CONSOLIDATED INCOME STATEMENT

£m	Note	Year ended 31 December 2021	Year ended 31 December 2020
Revenue	4,5	**560.4**	542.1
Less: passthrough costs	3,4	**(84.3)**	(84.8)
Fee revenue	3,4	**476.1**	457.3
Cost of sales		**(256.0)**	(253.5)
Gross profit		**220.1**	203.8
Adjusted administrative expenses	3	**(191.8)**	(183.3)
Amortisation of acquired intangibles and transaction-related costs	3,6	**(3.8)**	(5.5)
Exceptional items	3,7	**(5.3)**	(39.2)
Administrative expenses		**(200.9)**	(228.0)
Operating profit/(loss)	8	**19.2**	(24.2)
Adjusted operating profit	3,4,6,7,8	**28.3**	20.5
Finance costs	9	**(6.8)**	(7.2)
Finance income	9	**–**	0.1
Adjusted profit before tax	3	**21.5**	13.4
Profit/(loss) before tax		**12.4**	(31.3)
Tax (expense)/credit	12	**(6.5)**	0.2
Profit/(loss) for the year attributable to equity holders of the parent		**5.9**	(31.1)
Basic earnings/(loss) per share (pence)	13	**2.17**	(12.95)
Diluted earnings/(loss) per share (pence)	13	**2.14**	(12.83)
Adjusted basic earnings per share (pence)	3,13	**5.70**	4.33
Adjusted diluted earnings per share (pence)	3,13	**5.61**	4.29

The notes on pages 161–203 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

£m	Note	Year ended 31 December 2021	Year ended 31 December 2020
Profit/(loss) for the year		**5.9**	(31.1)
Actuarial gains and losses on remeasurement of defined benefit pension scheme	29	**(0.2)**	(0.1)
Tax on share schemes	12	**0.2**	–
Cumulative foreign exchange differences reclassified to profit or loss on cessation of foreign operations		**0.2**	–
Foreign exchange differences on translation of foreign operations		**(9.0)**	8.9
Other comprehensive (expense)/income		**(8.8)**	8.8
Total recognised comprehensive expense for the year attributable to equity holders of the parent		**(2.9)**	(22.3)

The notes on pages 161–203 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

£m	Note	As at 31 December 2021	As at 31 December 2020
Assets			
Non-current assets:			
Intangible assets	14	**340.8**	350.5
Property, plant and equipment	15	**27.1**	28.5
Right-of-use assets	16	**28.9**	42.1
Deferred tax asset	23	**13.0**	11.2
		409.8	432.3
Current assets:			
Trade and other receivables	18	**159.8**	130.8
Corporation tax receivable		**0.5**	2.4
Cash at bank		**40.1**	43.2
		200.4	176.4
Liabilities			
Current liabilities:			
Borrowings	20	**–**	54.0
Lease liabilities	16	**10.9**	10.8
Deferred consideration	21	**2.3**	3.1
Trade and other payables	19	**129.9**	129.2
Corporation tax liabilities		**3.6**	3.0
Provisions	22	**22.0**	5.7
		168.7	205.8
Net current assets/(liabilities)		**31.7**	(29.4)
Non-current liabilities:			
Borrowings	20	**53.6**	–
Lease liabilities	16	**26.0**	38.1
Deferred consideration	21	**0.3**	2.7
Other payables		**0.1**	0.2
Deferred tax liability	23	**8.4**	8.4
Provisions	22	**4.5**	4.5
		92.9	53.9
Net assets		**348.6**	349.0
Equity			
Share capital	24	**8.3**	8.3
Share premium	24	**126.1**	125.3
Retained earnings		**173.2**	166.3
Merger reserve	24	**38.7**	38.7
Employee trust		**(10.8)**	(11.5)
Translation reserve		**13.1**	21.9
Total shareholders' equity		**348.6**	349.0

These financial statements were approved and authorised for issue by the Board on 15 March 2022.

