is the ratio of net bank borrowings (adjusted to include bonds, indemnities and guarantees and to exclude restricted cash) plus deferred consideration to annualised EBITDAS and is one of the financial covenants included in our bank facilities.

**Tax measures**

We report one adjusted tax measure, which is the tax rate on adjusted profit before tax ('adjusted effective tax rate'). This is the tax charge applicable to adjusted profit before tax expressed as a percentage of adjusted profit before tax and is set out in note 12.

**Changes in definition of alternative performance measures and restatements of comparatives**

The Group has changed its definition for non-IFRS revenue measures with effect from 1 January 2020 as follows:

- Definition of fee income amended
- New category of revenue called passthrough costs introduced
- Recharged expenses no longer reported

There is no impact on profit or cash flow as a result of these changes in any reporting period. The changes in definition ensure alignment with the global ERP design.

The benefit from this change in definition are that it reduces judgement when determining what is fee revenue, provides a better indication of the underlying growth in revenue, gives improved information of resource requirements and allows for a better reflection of productivity and profitability.

The revised definition of fee revenue and the definition of passthrough costs are as follows:

**Fee revenue**

Fee revenue is revenue from activity where RPS adds value. Specifically, this is the revenue from the Group's resource pool, that consists of its employees and associates, equipment and software, plus profit on passthrough costs.

**Passthrough costs**

Passthrough costs is a category of revenue representing costs incurred when delivering projects that are not directly related to the Group's resource pool. Such costs are recovered from clients and examples include the cost of subcontractors, travel, accommodation and subsistence.

The effects of the change in definitions are that the revenue from recharging the cost of subcontractors will be treated as passthrough costs and will not be included in fee revenue and the profit earned on recharging subcontractor costs and other incidental costs will be reported in fee revenue.

The Alternative Performance Measures relating to revenue measures have been restated for the year ended 31 December 2019 and the restatement adjustments are detailed in note 4.

## 4. BUSINESS AND GEOGRAPHICAL SEGMENTS

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

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

The business segments of the Group are as follows:

- Energy
- Consulting - UK and Ireland
- Services - UK and Netherlands
- Norway
- North America
- Australia Asia Pacific

Segment results for the year ended 31 December 2020:

£m	Fee revenue	Passthrough costs	Intersegment revenue	External revenue
Energy	75.7	14.8	(1.0)	89.5
Consulting - UK and Ireland	108.0	28.7	(1.2)	135.5
Services - UK and Netherlands	85.7	12.8	(1.9)	96.6
Norway	56.0	1.9	(0.1)	57.8
North America	39.0	10.3	(0.6)	48.7
Australia Asia Pacific	92.9	21.2	(0.1)	114.0
Group eliminations	–	(4.9)	4.9	–
<b>Total</b>	<b>457.3</b>	<b>84.8</b>	<b>–</b>	<b>542.1</b>

£m	Underlying profit	Reorganisation costs	Segment profit
Energy	4.5	–	4.5
Consulting - UK and Ireland	6.3	–	6.3
Services - UK and Netherlands	5.4	–	5.4
Norway	4.5	–	4.5
North America	2.9	–	2.9
Australia Asia Pacific	8.2	–	8.2
<b>Total</b>	<b>31.8</b>	<b>–</b>	<b>31.8</b>

Segment results for the year ended 31 December 2019 (restated):

£m	Fee revenue	Passthrough costs	Intersegment revenue	External revenue
Energy	104.3	16.8	(1.0)	120.1
Consulting – UK and Ireland	126.2	29.2	(1.3)	154.1
Services – UK and Netherlands	96.6	14.5	(1.7)	109.4
Norway	64.7	0.8	(0.2)	65.3
North America	46.1	13.3	(0.5)	58.9
Australia Asia Pacific	90.3	14.7	(0.2)	104.8
Group eliminations	–	(4.9)	4.9	–
<b>Total</b>	<b>528.2</b>	<b>84.4</b>	<b>–</b>	<b>612.6</b>

Fee income for the year ended 31 December 2019 as originally presented:

£m	Fee income	Recharged expenses	Intersegment revenue	External revenue
Energy	110.6	10.5	(1.0)	120.1
Consulting – UK and Ireland	127.6	27.8	(1.3)	154.1
Services – UK and Netherlands	101.4	9.7	(1.7)	109.4
Norway	64.7	0.8	(0.2)	65.3
North America	58.3	1.1	(0.5)	58.9
Australia Asia Pacific	98.3	6.7	(0.2)	104.8
Group eliminations	(4.4)	(0.5)	4.9	–
<b>Total</b>	<b>556.5</b>	<b>56.1</b>	<b>–</b>	<b>612.6</b>

Restatement adjustments for the year ended 31 December 2019:

£m	Fee revenue	Passthrough costs	Recharged expenses	Intersegment revenue	External revenue
Energy	(6.3)	16.8	(10.5)	–	–
Consulting – UK and Ireland	(1.4)	29.2	(27.8)	–	–
Services – UK and Netherlands	(4.8)	14.5	(9.7)	–	–
Norway	–	0.8	(0.8)	–	–
North America	(12.2)	13.3	(1.1)	–	–
Australia Asia Pacific	(8.0)	14.7	(6.7)	–	–
Group eliminations	4.4	(4.9)	0.5	–	–
<b>Total</b>	<b>(28.3)</b>	<b>84.4</b>	<b>(56.1)</b>	<b>–</b>	<b>–</b>

£m	Underlying profit	Reorganisation costs	Segment profit
Energy	11.1	–	11.1
Consulting – UK and Ireland	15.1	–	15.1
Services – UK and Netherlands	10.8	–	10.8
Norway	6.1	(0.1)	6.0
North America	3.4	(0.1)	3.3
Australia Asia Pacific	7.0	(0.6)	6.4
<b>Total</b>	<b>53.5</b>	<b>(0.8)</b>	<b>52.7</b>

Group reconciliation:

£m	Year ended 31 December 2020	Restated Year ended 31 December 2019
Revenue	542.1	612.6
Less: passthrough costs	(84.8)	(84.4)
Fee revenue	457.3	528.2
Underlying profit	31.8	53.5
Reorganisation costs	–	(0.8)
Segment profit	31.8	52.7
Unallocated expenses	(11.3)	(9.3)
Adjusted operating profit	20.5	43.4
Amortisation of acquired intangibles and transaction-related costs	(5.5)	(9.1)
Exceptional items	(39.2)	(23.4)
Operating (loss)/profit	(24.2)	10.9
Net finance costs	(7.1)	(6.0)
<b>Loss/(profit) before tax</b>	<b>(31.3)</b>	<b>4.9</b>

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£m	Carrying amount of segment assets		Segment depreciation and amortisation	
	Year ended 31 December 2020	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2019
Energy	73.0	81.7	3.4	3.0
Consulting - UK and Ireland	158.1	184.4	4.6	4.7
Services - UK and Netherlands	102.3	107.6	5.2	5.2
Norway	51.8	53.9	2.3	2.9
North America	50.3	66.7	3.4	3.3
Australia Asia Pacific	115.9	114.0	5.7	7.9
Unallocated	57.3	27.0	1.7	1.0
<b>Group total</b>	<b>608.7</b>	<b>635.3</b>	<b>26.3</b>	<b>28.0</b>

#### 4. BUSINESS AND GEOGRAPHICAL SEGMENTS CONTINUED

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

£m	Revenue			Fee revenue
	Year ended 31 December 2020	Year ended 31 December 2019	Year ended 31 December 2020	Restated Year ended 31 December 2019
UK	190.9	232.4	160.8	193.6
Australia	128.6	123.4	105.5	106.0
USA	81.1	97.5	64.7	76.9
Norway	57.7	66.2	56.0	65.2
Netherlands	39.9	40.5	32.6	34.7
Ireland	34.4	38.3	30.5	40.1
Canada	6.4	10.4	5.2	9.2
Other	3.1	3.9	2.0	2.5
<b>Total</b>	<b>542.1</b>	<b>612.6</b>	<b>457.3</b>	<b>528.2</b>

£m	Carrying amount of non-current assets	
	As at 31 December 2020	As at 31 December 2019
UK	177.9	193.1
Australia	98.4	97.0
USA	39.5	52.1
Ireland	45.0	39.9
Norway	37.8	21.0
Canada	12.8	43.4
Netherlands	20.5	13.1
Other	0.4	–
<b>Total</b>	<b>432.3</b>	<b>459.6</b>

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## 5. REVENUE

### Disaggregation of revenue

The Group segmental information disclosed in note 4 best depicts how the nature, timing, amount and uncertainty associated with our revenues and cash flows are affected by economic factors. Segments are structured along geographical and market lines, and risks are broadly consistent within the segments as a result.