The notes on pages 161–203 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 2021	Year ended 31 December 2020
Net cash from operating activities	28	**24.7**	84.0
Cash flows from investing activities:			
Deferred consideration		**(3.1)**	(3.0)
Purchase of property, plant and equipment		**(9.3)**	(5.0)
Purchase of intangible assets		**(1.1)**	(2.8)
Proceeds from sale of assets		**0.3**	0.4
Proceeds from sale of business		**–**	0.7
Net cash used in investing activities		**(13.2)**	(9.7)
Cash flows from financing activities:			
Proceeds from issue of share capital		**–**	19.4
Net repayment of bank borrowings		**–**	(55.4)
Repayment of US loan notes		**(54.8)**	–
Proceeds from term loans		**55.0**	–
Payment of lease liabilities		**(10.5)**	(11.0)
Bank arrangement fees		**(1.6)**	(1.0)
Dividends paid	25	**(0.7)**	–
Net cash used in financing activities		**(12.6)**	(48.0)
Net (decrease)/increase in cash and cash equivalents		**(1.1)**	26.3
Cash and cash equivalents at beginning of year		**43.2**	16.4
Effect of exchange rate fluctuations		**(2.0)**	0.5
Cash and cash equivalents at end of year	28	**40.1**	43.2
Cash and cash equivalents comprise:			
Cash at bank		**40.1**	43.2
Bank overdraft	28	**–**	–
Cash and cash equivalents at end of year		**40.1**	43.2

The notes on pages 161–203 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

£m	Note	Share capital	Share premium	Retained earnings	Merger reserve	Employee trust	Translation reserve	Total equity
At 1 January 2020		6.8	121.9	195.7	21.2	(10.1)	13.0	348.5
Loss for the year		–	–	(31.1)	–	–	–	(31.1)
Other comprehensive (expense)/income		–	–	(0.1)	–	–	8.9	8.8
Total comprehensive (expense)/income for the year		–	–	(31.2)	–	–	8.9	(22.3)
Issue of new ordinary shares	24	1.5	3.4	(0.9)	17.5	(2.1)	–	19.4
Share-based payment expense	31	–	–	3.4	–	–	–	3.4
Transfer on release of shares		–	–	(0.7)	–	0.7	–	–
At 31 December 2020		8.3	125.3	166.3	38.7	(11.5)	21.9	349.0
Profit for the year		**–**	**–**	**5.9**	**–**	**–**	**–**	**5.9**
Other comprehensive expense		**–**	**–**	**–**	**–**	**–**	**(8.8)**	**(8.8)**
Total comprehensive income/(expense) for the year		**–**	**–**	**5.9**	**–**	**–**	**(8.8)**	**(2.9)**
Issue of new ordinary shares	24	**–**	**0.8**	**(0.6)**	**–**	**(0.2)**	**–**	**–**
Share-based payment expense	31	**–**	**–**	**3.2**	**–**	**–**	**–**	**3.2**
Transfer on release of shares		**–**	**–**	**(0.9)**	**–**	**0.9**	**–**	**–**
Dividends paid	25	**–**	**–**	**(0.7)**	**–**	**–**	**–**	**(0.7)**
At 31 December 2021		**8.3**	**126.1**	**173.2**	**38.7**	**(10.8)**	**13.1**	**348.6**

The notes on pages 161–203 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 5–79.

The consolidated financial statements of the Company for the year ended 31 December 2021 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 (IFRSs) as issued by the International Accounting Standards Board (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 2021 reporting periods and have not been early adopted by the Group:

- Onerous contracts; cost of fulfilling a contract – amendments to IAS 37;
- Annual improvements to IFRS standards 2018–2020;
- Property, plant and equipment; proceeds before intended use – amendments to IAS 16;
- Reference to the Conceptual Framework – amendments to IFRS 3;
- Disclosure of Accounting Policies – amendments to IAS 1;
- Classification of liabilities as current or non-current – amendments to IAS 1; and
- IFRS 17 Insurance Contracts – amendments to IFRS 17.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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, including foreign exchange differences on translation, 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. The Group may also use its own equipment to collect data on behalf of clients or as part of larger projects. Revenue is recognised as data is collected or the service is performed using day rates agreed with clients.

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 (CGUs) 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
Acquired software	4 to 8 years
Internally generated software	10 years
Intellectual property rights	4 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(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) Critical judgements
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
From time to time, the Group makes provisions against known exposures. Estimates of likely economic outflows and the likelihood of those outflows are used in valuing those exposures.

Claims from clients and suppliers may result in payments to the claimants by the Group and its insurers. Where an outflow is considered probable and the Group can assess the gross value of any settlement and the insurance recovery, both are reflected in the balance sheet (note 22). Our assessment of the gross liability is estimated and that estimate impacts the value of both the provision and the related insurance recovery asset.