### Unsatisfied performance obligations

The transaction price allocated to partially satisfied or unsatisfied performance obligations at the balance sheet date are set out below. These obligations equate to the contracted work which the Group has on hand at the year end.

£m	As at 31 December 2020	As at 31 December 2019
To be undertaken and recognised within one year	235.6	252.8
To be undertaken and recognised between one and two years	31.3	37.4
To be undertaken and recognised after two years	40.0	23.6
	<b>306.9</b>	<b>313.8</b>

These obligations will be recognised as revenue over time.

## 6. AMORTISATION OF ACQUIRED INTANGIBLES AND TRANSACTION-RELATED COSTS

£m	Year ended 31 December 2020	Year ended 31 December 2019
Amortisation of acquired intangibles	5.5	8.6
Transaction-related costs	–	0.5
<b>Total</b>	<b>5.5</b>	<b>9.1</b>

## 7. EXCEPTIONAL ITEMS

£m	Year ended 31 December 2020	Year ended 31 December 2019
Impairment of goodwill (note 14)	25.9	19.8
Restructuring costs	6.0	–
Loss on disposal	0.4	–
Legal fees	1.8	1.4
ERP implementation costs	2.2	1.2
Impairment of ERP	2.9	–
Rebranding costs	–	1.0
<b>Total</b>	<b>39.2</b>	<b>23.4</b>

The Group has recognised a goodwill impairment charge of £25.9 million (2019: £19.8 million) relating to the impairment of the Consulting and North America (2019: AAP) CGU groups. The market uncertainty caused by the COVID-19 pandemic has meant that we have revised the short-term assumptions in the impairment modelling.

Restructuring costs of £6.0 million have been incurred as a result of actions taken to mitigate the impact of COVID-19 on the Group. These costs comprise the impairment of right-of-use assets for properties that have been vacated, onerous contract provisions for associated property costs and the redundancy costs incurred when matching our resource base to market demand.

On 31 December 2020, the Group disposed of the trade and assets of its specialist geology business in the Energy segment. The cash consideration was £0.7 million and the loss on disposal of £0.4 million primarily related to the goodwill associated with the business.

Further legal fees of £1.8 million were incurred investigating potential issues regarding the administration of US government contracts and/or projects and the investigation is ongoing (note 26).

The new ERP was implemented in the Netherlands and part of Australia towards the end of 2019 and stabilisation activities proceeded throughout 2020. Further costs of £2.2 million were incurred in the current year on support through the stabilisation period. Substantial rewrites of key elements of the system were required post go live as part of the stabilisation activities. The Group has recognised an impairment charge of £2.9 million in respect of those parts of the system which have needed to be redeveloped or are no longer part of the global design for future implementations.

In the prior year, the Group undertook a global rebranding of RPS which included a new logo, colour scheme, office signage and a new website. This project was completed in 2019 and no further costs have been incurred in 2020.

## 8. OPERATING PROFIT - BY NATURE OF EXPENSE

<b>£m</b>	<b>Year ended 31 December 2020</b>	<b>Year ended 31 December 2019</b>
Revenue	542.1	612.6
Staff costs (note 10)	(297.7)	(306.7)
Furlough income	4.2	–
Subconsultant costs	(110.5)	(137.7)
Other employment-related costs	(15.5)	(27.5)
Depreciation of owned assets	(9.4)	(9.3)
Depreciation of right-of-use assets	(10.9)	(10.0)
Amortisation of internally generated software	(0.5)	(0.1)
Profit on disposal of property, plant and equipment and right-of-use assets	–	0.1
Short-term and low value lease rentals	(0.2)	(2.7)
Travel costs	(8.7)	(18.2)
Office costs	(22.1)	(22.4)
Amortisation of acquired intangibles	(5.5)	(8.6)
Transaction-related costs	–	(0.5)
Exceptional items (note 7)	(39.2)	(23.4)
Other costs	(50.3)	(34.7)
<b>Operating (loss)/profit</b>	<b>(24.2)</b>	<b>10.9</b>

## 9. NET FINANCING COSTS

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<b>£m</b>	<b>Year ended 31 December 2020</b>	<b>Year ended 31 December 2019</b>
<b>Finance costs:</b>		
Interest and charges on loans and overdraft	(4.4)	(3.8)
Interest on lease liabilities	(1.9)	(1.9)
Amortisation of prepaid financing costs	(0.7)	(0.3)
Unwind of discount on deferred consideration	(0.2)	(0.2)
	(7.2)	(6.2)
<b>Finance income:</b>		
Deposit interest receivable	0.1	0.2
<b>Net financing costs</b>	<b>(7.1)</b>	<b>(6.0)</b>



## 10. EMPLOYEE BENEFIT EXPENSE

<b>£m</b>	<b>Year ended 31 December 2020</b>	<b>Year ended 31 December 2019</b>
Wages and salaries	256.5	262.9
Social security costs	24.2	26.9
Pension costs - defined contribution plans	13.5	14.0
Pension costs - defined benefit plans	0.1	0.2
Share-based payment expense - equity settled	3.4	2.7
	<b>297.7</b>	<b>306.7</b>
<b>Average monthly number of employees (including Executive Directors) was: *</b>		
Fee earning staff	4,180	4,241
Support staff	875	858
	<b>5,055</b>	<b>5,099</b>

\* 2019 restated due to incorrect information provided by Netherlands following implementation of ERP.

The Group considers the Directors to be the key management personnel and details of Directors' remuneration are included in the Remuneration Committee Report from page 99. The share-based payment charge in respect of key management personnel was £1.0 million (2019: £0.6 million). Social security costs in respect of these personnel were £0.2 million (2019: £0.3 million).

## 11. AUDITORS' REMUNERATION

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

<b>£m</b>	<b>Year ended 31 December 2020</b>	<b>Year ended 31 December 2019</b>
Statutory audit of the Company's annual accounts	0.2	0.1
Statutory audit of the Group's subsidiaries	0.7	0.7
Total audit fees	0.9	0.8
Other assurance services	0.1	0.1
Total audit-related assurance services	1.0	0.9
Other services	–	–
<b>Total fees</b>	<b>1.0</b>	<b>0.9</b>

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## 12. INCOME TAXES

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

£m	Year ended 31 December 2020	Year ended 31 December 2019
<b>Current tax:</b>		
UK corporation tax	0.1	1.8
Overseas tax	6.2	6.0
Adjustments in respect of prior years	(1.1)	(0.5)
	5.2	7.3
<b>Deferred tax:</b>		
Origination and reversal of temporary differences	(5.5)	(0.9)
Effect of change in tax rate	0.6	–
Adjustments in respect of prior years	(0.5)	(0.3)
	(5.4)	(1.2)
<b>Total tax (credit)/charge for the year</b>	<b>(0.2)</b>	<b>6.1</b>
In addition to the amount (credited)/charged to the consolidated income statement, the following items related to tax have been recognised:		
Deferred tax charge in other comprehensive income	–	–

The effective tax rate for the year on (loss)/profit before tax was 0.6% (2019: 125.4%). The effective tax rate for the year on adjusted profit before tax was 22.4% (2019: 25.4%) as shown in the table below:

£m	Year ended 31 December 2020	Year ended 31 December 2019
Total tax (credit)/expense in income statement	(0.2)	6.1
Add back:		
Tax on amortisation of acquired intangibles, transaction-related costs and exceptional items	3.2	3.4
Adjusted tax charge on the profit for the year	3.0	9.5
Adjusted profit before tax	13.4	37.4
Adjusted effective tax rate	22.4%	25.4%
Tax rate impact of amortisation of acquired intangibles, transaction-related costs and exceptional items	(21.8%)	100%
Statutory effective tax rate	0.6%	125.4%

The Group operates in and is subject to income tax in many jurisdictions. The weighted average tax rate is derived by weighting the rates in those jurisdictions by the profits before tax earned there. It is sensitive to the statutory tax rates that apply in each jurisdiction and the geographic mix of profits. The statutory tax rates in our main jurisdictions were UK 19.0% (2019: 19.0%) and Australia 30% (2019: 30%) and the weighted average tax rate reduced to 16.8% in 2020 (2019: 21.3%).

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

£m	Year ended 31 December 2020	Year ended 31 December 2019
(Loss)/profit before tax	(31.3)	4.9
Tax at the weighted average rate of 16.8% (2019: 23.1%)	(5.3)	1.0
<b>Effect of:</b>		
Irrecoverable withholding tax suffered	0.8	1.2
Impairment of goodwill	5.7	4.2
Effect of change in tax rates	(0.1)	–
Adjustments in respect of prior years	(1.6)	(0.8)
Other differences	0.3	0.5
<b>Total tax expense for the year</b>	<b>(0.2)</b>	<b>6.1</b>

The Group operates, mainly through our oil and gas exposed businesses, in jurisdictions that impose withholding taxes on revenue earned in those jurisdictions. This tax may be off-set against domestic corporation tax either in the current year or in the future within certain time limits. To the extent that full recovery is not achieved in the current year or is not considered possible in future years the withholding tax is charged to the income statement. Whilst the overall irrecoverable withholding tax decreased in the year, it represented a larger proportion of the overall tax rate.

Enacted changes in the tax rate impact the carrying value of deferred tax balances, principally those related to the amortisation of intangible assets. The impact in 2020 is a result of recognising UK balances at 19% rather than 17% as at the end of 2019.

Adjustments in respect of prior years arise when amounts of tax due calculated when tax returns are submitted differ from those estimated at the year end. In 2020 the credit was mainly the result of losses being recognised in the US due to changes in the carry back rules under the CARES Act.

Other differences include expenses not deductible for tax purposes such as entertaining, share scheme charges, depreciation of property, plant and equipment which do not qualify for capital allowances and transaction-related costs. They also include items that are deductible for tax purposes, such as goodwill and other asset amortisation, but are not included in the income statement.

In the Chancellor's Budget on 3 March 2021, it was announced that the UK rate of corporation tax will increase from 19% to 25% on 1 April 2023. In addition, measures to increase losses that can be carried back to previous periods were announced. We will undertake a detailed analysis of the impact of these changes on the Group's UK tax position in due course but the changes would result in a material increase in the liability recognised on goodwill offset by the increased carrying value of losses.

### 13. EARNINGS PER SHARE

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

<b>£m</b>	<b>Year ended 31 December 2020</b>	<b>Year ended 31 December 2019</b>
Loss attributable to equity holders of the parent	<b>(31.1)</b>	(1.2)
Weighted average number of ordinary shares for the purposes of basic earnings per share	<b>240,155</b>	223,958
Effect of employee share schemes	<b>2,162</b>	2,264
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<b>242,317</b>	226,222
Basic loss per share (pence)	<b>(12.95)</b>	(0.55)
Diluted loss per share (pence)	<b>(12.83)</b>	(0.54)

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The calculations of adjusted earnings per share (see note 3) were based on the number of shares as above and are shown in the table below:

<b>£m</b>	<b>Year ended 31 December 2020</b>	<b>Year ended 31 December 2019</b>
Loss attributable to equity holders of the parent	<b>(31.1)</b>	(1.2)
Amortisation of acquired intangibles and transaction-related costs (note 6)	<b>5.5</b>	9.1
Exceptional items (note 7)	<b>39.2</b>	23.4
Tax on amortisation of acquired intangibles, transaction-related costs and exceptional items (note 12)	<b>(3.2)</b>	(3.4)
Adjusted profit attributable to equity holders of the parent	<b>10.4</b>	27.9
Adjusted basic earnings per share (pence)	<b>4.33</b>	12.43
Adjusted diluted earnings per share (pence)	<b>4.29</b>	12.31

## 14. INTANGIBLE ASSETS

£m	Intellectual property rights	Customer relationships	Order backlog	Trade names	Non compete agreements	Software	Internally generated software	Goodwill	Total
<b>Cost:</b>									
At 1 January 2020	3.6	131.9	19.7	9.1	0.6	3.2	11.4	423.9	603.4
Additions	–	–	–	–	–	–	1.4	–	1.4
Disposals	–	–	–	–	–	–	–	(1.0)	(1.0)
Exchange differences	(0.1)	1.1	0.2	0.1	–	–	–	6.2	7.5
<b>At 31 December 2020</b>	<b>3.5</b>	<b>133.0</b>	<b>19.9</b>	<b>9.2</b>	<b>0.6</b>	<b>3.2</b>	<b>12.8</b>	<b>429.1</b>	<b>611.3</b>

### Aggregate amortisation and impairment losses:

At 1 January 2020	3.6	116.6	19.5	9.0	0.6	3.1	0.1	72.2	224.7
Amortisation	–	5.2	0.2	0.1	–	–	0.5	–	6.0
Impairment	–	–	–	–	–	–	2.9	25.9	28.8
Exchange differences	(0.1)	0.9	0.2	0.1	–	–	–	0.2	1.3
<b>At 31 December 2020</b>	<b>3.5</b>	<b>122.7</b>	<b>19.9</b>	<b>9.2</b>	<b>0.6</b>	<b>3.1</b>	<b>3.5</b>	<b>98.3</b>	<b>260.8</b>
<b>Net book value at 31 December 2020</b>	<b>–</b>	<b>10.3</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>0.1</b>	<b>9.3</b>	<b>330.8</b>	<b>350.5</b>

£m	Intellectual property rights	Customer relationships	Order backlog	Trade names	Non compete agreements	Software	Internally generated software	Goodwill	Total
<b>Cost:</b>									
At 1 January 2019	3.7	131.6	19.3	9.3	0.6	3.3	–	418.5	586.3
Additions	–	–	–	–	–	–	9.2	–	9.2
Acquisitions	–	4.1	1.0	0.1	–	–	–	14.8	20.0
Reclassification	–	–	–	–	–	–	2.2	–	2.2
Exchange differences	(0.1)	(3.8)	(0.6)	(0.3)	–	(0.1)	–	(9.4)	(14.3)
<b>At 31 December 2019</b>	<b>3.6</b>	<b>131.9</b>	<b>19.7</b>	<b>9.1</b>	<b>0.6</b>	<b>3.2</b>	<b>11.4</b>	<b>423.9</b>	<b>603.4</b>

### Aggregate amortisation and impairment losses:

At 1 January 2019	3.7	112.2	19.2	9.2	0.6	3.0	–	52.7	200.6
Amortisation	–	7.5	0.8	0.1	–	0.2	0.1	–	8.7
Impairment	–	–	–	–	–	–	–	19.8	19.8
Exchange differences	(0.1)	(3.1)	(0.5)	(0.3)	–	(0.1)	–	(0.3)	(4.4)
<b>At 31 December 2019</b>	<b>3.6</b>	<b>116.6</b>	<b>19.5</b>	<b>9.0</b>	<b>0.6</b>	<b>3.1</b>	<b>0.1</b>	<b>72.2</b>	<b>224.7</b>
<b>Net book value at 31 December 2019</b>	<b>–</b>	<b>15.3</b>	<b>0.2</b>	<b>0.1</b>	<b>–</b>	<b>0.1</b>	<b>11.3</b>	<b>351.7</b>	<b>378.7</b>

Customer relationships relate to assets acquired in business combinations and have remaining useful lives of 1-9 years.

### Goodwill

The Group tests annually for impairment or when there are any impairment triggers. Due to the impact of COVID-19 on the performance of the Group in the first half of the year a full impairment review was performed as at 31 May 2020 as well as at the year end date.

The determination of whether or not goodwill is impaired requires an estimate to be made of the value in use of the CGU groups to which goodwill has been allocated. Those value in use calculations include estimates about the future financial performance of the CGUs based on budgets and forecasts, medium-term and long-term growth rates, discount rates and the markets in which the business operates. A more cautious view has been taken in our short-term forecasts and assumptions due to the COVID-19 uncertainty and the resulting disruption in our markets and the wider economy. The cash flow projections in the four financial years following the forecast year reflect management's expectations of the medium-term operating performance of the CGU and the growth prospects in the CGU's market, including recovery from the impact of COVID-19. Thereafter a perpetuity is applied.