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	3 to 10 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

2. OTHER ACCOUNTING POLICIES CONTINUED

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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

2. OTHER ACCOUNTING POLICIES CONTINUED

(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 and adjusted operating profit are used by the Board to monitor and measure the trading performance of the Group. They exclude 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.

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. Adjusted administrative expenses also excludes the amortisation of intangible assets and exceptional items.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

3. ALTERNATIVE PERFORMANCE MEASURES CONTINUED

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

£m	**Year ended 31 December 2021**	Year ended 31 December 2020
Profit/(loss) before tax	**12.4**	(31.3)
Amortisation of acquired intangibles and transaction-related costs	**3.8**	5.5
Exceptional items	**5.3**	39.2
Adjusted profit before tax	**21.5**	13.4
Net finance costs	**6.8**	7.1
Adjusted operating profit	**28.3**	20.5

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 2021**	Year ended 31 December 2020
Profit/(loss) attributable to ordinary shareholders	**5.9**	(31.1)
Amortisation of acquired intangibles and transaction-related costs	**3.8**	5.5
Exceptional items	**5.3**	39.2
Tax on amortisation of acquired intangibles, transaction-related costs and exceptional items	**0.5**	(3.2)
Adjusted profit attributable to ordinary shareholders	**15.5**	10.4

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	**2020**	**Constant currency effect**	**2020 at constant currency**
Revenue	542.1	(4.3)	537.8
Fee revenue	457.3	(3.0)	454.3
Adjusted profit before tax	13.4	(0.2)	13.2
Loss before tax	(31.3)	1.0	(30.3)

Segment 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. This reflects the underlying trading of the business. A reconciliation between segment profit and operating profit is given in note 4.

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.

Contracted order book

Contracted order book is the value of fee revenue work won and in contract, being contracts received from customers, purchase orders or similar commitment, where fee revenue is yet to be recognised at the balance sheet date.

A reconciliation of contracted order book to unsatisfied performance obligations (note 5) is shown below:

£m	**As at 31 December 2021**	Restated as at 31 December 2020
Total unsatisfied performance obligations (note 5)	**391.7**	357.1
Less: passthrough costs	**(43.1)**	(44.7)
Constant currency effect	**–**	(6.1)
Contracted order book	**348.6**	306.3

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

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 2021:

£m	External revenue	Intersegment revenue	Passthrough costs	Fee revenue	Segment profit
Energy	**83.3**	**1.6**	**(13.4)**	**71.5**	**4.8**
Consulting – UK and Ireland	**147.3**	**1.8**	**(34.0)**	**115.1**	**9.0**
Services – UK and Netherlands	**95.4**	**1.7**	**(9.8)**	**87.3**	**6.9**
Norway	**62.7**	**–**	**(0.8)**	**61.9**	**5.1**
North America	**42.8**	**0.3**	**(7.5)**	**35.6**	**3.5**
Australia Asia Pacific	**128.9**	**0.1**	**(24.3)**	**104.7**	**10.8**
Group eliminations	**–**	**(5.5)**	**5.5**	**–**	**–**
Total	**560.4**	**–**	**(84.3)**	**476.1**	**40.1**

Segment results for the year ended 31 December 2020:

£m	External revenue	Intersegment revenue	Passthrough costs	Fee revenue	Segment profit
Energy	89.5	1.0	(14.8)	75.7	4.5
Consulting – UK and Ireland	135.5	1.2	(28.7)	108.0	6.3
Services – UK and Netherlands	96.6	1.9	(12.8)	85.7	5.4
Norway	57.8	0.1	(1.9)	56.0	4.5
North America	48.7	0.6	(10.3)	39.0	2.9
Australia Asia Pacific	114.0	0.1	(21.2)	92.9	8.2
Group eliminations	–	(4.9)	4.9	–	–
Total	542.1	–	(84.8)	457.3	31.8

£m	Year ended 31 December 2021	Year ended 31 December 2020
Revenue	560.4	542.1
Less: passthrough costs	(84.3)	(84.8)
Fee revenue	476.1	457.3
Segment profit	40.1	31.8
Unallocated expenses	(11.8)	(11.3)
Adjusted operating profit	28.3	20.5
Amortisation of acquired intangibles and transaction-related costs	(3.8)	(5.5)
Exceptional items	(5.3)	(39.2)
Operating profit/(loss)	19.2	(24.2)
Net finance costs	(6.8)	(7.1)
Profit/(loss) before tax	**12.4**	(31.3)