### Key assumptions

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

## Discount rate applied

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

	31 December 2020	31 December 2019
Consulting (UK and Ireland)	12.2%	10.7%
Services (UK)	13.1%	11.2%
Services (Netherlands)	14.2%	12.4%
Norway	12.2%	10.8%
North America	12.3%	11.0%
Australia Asia Pacific	14.7%	12.9%
Energy	15.8%	14.2%

## Growth rates

The growth rates applied reflect management's judgement regarding the potential future performance of the business. The medium term comprises the years 2022 to 2025 and includes higher growth rates in the first couple of years as the economies and markets in which we operate recover from the current COVID-19 related downturn. COVID-19 is expected to impact on all CGUs, to varying degrees, in 2021 but have less of an impact on profit compared to the initial lockdown in 2020. Recovery to the level of profits seen prior to the pandemic will be gradual.

The long-term growth rate applied to the perpetuity calculations was between -2.0% and 2.5% per annum and is unchanged from the rates used in the 31 December 2019 goodwill impairment testing. These rates reflect the average long-term growth rates of the economies in which the CGUs are based and our assessment of the longer term prospects of the businesses, including the impact that climate change may have on the Energy CGU.

Long-term growth rates	31 December 2020	31 December 2019
Consulting (UK and Ireland)	2.1% - 2.5%	2.1% - 2.5%
Services (UK)	2.1%	2.1%
Services (Netherlands)	2.0%	2.0%
Norway	2.3%	2.3%
North America	2.3%	2.3%
Australia Asia Pacific	2.5%	2.5%
Energy	(2.0%)	(2.0%)

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## Summary of results

The Group recognised impairment charges of £17.4 million and £8.5 million against the goodwill allocated to the Consulting (UK & Ireland) CGU and North America CGU groups respectively in the interim results for the six months ended 30 June 2020. The Board had considered the prospects of and uncertainty in these two CGUs following the impact that COVID-19 was forecast to have on their medium-term performance. All other CGUs were tested for impairment and no impairment charges were identified.

The impairment testing was updated at the year end, based on the latest budget and forecasts for medium-term growth and no further impairments were identified.

The Group's market capitalisation is below the net assets of the Group. The Directors are comfortable with this difference as they consider the Group to be undervalued during these challenging times. The post year and share price performance has narrowed the gap between value in use and market capitalisation.

## Sensitivity of results to changes in estimates

The Group's CGU groups all have headroom in the year end impairment review following the impairments made to the Consulting (UK & Ireland) and North America CGUs at the half year as a result of better than forecast performance in the second half.

The valuation of goodwill allocated to CGU groups is most sensitive to the achievement of the 2021 budget, the medium-term growth rates assumed for the following four years and the discount rate. Whilst we are able to manage staff costs, direct costs and overheads, the revenue projections are inherently uncertain due to the short-term nature of our order books and the current impact COVID-19 is having on market conditions in some of our sectors.

Consequently, further underperformance against the budget and medium-term growth rates is possible which could lead to an additional reduction in the carrying value of the CGUs. It is also reasonably possible that the budget and growth rates are exceeded if market conditions allow.

A 0.7% increase in the discount rate or a 7% reduction in the 2021 budgeted profit would lead to the recoverable amount of the Services – UK CGU to equal its carrying amount of £50.1 million. Furthermore, a 1% increase in the discount rate will lead to an impairment charge of £1.8 million and a 15% decrease in the 2021 budgeted profit will lead to an impairment charge of £5.4 million in the next 12 months. There are no other reasonable changes in estimates that would result in a material adjustment to the carrying amounts of assets and liabilities as at 31 December 2020.

## 14. INTANGIBLE ASSETS CONTINUED

Goodwill acquired in a business combination is allocated at acquisition to the Groups of CGUs that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated as follows:

<b>£m</b>	<b>As at 31 December 2020</b>	<b>As at 31 December 2019</b>
Consulting (UK and Ireland)	96.6	112.2
Services (UK)	50.1	50.1
Services (Netherlands)	10.1	9.8
Norway	31.0	31.2
North America	31.6	40.5
Australia Asia Pacific	75.4	70.9
Energy	36.0	37.0
	<b>330.8</b>	<b>351.7</b>

## 15. PROPERTY, PLANT AND EQUIPMENT

£m	Freehold land and buildings	Alterations to leasehold premises	Motor vehicles	Fixtures, fittings, IT and equipment	Total
<b>Cost:</b>					
At 1 January 2020	10.2	6.6	3.1	75.7	95.6
Additions	–	0.3	0.1	5.0	5.4
Disposals	–	(0.2)	(0.2)	(2.9)	(3.3)
Exchange differences	0.5	0.2	–	1.6	2.3
<b>At 31 December 2020</b>	<b>10.7</b>	<b>6.9</b>	<b>3.0</b>	<b>79.4</b>	<b>100.0</b>
<b>Depreciation:</b>					
At 1 January 2020	3.7	3.9	2.0	53.7	63.3
Charge for the year	0.2	0.8	0.4	8.0	9.4
Disposals	–	(0.2)	(0.2)	(2.3)	(2.7)
Exchange differences	0.2	0.2	0.1	1.0	1.5
<b>At 31 December 2020</b>	<b>4.1</b>	<b>4.7</b>	<b>2.3</b>	<b>60.4</b>	<b>71.5</b>
<b>Net book value at 31 December 2020</b>	<b>6.6</b>	<b>2.2</b>	<b>0.7</b>	<b>19.0</b>	<b>28.5</b>

£m	Freehold land and buildings	Alterations to leasehold premises	Motor vehicles	Fixtures, fittings, IT and equipment	Total
<b>Cost:</b>					
At 1 January 2019	10.8	6.4	3.5	78.5	99.2
Additions	–	0.6	0.4	12.1	13.1
Acquisitions	–	–	–	0.1	0.1
Disposals	–	(1.1)	(0.7)	(10.1)	(11.9)
Transfers	–	1.0	–	(1.0)	–
Reclassification to intangible assets	–	–	–	(2.2)	(2.2)
Exchange differences	(0.6)	(0.3)	(0.1)	(1.7)	(2.7)
<b>At 31 December 2019</b>	<b>10.2</b>	<b>6.6</b>	<b>3.1</b>	<b>75.7</b>	<b>95.6</b>
<b>Depreciation:</b>					
At 1 January 2019	3.6	4.3	2.3	57.0	67.2
Charge for the year	0.2	0.9	0.5	7.7	9.3
Disposals	–	(1.1)	(0.7)	(9.9)	(11.7)
Exchange differences	(0.1)	(0.2)	(0.1)	(1.1)	(1.5)
<b>At 31 December 2019</b>	<b>3.7</b>	<b>3.9</b>	<b>2.0</b>	<b>53.7</b>	<b>63.3</b>
<b>Net book value at 31 December 2019</b>	<b>6.5</b>	<b>2.7</b>	<b>1.1</b>	<b>22.0</b>	<b>32.3</b>

## 16. LEASES

£m	Properties	Vehicles	Office equipment	Total
<b>i. Right-of-use assets</b>				
At 1 January 2020	40.8	3.8	0.2	44.8
Additions	7.8	1.5	0.2	9.5
Depreciation	(8.6)	(2.1)	(0.2)	(10.9)
Impairment	(2.0)	–	–	(2.0)
Remeasurements	1.0	0.1	–	1.1
Derecognition	(1.3)	–	–	(1.3)
Exchange differences	0.8	0.1	–	0.9
<b>At 31 December 2020</b>	<b>38.5</b>	<b>3.4</b>	<b>0.2</b>	<b>42.1</b>
At 1 January 2019	40.7	4.0	0.2	44.9
Additions	8.1	1.8	0.2	10.1
Depreciation	(8.0)	(1.8)	(0.2)	(10.0)
Remeasurements	1.1	–	–	1.1
Derecognition	(0.2)	(0.1)	–	(0.3)
Exchange differences	(0.9)	(0.1)	–	(1.0)
At 31 December 2019	40.8	3.8	0.2	44.8

£m	As at 31 December 2020	As at 31 December 2019
<b>ii. Lease liabilities</b>		
The maturity profile of the Group's lease liabilities based on contractual undiscounted cash flows:		
Less than one year	12.4	11.7
One to five years	31.6	32.4
More than five years	10.4	11.8
<b>Total undiscounted lease liabilities</b>	<b>54.4</b>	<b>55.9</b>
Lease liabilities included in the balance sheet:		
Current	10.8	10.0
Non-current	38.1	39.8
<b>Total</b>	<b>48.9</b>	<b>49.8</b>

£m	Year ended 31 December 2020	Year ended 31 December 2019
<b>iii. Amounts recognised in profit or loss</b>		
Depreciation on right-of-use assets	10.9	10.0
Impairment of right-of-use assets	2.0	–
Interest expense on lease liabilities	1.9	1.9
Expense relating to short-term leases	0.2	2.7
Expense relating to low value assets	–	–

£m	Year ended 31 December 2020	Year ended 31 December 2019
<b>iv. Amounts recognised in statement of cash flows</b>		
<b>Total cash outflow for leases</b>	<b>11.0</b>	<b>9.2</b>



## 17. SUBSIDIARIES

The Group consists of RPS Group Plc (the parent company incorporated in the UK) and its subsidiaries. A list of the Group's subsidiaries, including the name, country of incorporation and proportion of ownership interests is given in Note 6 to the Parent Company's financial statements.

## 18. TRADE AND OTHER RECEIVABLES

<b>£m</b>	<b>As at 31 December 2020</b>	<b>As at 31 December 2019</b>
Trade receivables	78.4	95.9
Contract assets	36.8	45.7
Prepayments	12.5	10.9
Other receivables	3.1	4.6
	<b>130.8</b>	<b>157.1</b>

Trade receivables and contract assets net of loss allowance are shown below.

<b>£m</b>	<b>As at 31 December 2020</b>	<b>As at 31 December 2019</b>
Trade receivables	81.2	98.9
Loss allowance	(2.8)	(3.0)
Trade receivables net	78.4	95.9

<b>£m</b>	<b>As at 31 December 2020</b>	<b>As at 31 December 2019</b>
Contract assets	42.9	51.0
Loss allowance	(6.1)	(5.3)
Contract assets net	36.8	45.7

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

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

No interest is charged on overdue receivables. At the year end the Group's debtor days were 41 (2019: 52).

The following table shows the movement in lifetime expected credit losses that have been recognised in accordance with the simplified approach set out in IFRS 9:

<b>£m</b>	<b>Trade receivables</b>	<b>Contract assets</b>	<b>Total</b>
At 1 January 2020	3.0	5.3	8.3
Income statement impact of movement on loss allowance	0.5	2.0	2.5
Amounts written off	(0.8)	(1.4)	(2.2)
Exchange differences	0.1	0.2	0.3
<b>As at 31 December 2020</b>	<b>2.8</b>	<b>6.1</b>	<b>8.9</b>
At 1 January 2019	5.2	6.6	11.8
Income statement impact of movement on loss allowance	(0.9)	0.2	(0.7)
Amounts written off	(1.3)	(1.4)	(2.7)
Exchange differences	–	(0.1)	(0.1)
<b>As at 31 December 2019</b>	<b>3.0</b>	<b>5.3</b>	<b>8.3</b>

There have been no significant changes in the loss allowances during the year as the Group has focussed on working capital management and collection of trade receivables throughout the COVID-19 pandemic.

## 18. TRADE AND OTHER RECEIVABLES CONTINUED

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

<b>£m</b>	<b>As at 31 December 2020</b>	<b>As at 31 December 2019</b>
UK Pound Sterling	54.2	62.6
US Dollar	24.8	32.2
Euro	20.0	26.9
Australian Dollar	19.8	21.1
Canadian Dollar	2.1	1.9
Norwegian Krone	7.7	8.4
Malaysian Ringitt	1.6	3.3
Other	0.6	0.7
	<b>130.8</b>	<b>157.1</b>

The maximum exposure to credit risk at the reporting date is £127.7 million (2019: £152.4 million).

The concentration of credit risk is limited as the customer base is large and unrelated.

The impact on revenue of projects where work was undertaken in 2019 but related revenue recognised in 2020 was immaterial.

## 19. TRADE AND OTHER PAYABLES

<b>£m</b>	<b>As at 31 December 2020</b>	<b>As at 31 December 2019</b>
Trade payables	30.4	26.4
Accruals	43.5	37.0
Contract liabilities	25.7	21.1
Creditors for taxation and social security	27.5	15.8
Other payables	2.1	4.6
	<b>129.2</b>	<b>104.9</b>

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

The revenue recognised in the year that was included in contract liabilities in the previous year was £21.1 million.

## 20. BORROWINGS

£m	As at 31 December 2020	As at 31 December 2019
Bank loans	–	55.4
US loan notes	54.9	55.8
Bank overdraft	–	1.3
Total bank loan, notes and overdrafts	54.9	112.5
Arrangement fees	(0.9)	(0.7)
Net bank debt	54.0	111.8
Leases	48.9	49.8
Total borrowings	102.9	161.6

£m	As at 31 December 2020	As at 31 December 2019
The bank loan, notes and overdrafts are repayable as follows:		
Amounts due for settlement within 12 months	54.9	1.3
Amount due between one and two years	–	55.8
In the third to fifth years inclusive	–	55.4
	54.9	112.5

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

- (i) An uncommitted £3.0 million bank overdraft facility, repayable on demand.
- (ii) An uncommitted Australian Dollar denominated overdraft facility of AUD 1.5 million repayable on demand.
- (iii) The Group has one principal bank facility: a multicurrency revolving credit facility of £100.0 million with Lloyds Bank plc, HSBC Bank plc and NatWest Bank plc, expiring in 2022 (the 'A' facility). Term loans drawn under this facility carry interest fixed for the term of the loan equal to LIBOR (or the currency equivalent) plus a margin determined by reference to the leverage of the Group.

There were loans drawn totalling £nil at 31 December 2020 (2019: £55.4 million).

In April 2020 the Group agreed a further £60.0 million revolving credit facility for a period of 12 months with the existing lenders (the 'B' facility). At the same time the Group also agreed new financial covenant tests for the RCF and US private placement notes as at 31 December 2020, 31 March 2021 and 30 June 2021. In September 2020, the B facility was extended to July 2022 and further changes were made to the covenant tests. The covenant tests will revert back to the original tests from December 2021.

The A and B facilities are guaranteed by the Company and certain subsidiaries but no security over the Group's assets exists.

- (iv) In September 2014 the Group issued seven year non-amortising US private placement notes of \$34.1 million and £30.0 million with fixed interest chargeable at 3.84% and 3.98% respectively, that are repayable in September 2021. Following the amendment to the Group's facilities in April 2020, the interest payable on the notes has increased by 75 bps for the duration of the B facility. The notes are guaranteed by the Company and certain subsidiaries but no security over the Group's assets exists. The Group is currently investigating its options on refinancing these loans.

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

### Liquidity risk

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

Loan liquidity risk profile (undiscounted):

£m	As at 31 December 2020	As at 31 December 2019
<1 year	56.8	4.9
1-2 years	–	58.6
>2 but <5 years	–	56.1
	56.8	119.6

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

## 21. DEFERRED CONSIDERATION

£m	As at 31 December 2020	As at 31 December 2019
Amount due within one year	3.1	3.1
Amount due between one and two years	2.4	3.0
Amount due between two and five years	–	2.2
Amount due after five years	0.3	0.4
	<b>5.8</b>	<b>8.7</b>

Deferred consideration relates to payments due to vendors of acquired companies which are due to be made on future anniversaries of the acquisitions.

## 22. PROVISIONS

### Long service leave

The provision is in respect of long service leave entitlement available to certain staff employed in Australia. The balance was previously reported in other payables.

### Onerous contracts

The provision for onerous contracts related to the running costs of vacant properties.