	Carrying amount of segment assets		Segment depreciation and amortisation	
£m	Year ended 31 December 2021	Year ended 31 December 2020	Year ended 31 December 2021	Year ended 31 December 2020
Energy	73.9	73.0	2.9	3.4
Consulting – UK and Ireland	150.5	158.1	4.3	4.6
Services – UK and Netherlands	99.7	102.3	4.8	5.2
Norway	51.7	51.8	2.0	2.3
North America	51.1	50.3	2.7	3.4
Australia Asia Pacific	115.4	115.9	4.6	5.7
Unallocated	62.6	57.3	1.6	1.7
Group total	**604.9**	608.7	**22.9**	26.3

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

	Revenue		Fee revenue	
£m	Year ended 31 December 2021	Year ended 31 December 2020	Year ended 31 December 2021	Year ended 31 December 2020
UK	207.5	190.9	171.1	160.8
Australia	140.7	128.6	115.2	105.5
USA	71.9	81.1	60.4	64.7
Norway	62.9	57.7	61.9	56.0
Netherlands	35.9	39.9	30.7	32.6
Ireland	31.4	34.4	29.3	30.5
Canada	6.4	6.4	5.2	5.2
Other	3.7	3.1	2.3	2.0
Total	**560.4**	542.1	**476.1**	457.3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

4. BUSINESS AND GEOGRAPHICAL SEGMENTS CONTINUED

£m	Carrying amount of non-current assets	
	As at 31 December 2021	As at 31 December 2020
UK	**170.2**	177.9
Australia	**98.8**	98.4
USA	**32.6**	39.5
Ireland	**40.9**	45.0
Norway	**35.5**	37.8
Canada	**13.0**	12.8
Netherlands	**18.4**	20.5
Other	**0.4**	0.4
Total	**409.8**	432.3

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 2021**	Restated as at 31 December 2020
To be undertaken and recognised within one year	**257.8**	231.2
To be undertaken and recognised between one and two years	**70.1**	53.5
To be undertaken and recognised after two years	**63.8**	72.4
	391.7	357.1

These obligations will be recognised as revenue over time.

The Group has reassessed its calculations of contracted work on hand and has restated the prior year to included revenue over the entire duration of multi-year contracts. This has led to an increase of £50.2 million in the prior year.

The impact on revenue of projects where work was undertaken in 2020 but related revenue recognised in 2021 was immaterial.

The revenue recognised in the year that was included in contract liabilities in the previous year was £25.7 million (2020: £21.1 million).

6. AMORTISATION OF ACQUIRED INTANGIBLES AND TRANSACTION-RELATED COSTS

£m	**Year ended 31 December 2021**	Year ended 31 December 2020
Amortisation of acquired intangibles	**3.8**	5.5
Transaction-related costs	**–**	–
Total	**3.8**	5.5

7. EXCEPTIONAL ITEMS

£m	**Year ended 31 December 2021**	Year ended 31 December 2020
Impairment of goodwill (note 14)	**–**	25.9
Restructuring costs	**2.8**	6.0
Legal fees	**0.8**	1.8
ERP implementation costs	**1.7**	2.2
Impairment of ERP	**–**	2.9
Loss on disposal	**–**	0.4
Total	**5.3**	39.2

The Group recognised a goodwill impairment charge in the previous year of £25.9 million relating to the impairment of the Consulting and North America CGU groups caused by the market uncertainty from the COVID-19 pandemic. No goodwill impairments have been recorded in the current year.

Restructuring costs are costs arising from actions taken in light of the pandemic to align our operating model to the new environment. In the current year these comprise the impairment of right-of-use assets and onerous contract provisions for associated property costs for excess office space following a move to hybrid working once COVID-19 lockdown restrictions eased in 2021. These costs were partly offset by a restructuring credit of £0.8 million for the sublet of a property vacated and impaired in the prior year. Restructuring costs of £6.0 million in the previous year were incurred as a result of actions taken to mitigate the impact of COVID-19 on the Group. These costs comprised the impairment of right-of-use assets for properties that had been vacated, onerous contract provisions for associated property costs and the redundancy costs incurred when matching our resource base to market demand.