### Warranty

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

### Dilapidations

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

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£m	Long service leave	Onerous contracts	Warranty	Dilapidations	Total
As at 1 January 2020	–	–	1.7	2.1	3.8
Reclassification from other payables	4.0	–	–	–	4.0
Additional provision in the year	1.1	0.9	0.9	1.3	4.2
Utilised in year	(0.2)	(0.1)	(1.2)	(0.2)	(1.7)
Released	(0.4)	–	–	(0.1)	(0.5)
Exchange difference	0.3	–	0.1	–	0.4
As at 31 December 2020	<b>4.8</b>	<b>0.8</b>	<b>1.5</b>	<b>3.1</b>	<b>10.2</b>

£m	As at 31 December 2020	As at 31 December 2019
Due as follows:		
Within one year	5.7	0.9
After more than one year	4.5	2.9
	<b>10.2</b>	<b>3.8</b>

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

## 23. DEFERRED TAXATION

£m	Property, plant and equipment timing differences	Goodwill and intangible assets	Employment benefits	Share- based payments	Provisions and other timing differences	Losses	Total
At 1 January 2019	0.7	(6.1)	2.9	(0.3)	0.2	–	(2.6)
(Charge)/credit to income relating to current year	(0.9)	1.2	(0.3)	0.1	1.1	–	1.2
Acquisitions	–	(1.4)	–	–	–	–	(1.4)
Exchange differences	–	0.1	(0.2)	–	0.4	–	0.3
At 31 December 2019	(0.2)	(6.2)	2.4	(0.2)	1.7	–	(2.5)
Disclosed within liabilities	(0.5)	(5.4)	0.5	(0.2)	(0.7)	–	(6.3)
Disclosed within assets	0.3	(0.8)	1.9	–	2.4	–	3.8
(Charge)/credit to income relating to current year	<b>0.3</b>	<b>0.3</b>	<b>0.7</b>	<b>(0.1)</b>	<b>0.6</b>	<b>4.2</b>	<b>6.0</b>
(Charge)/credit to income due to change in tax rates	<b>0.1</b>	<b>(0.7)</b>	–	–	–	–	<b>(0.6)</b>
Exchange differences	<b>0.1</b>	<b>(0.1)</b>	–	–	<b>(0.1)</b>	–	<b>(0.1)</b>
<b>At 31 December 2020</b>	<b>0.3</b>	<b>(6.7)</b>	<b>3.1</b>	<b>(0.3)</b>	<b>2.2</b>	<b>4.2</b>	<b>2.8</b>
<b>Disclosed within liabilities</b>	<b>(0.3)</b>	<b>(7.8)</b>	–	<b>(0.3)</b>	–	–	<b>(8.4)</b>
<b>Disclosed within assets</b>	<b>0.6</b>	<b>1.1</b>	<b>3.1</b>	–	<b>2.2</b>	<b>4.2</b>	<b>11.2</b>

The deferred tax assets recognised on losses relate to the US and the UK. These losses are available for offset against future taxable profits and can be carried forward indefinitely. The other deferred tax assets recognised are timing differences on deductions for tax purposes and as such there is no restriction on recoverability.

No deferred tax liability is recognised on temporary differences of £3.4 million (2019: £3.4 million) related to the unremitted earnings of overseas subsidiaries as the Group is able to control the timing of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future. The amount of tax that would be payable on the unremitted earnings is £0.4 million (2019: £0.4 million).

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

## 24. SHARE CAPITAL

Issued and fully paid	2020			2019		
	Number	£m Share capital	£m Share premium	Number	£m Share capital	£m Share premium
<b>Ordinary shares of 3p each:</b>						
At 1 January	227,139,412	6.8	121.9	226,105,296	6.8	120.4
Issues in respect of placing	45,881,365	1.4	0.5	–	–	–
Issued under the Share Incentive Plan	3,522,152	0.1	2.0	685,990	–	0.9
Issued in respect of the Performance Share Plan	298,440	–	0.7	320,439	–	0.5
Issued in respect of the Bonus Plan	–	–	–	27,687	–	–
Issued in respect of the ELTIP	61,663	–	0.2	–	–	–
Admission fees	–	–	–	–	–	0.1
<b>At 31 December</b>	<b>276,903,032</b>	<b>8.3</b>	<b>125.3</b>	227,139,412	6.8	121.9

On 3 September 2020, 44,625,417 new ordinary shares of 3 pence each were issued at 44 pence each, a premium of 41 pence per share. The premium on issue, after the deduction of transaction costs, was credited to the merger reserve. The placing was structured so that merger relief was applicable on the issue of the shares.

On the same day, 1,255,948 new ordinary shares of 3 pence each were subscribed by certain directors of the Company at an issue price of 44 pence per share.

The total consideration was £20.2 million and £19.4 million after the deduction of transaction costs.

Number	As at	
	31 December 2020	31 December 2019
Ordinary shares held by the ESOP Trust	6,239,325	3,645,018
Ordinary shares held by the SIP Trust	8,121,148	5,302,292

158

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

## 25. DIVIDENDS

£m	Year ended 31 December 2020	Year ended 31 December 2019
Amounts recognised as distributions to equity holders during the year:		
Final dividend for the year ended 31 December 2019 of nil (2018: 5.08p) per share	–	11.4
Interim dividend for the year ended 31 December 2020 of nil (2019: 2.42p) per share	–	5.5
	–	16.9
Proposed final dividend for the year ended 31 December 2020 of nil (2019: 2.00p) per share	–	4.5

The proposed final dividend for the year ended 31 December 2019 was cancelled.

## 26. CONTINGENCIES

From time to time the Group receives claims from clients and suppliers. Some of these result in payments to the claimants by the Group and its insurers. The Board reviews all significant claims at each Board meeting and more regularly if required. The Board is satisfied that the Group has sufficient provisions at the balance sheet date to meet all likely uninsured liabilities.

As previously announced, RPS has notified the US government of potential issues regarding its administration of government contracts and/or projects. We are continuing to identify the implications, if any, of the conduct under review. The impact, if any, is unknown. During the year a further £1.8 million of legal fees were incurred investigating this matter and were presented within exceptional items (note 7).

## 27. RELATED PARTY TRANSACTIONS

Related parties, following the definitions within IAS 24, are the subsidiary companies, members of the Board, key management personnel and their families. Transactions between the Company and its subsidiaries are on an arms length basis and have been eliminated on consolidation and are not disclosed in this note. The Group considers the Directors to be the key management personnel. The Remuneration Committee Report contains details of Board emoluments.

On 3 September 2020, the following Directors subscribed for new ordinary shares of 3 pence each in the Company at a price of 44 pence per share (note 24):

<b>Director</b>	<b>Number of shares</b>	<b>Consideration £</b>
Ken Lever	56,818	25,000
John Douglas	1,136,363	500,000
Judith Cottrell	13,636	6,000
Liz Peace	11,363	5,000
Catherine Glickman	34,090	15,000
Allison Bainbridge	3,678	1,618
<b>Total</b>	<b>1,255,948</b>	<b>552,618</b>

## 28. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

£m	Year ended 31 December 2020	Year ended 31 December 2019
Operating (loss)/profit	(24.2)	10.9
<b>Adjustments for:</b>		
Depreciation of owned assets	9.4	9.2
Depreciation of right-of-use assets	10.9	10.0
Impairment of right-of-use assets	2.0	–
Amortisation of internally generated software	0.5	0.1
Amortisation of acquired intangible assets	5.5	8.6
Impairment of goodwill	25.9	19.8
Impairment of internally generated software	2.9	–
Non-cash movement on provisions	2.3	–
Share-based payment expense	3.4	2.7
Loss on sale of business	0.4	–
(Profit)/loss on sale of assets	–	(0.1)
<b>EBITDAS</b>	<b>39.0</b>	<b>61.2</b>
Decrease in trade and other receivables	29.0	6.4
Increase/(decrease) in trade and other payables	25.4	(12.7)
Cash generated from operations	93.4	54.9
Interest paid	(6.0)	(5.9)
Interest received	0.1	0.2
Income taxes paid	(3.5)	(11.6)
<b>Net cash from operating activities</b>	<b>84.0</b>	<b>37.6</b>

The table below provides an analysis of liabilities arising from financing which comprises net bank borrowings, comprising cash and cash equivalents, interest bearing loans and finance leases, during the year ended 31 December 2020.

£m	Non-cash changes					At 31 December 2020
	At 31 December 2019	Financing cash flows	Prepaid arrangement fees	Lease accounting adjustments <sup>1</sup>	Foreign exchange	
Cash at bank	17.7	25.0	–	–	0.5	43.2
Overdrafts	(1.3)	1.3	–	–	–	–
Cash and cash equivalents	16.4	26.3	–	–	0.5	43.2
Bank loans and notes	(110.5)	56.4	(0.7)	–	0.8	(54.0)
<b>Net bank borrowings</b>	<b>(94.1)</b>	<b>82.7</b>	<b>(0.7)</b>	<b>–</b>	<b>1.3</b>	<b>(10.8)</b>
Less: cash and cash equivalents	(16.4)	(26.3)	–	–	(0.5)	(43.2)
Leases	(49.8)	11.0	–	(9.2)	(0.9)	(48.9)
Liabilities arising from financing	(160.3)	67.4	(0.7)	(9.2)	(0.1)	(102.9)

£m	Non-cash changes						At 31 December 2019
	At 31 December 2018	Financing cash flows	Acquisitions	Prepaid arrangement fees	Lease accounting adjustments <sup>1</sup>	Foreign exchange	
Cash at bank	18.0	0.9	1.2	–	–	(2.4)	17.7
Overdrafts	(2.6)	1.3	–	–	–	–	(1.3)
Cash and cash equivalents	15.4	2.2	1.2	–	–	(2.4)	16.4
Bank loans and notes	(89.3)	(22.8)	–	(0.3)	–	1.9	(110.5)
<b>Net bank borrowings</b>	<b>(73.9)</b>	<b>(20.6)</b>	<b>1.2</b>	<b>(0.3)</b>	<b>–</b>	<b>(0.5)</b>	<b>(94.1)</b>
Less: cash and cash equivalents	(15.4)	(2.2)	(1.2)	–	–	2.4	(16.4)
Leases	(49.2)	9.2	–	–	(10.8)	1.0	(49.8)
Liabilities arising from financing	(138.5)	(13.6)	–	(0.3)	(10.8)	2.9	(160.3)

<sup>1</sup> Includes lease additions, remeasurements and disposals

The cash balance at 31 December 2020 includes £1.4 million (2019: £1.3 million) that is restricted in use, either as security or client deposits.



## 29. DEFINED BENEFIT PENSION SCHEMES

The Group has one (2019: two) defined benefit pension schemes, arising from the acquisition in 2013 of the OEC Group. The scheme is closed to new entrants. The second scheme was terminated during the year.

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

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

The scheme exposes the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

The most recent full actuarial valuation of the plan assets and present value of the defined benefit liability was carried out in December 2020 by a qualified actuary.

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

	As at 31 December 2020	As at 31 December 2019
Discount rate	1.50%	1.80%
Expected rate of salary increase	2.00%	2.25%
Inflation	1.75%	2.00%

With the exception of the rates of pension increase all principal assumptions are the same for both schemes. The assumed rates of pension increase were 2.0% and 0.0% (2019: 2.5% and 0.0%).

The assumed life expectations on retirement at age 67 (2019: age 65) are:

Years	As at 31 December 2020	As at 31 December 2019
Retiring today:		
Males	19.9	21.8
Females	23.1	25.0

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

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

£m	Year ended 31 December 2020	Year ended 31 December 2019
Current service cost (including tax)	0.1	0.2
Net interest (income)/expense	–	–
<b>Components of defined benefit costs recognised in profit or loss</b>	<b>0.1</b>	<b>0.2</b>

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

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

£m	Year ended 31 December 2020	Year ended 31 December 2019
Actuarial gains/(losses) arising from:		
Changes in financial assumptions	0.2	–
Movements in payroll tax	–	–
Derecognition of surplus	(0.1)	0.1
<b>Remeasurement of the net defined benefit liability</b>	<b>0.1</b>	<b>0.1</b>

## 29. DEFINED BENEFIT PENSION SCHEMES CONTINUED

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

£m	As at 31 December 2020	As at 31 December 2019
Present value of defined benefit obligations	(2.6)	(2.7)
Fair value of plan assets	2.6	2.8
	–	0.1
Asset not recognised	–	(0.1)
<b>Net asset/liability arising from defined benefit obligations</b>	<b>–</b>	<b>–</b>

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

£m	Year ended 31 December 2020	Year ended 31 December 2019
Defined benefit obligation at 1 January	2.7	4.0
Current service cost	0.1	0.2
Interest cost	–	0.1
Remeasurement (gains)/losses:		
Actuarial gains arising from changes in financial assumptions	(0.1)	(1.3)
Exchange differences	–	(0.2)
Benefits paid	(0.1)	(0.1)
<b>Defined benefit obligation at 31 December</b>	<b>2.6</b>	<b>2.7</b>

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

£m	Year ended 31 December 2020	Year ended 31 December 2019
Plan assets at 1 January	2.8	4.0
Remeasurement (gains)/losses:		
The return on plan assets (excluding amounts included in net interest expense)	–	0.1
Actuarial gains arising from changes in financial assumptions	(0.3)	(1.3)
Exchange differences	–	(0.2)
Contributions from the employer	0.2	0.3
Benefits paid	(0.1)	(0.1)
Administration costs	–	–
<b>Plan assets at 31 December</b>	<b>2.6</b>	<b>2.8</b>

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

	As at 31 December 2020	As at 31 December 2019
Shares	9.1%	9.7%
Other investments	0.7%	1.9%
Short term bonds	13.8%	12.4%
Term bonds	62.3%	62.6%
Property	14.1%	13.4%
<b>Total</b>	<b>100.0%</b>	<b>100%</b>

Reasonably possible changes at the reporting date to one of the actuarial assumptions, holding all other assumptions constants would have affected the defined benefit obligation as follows:

£m	As at 31 December 2020	
	Increase	Decrease
Discount rate (1% movement)	(0.3)	0.4
Future salary growth (1% movement)	0.1	(0.1)
Future pension growth (1% movement)	0.4	–
Mortality rates (1 year movement)	(0.1)	0.1

## 30. FINANCIAL RISK MANAGEMENT

### (a) Capital management

The capital of the Group consists of debt (which includes the borrowings and facilities disclosed in note 20) cash and cash equivalents and equity attributable to equity holders of the parent (comprising issued capital, reserves and retained earnings as disclosed in the consolidated balance sheet). The Group manages its capital to support its strategy. The Group's policy is to pay an appropriate portion of adjusted earnings for the year as dividends. However, dividends have been suspended during the COVID-19 pandemic to support the Group's financial position.

The Group's borrowings are managed centrally and funds are onward lent to operating subsidiaries as required. At the start of the year the Group had a committed £100 million multi currency revolving credit facility. There were two financial covenants related to this facility; interest cover must be no less than 4.0x and the leverage ratio of Group net borrowings (including deferred consideration) to EBITDAS adjusted to include the annualised contribution of acquisitions in the year should be no greater than 3.0x.

In response to the challenges that arose from the COVID-19 pandemic, the Group agreed a further £60 million revolving credit facility (the 'B' facility) in April 2020 for a period of 12 months and agreed new financial covenant tests for the RCF and US private placement notes. As a consequence of this, no covenant test was required at June 2020.

In September 2020, to provide further flexibility to the Group's capital management the Group undertook a share placing resulting in net cash consideration of £19.4 million, after transaction costs (note 24), extended the B facility to July 2022 and amended the financial covenant tests. The revised covenant tests for December 2020 and March 2021 require leverage to be no greater than 3.75x and interest cover to be no less than 2.5x, calculated using the previous 12 months profitability. In the June 2021 tests, the leverage limit reduces to 3.25x and the interest cover limit increases to 3.0x. The covenant tests will revert back to the original tests detailed above at the end of this period. These covenants were not breached during the year and have not been since the year end.

Seven year non-amortising notes with principal of £30.0 million and \$34.1 million were issued in September 2014 bearing fixed interest at 3.98% and 3.84% per annum, respectively. In April 2020, the interest rates increased by 0.75% to 4.73% and 4.59% for the duration of the B facility. There are two financial covenants associated with these notes that are the same as for the revolving credit facility above including the amendments that were made during the year. These loan notes represent the Group's core debt.

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

### (b) Financial instruments

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

### Fair values

The fair value of the financial assets and liabilities of the Group are considered to be materially equivalent to their book value.

The classification of financial instruments is shown in the table below.

£m	As at 31 December 2020	Restated* As at 31 December 2019
Cash	43.2	17.7
Trade and other receivables	118.3	146.2
<b>Financial assets</b>	<b>161.5</b>	<b>163.9</b>
Borrowings	54.9	112.5
Lease liabilities	48.9	49.8
Deferred consideration	5.8	8.7
Trade and other payables	32.7	28.5
<b>Financial liabilities</b>	<b>142.3</b>	<b>199.5</b>

\* Trade and other payables have been restated net of accruals and provisions.

Interest rate and currency risk are the most significant aspects for the Group in the area of financial instruments. It is exposed to a lesser extent to liquidity risk that is reviewed in note 20. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

### (c) Interest rate risk

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

### 30. FINANCIAL RISK MANAGEMENT CONTINUED

#### Interest rate risk and profile of financial liabilities

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

£m	Floating rate		Fixed rate		Non interest bearing		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Sterling	–	56.7	51.2	50.1	14.2	12.2	65.4	119.0
Euro	–	–	5.2	5.5	3.1	3.0	8.3	8.5
Australian Dollar	–	–	16.9	19.6	6.2	5.7	23.1	25.3
Canadian Dollar	–	–	1.1	1.6	1.3	0.2	2.4	1.8
US Dollar	–	–	31.3	32.5	3.1	2.5	34.4	35.0
Norwegian Krone	–	–	3.8	4.9	4.7	4.7	8.5	9.6
Other	–	–	0.1	0.1	0.1	0.2	0.2	0.3
<b>Total</b>	<b>–</b>	<b>56.7</b>	<b>109.6</b>	<b>114.3</b>	<b>32.7</b>	<b>28.5</b>	<b>142.3</b>	<b>199.5</b>

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

£m	Floating rate		Fixed rate		Non interest bearing		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Within one year	–	1.3	68.9	13.1	32.5	28.3	101.4	42.7
In one to two years	–	–	11.7	67.9	0.2	0.1	11.9	68.0
In two to five years	–	55.4	18.9	21.8	–	0.1	18.9	77.3
Over five years	–	–	10.1	11.5	–	–	10.1	11.5
<b>Total</b>	<b>–</b>	<b>56.7</b>	<b>109.6</b>	<b>114.3</b>	<b>32.7</b>	<b>28.5</b>	<b>142.3</b>	<b>199.5</b>

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

	Fixed and floating rate financial liabilities		Fixed rate financial liabilities	
	Weighted average interest rate %		Weighted average period for which rate is fixed – months	
	2020	2019	2020	2019
Sterling	4.3	3.2	38	44
Australian Dollar	3.9	3.9	55	59
US Dollar	4.4	3.9	18	28
Norwegian Krone	4.0	4.0	56	65
Euro	2.6	2.5	58	59
Canadian Dollar	4.6	4.6	26	38
Other	4.4	4.4	54	66
	<b>4.1</b>	<b>3.4</b>	<b>36</b>	<b>43</b>

Cash balances at year end:

£m	As at 31 December 2020	As at 31 December 2019
Sterling	16.2	2.0
Euro	4.2	2.2
US Dollar	3.9	2.4
Australian Dollar	10.0	3.9
Canadian Dollar	0.7	0.4
Norwegian Krone	7.3	5.7
Malaysian Ringgit	0.4	0.5
Singapore Dollar	0.1	0.1
Other	0.4	0.5
	<b>43.2</b>	<b>17.7</b>

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

**(d) Foreign currency sensitivity**

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

**(e) Credit risk**

It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts. The Group does not enter into complex derivatives to manage credit risk. The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date. The Directors consider the Group's financial assets that are not impaired to be of good credit quality including those that are past due. It is Group policy, implemented locally, that receivables are only written off when there is no reasonable expectation of recovery. This may occur if there is objective evidence of a client's financial difficulty, or if enforcement activity has been unsuccessful. See note 18 for further detail on receivables that are past due. The Group's financial assets are not secured by collateral advanced by counterparties. In respect of trade and other receivables, the Group has a broad range of clients, the largest being government agencies and departments, national water companies, multi-national oil companies or substantial utility companies. Infrequently (and generally for administrative reasons) there may be a build up of unpaid invoices. The Group does not have significant credit risk exposure to any single counterparty or Group of counterparties having similar characteristics.

The credit risk in cash and derivatives is limited because the counterparties are banks with high credit ratings assigned by international credit ratings.

**31. SHARE-BASED PAYMENTS****Share scheme costs**

<b>£m</b>	<b>Year ended 31 December 2020</b>	Year ended 31 December 2019
Share Incentive Plan ('SIP')	1.6	1.4
Performance Share Plan ('PSP')	0.8	0.7
Executive Long Term Incentive Plan ('ELTIP')	0.8	0.4
Short Term Annual Bonus Plan ('STABP')	0.2	0.2
<b>Total share scheme costs</b>	<b>3.4</b>	<b>2.7</b>

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

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

**SIP**

<b>Year of grant</b>	<b>Number outstanding 31 December 2019</b>	<b>New grants</b>	<b>Releases</b>	<b>Forfeits</b>	<b>Number outstanding 31 December 2020</b>	<b>Vesting conditions</b>
2017	437,317	–	(416,533)	(20,784)	–	3 years
2018	695,355	–	(24,790)	(54,519)	616,046	3 years
2019	1,095,468	–	(35,658)	(87,778)	972,032	3 years
2020	–	3,307,530	(53,296)	(86,177)	3,168,057	3 years
	2,228,140	3,307,530	(530,277)	(249,258)	4,756,135	

<b>Year of grant</b>	<b>Number outstanding 31 December 2018</b>	<b>New grants</b>	<b>Releases</b>	<b>Forfeits</b>	<b>Number outstanding 31 December 2019</b>	<b>Vesting conditions</b>
2016	612,608	–	(572,513)	(40,095)	–	3 years
2017	506,496	–	(23,263)	(45,916)	437,317	3 years
2018	801,336	–	(30,154)	(75,827)	695,355	3 years
2019	–	1,146,438	(11,406)	(39,564)	1,095,468	3 years
	1,920,440	1,146,438	(637,336)	(201,402)	2,228,140	

**31. SHARE BASED PAYMENTS CONTINUED****PSP**

Year of grant	Number outstanding 31 December	New grants	Releases	Lapses	Number outstanding 31 December	Vesting conditions
	2019				2020	
2011	19,899	–	–	–	19,899	3 years
2012	26,767	–	(11,352)	–	15,415	3 years
2013	33,295	–	(4,848)	–	28,447	3 years
2014	37,615	–	(8,100)	–	29,515	3 years
2015	63,919	–	(17,381)	–	46,538	3 years
2016	67,234	–	(14,007)	–	53,227	3 years
2017	257,338	–	(201,716)	(7,999)	47,623	3 years
2018	406,266	–	(31,397)	(30,747)	344,122	3 years
2019	558,895	–	(9,639)	(37,334)	511,922	3 years
2020	–	780,733	–	–	780,733	3 years
	1,471,228	780,733	(298,440)	(76,080)	1,877,441	

Year of grant	Number outstanding 31 December	New grants	Releases	Lapses	Number outstanding 31 December	Vesting conditions
	2018				2019	
2009	18,292	–	(16,482)	(1,810)	–	3 years
2011	20,659	–	–	(760)	19,899	3 years
2012	27,617	–	–	(850)	26,767	3 years
2013	34,697	–	–	(1,402)	33,295	3 years
2014	38,647	–	–	(1,032)	37,615	3 years
2015	76,326	–	(9,071)	(3,336)	63,919	1, 2 or 3 years
2016	421,302	–	(285,315)	(68,753)	67,234	3 years
2017	305,495	–	(8,381)	(39,776)	257,338	3 years
2018	429,393	–	(1,190)	(21,937)	406,266	3 years
2019	–	561,660	–	(2,765)	558,895	3 years
	1,372,428	561,660	(320,439)	(142,421)	1,471,228	

**SIP**

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

	<b>SIP awards</b>
Fair value at measurement date	34.75p - 274.0p
Weighted fair value	98.56p
Holding period	3 years

The Group assumed a 5% annual lapse 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(f)iii).

**PSP**

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

	<b>PSP awards</b>
Fair value at measurement date	50.5p - 318.65p
Weighted fair value	159.07p
Weighted average exercise price	44.23p
Holding period	3 years
Expected dividend yield	2.02% - 5.55%