Further legal fees of £0.8 million (2020: £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).

ERP implementation costs of £1.7 million (2020: £2.2 million) were incurred in the current year on change management and data migration plus stabilising the 2019 pilot rollouts including the removal of the Hitachi Essentials solution. The Group recognised an impairment charge of £2.9 million in the previous year in respect of those parts of the system which needed to be redeveloped or are no longer part of the global design for future implementations.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

8. OPERATING PROFIT/(LOSS)
Operating profit/(loss) is stated after charging/(crediting):

£m	Year ended 31 December 2021	Year ended 31 December 2020
Staff costs (note 10)	**307.8**	297.7
Furlough income	**(0.6)**	(4.2)
Depreciation of property, plant and equipment	**8.0**	9.4
Depreciation of right-of-use assets	**10.4**	10.9
Amortisation of internally generated software	**0.7**	0.5
Profit on disposal of property, plant and equipment and right-of-use assets	**(0.2)**	–
Loss allowance on trade receivables and contract assets (note 18)	**1.1**	2.5
Short-term and low value lease rentals	**0.2**	0.2
Net foreign exchange differences	**0.1**	–
Amortisation of acquired intangibles	**3.8**	5.5
Impairment of goodwill (note 7)	**–**	25.9
Impairment of internally generated software (note 7)	**–**	2.9
Impairment of property, plant and equipment	**1.7**	–
Impairment of right-of-use assets (note 7)	**1.4**	2.0

9. NET FINANCING COSTS

£m	Year ended 31 December 2021	Year ended 31 December 2020
Finance costs:		
Interest and charges on loans and overdraft	**(3.8)**	(4.4)
Interest on lease liabilities	**(1.7)**	(1.9)
Amortisation of prepaid financing costs	**(1.2)**	(0.7)
Unwind of discount on deferred consideration	**(0.1)**	(0.2)
	(6.8)	(7.2)
Finance income:		
Deposit interest receivable	**–**	0.1
Net financing costs	**(6.8)**	(7.1)

10. EMPLOYEE BENEFIT EXPENSE

£m	**Year ended 31 December 2021**	Year ended 31 December 2020
Wages and salaries	**264.8**	256.5
Social security costs	**25.1**	24.2
Pension costs – defined contribution plans	**14.6**	13.5
Pension costs – defined benefit plans	**0.1**	0.1
Share-based payment expense – equity settled	**3.2**	3.4
	307.8	297.7
Average monthly number of employees (including Executive Directors) was:		
Fee earning staff	**4,069**	4,180
Support staff	**877**	875
	4,946	5,055

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 110. The share-based payment charge in respect of key management personnel was £0.8 million (2020: £1.0 million). Social security costs in respect of these personnel were £0.2 million (2020: £0.2 million).

11. AUDITOR'S REMUNERATION

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

£m	**Year ended 31 December 2021**	Year ended 31 December 2020
Statutory audit of the Company's annual accounts	**0.2**	0.2
Statutory audit of the Group's subsidiaries	**0.8**	0.7
Total audit fees	**1.0**	0.9
Other assurance services	**–**	0.1
Total audit-related assurance services	**1.0**	1.0
Other services	**–**	–
Total fees	**1.0**	1.0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

12. INCOME TAXES

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

£m	Year ended 31 December 2021	Year ended 31 December 2020
Current tax:		
UK corporation tax	**(0.1)**	0.1
Overseas tax	**8.6**	6.2
Adjustments in respect of prior years	**(0.3)**	(1.1)
	8.2	5.2
Deferred tax:		
Origination and reversal of temporary differences	**(2.6)**	(5.5)
Effect of change in tax rate	**0.9**	0.6
Adjustments in respect of prior years	**–**	(0.5)
	(1.7)	(5.4)
Total tax charge/(credit) for the year	**6.5**	(0.2)
In addition to the amount credited to the consolidated income statement, the following items related to tax have been recognised:		
Deferred tax credit in other comprehensive income	**(0.2)**	–

The effective tax rate for the year on profit/(loss) before tax was 52.4% (2020: 0.6%). The effective tax rate for the year on adjusted profit before tax was 27.9% (2020: 22.4%) as shown in the table below:

£m	Year ended 31 December 2021	Year ended 31 December 2020
Total tax expense/(credit) in income statement	**6.5**	(0.2)
Add back:		
Tax on amortisation of acquired intangibles, transaction-related costs and exceptional items	**(0.5)**	3.2
Adjusted tax charge on the profit for the year	**6.0**	3.0
Adjusted profit before tax	**21.5**	13.4
Adjusted effective tax rate	**27.9%**	22.4%
Tax rate impact of amortisation of acquired intangibles, transaction-related costs and exceptional items	**24.5%**	(21.8%)
Statutory effective tax rate	**52.4%**	0.6%

The Group operates in and is subject to income tax in many jurisdictions. The weighted average tax rate is derived by weighting the rates in those jurisdictions by the profits before tax earned there. It is sensitive to the statutory tax rates that apply in each jurisdiction and the geographic mix of profits. The statutory tax rates in our main jurisdictions were UK 19.0% (2020: 19.0%), US 21.0% (2020: 21.0%) and Australia 30% (2020: 30%) and the weighted average tax rate increased to 29.2% in 2021 (2020: 16.8%).

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

£m	Year ended 31 December 2021	Year ended 31 December 2020
Profit/(loss) before tax	**12.4**	(31.3)
Tax at the weighted average rate of 29.2% (2020: 16.8%)	**3.6**	(5.3)
Effect of:		
Irrecoverable witholding tax suffered	**0.7**	0.8
Impairment of goodwill	**–**	5.7
Effect of change in tax rates	**0.9**	(0.1)
Adjustments in respect of prior years	**(0.3)**	(1.6)
Losses not recognised	**0.2**	–
Income not taxable	**(0.4)**	–
Other differences	**1.8**	0.3
Total tax expense/(credit) for the year	**6.5**	(0.2)

The Group operates, mainly through our gas and oil 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 UK corporation tax rate is increasing to 25% on 1 April 2023; the impact of this is included in the deferred tax balances that are not expected to unwind before that date.

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 2021, the credit relates to adjustments in respect of 2020 filed tax returns and additional losses carried back in the UK.

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. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

13. EARNINGS PER SHARE

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

£m	Year ended 31 December 2021	Year ended 31 December 2020
Profit/(loss) attributable to equity holders of the parent	**5.9**	(31.1)
Weighted average number of ordinary shares for the purposes of basic earnings per share	**272,073**	240,155
Effect of employee share schemes	**4,069**	2,162
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**276,142**	242,317
Basic earnings/(loss) per share (pence)	**2.17**	(12.95)
Diluted earnings/(loss) per share (pence)	**2.14**	(12.83)

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

£m	Year ended 31 December 2021	Year ended 31 December 2020
Profit/(loss) attributable to equity holders of the parent	**5.9**	(31.1)
Amortisation of acquired intangibles and transaction-related costs (note 6)	**3.8**	5.5
Exceptional items (note 7)	**5.3**	39.2
Tax on amortisation of acquired intangibles, transaction-related costs and exceptional items (note 12)	**0.5**	(3.2)
Adjusted profit attributable to equity holders of the parent	**15.5**	10.4
Adjusted basic earnings per share (pence)	**5.70**	4.33
Adjusted diluted earnings per share (pence)	**5.61**	4.29

14. INTANGIBLE ASSETS

£m	Intellectual property rights	Customer relationships	Order backlog	Trade names	Non-compete agreements	Acquired software	Internally generated software	Goodwill	Total
Cost:									
At 1 January 2021	**3.5**	**133.0**	**19.9**	**9.2**	**0.6**	**3.2**	**12.8**	**429.1**	**611.3**
Additions	**–**	**–**	**–**	**–**	**–**	**–**	**1.1**	**–**	**1.1**
Exchange differences	**–**	**(1.8)**	**(0.3)**	**(0.1)**	**–**	**–**	**–**	**(6.9)**	**(9.1)**
At 31 December 2021	**3.5**	**131.2**	**19.6**	**9.1**	**0.6**	**3.2**	**13.9**	**422.2**	**603.3**
Aggregate amortisation and impairment losses:									
At 1 January 2021	**3.5**	**122.7**	**19.9**	**9.2**	**0.6**	**3.1**	**3.5**	**98.3**	**260.8**
Amortisation	**–**	**3.7**	**–**	**–**	**–**	**0.1**	**0.7**	**–**	**4.5**
Exchange differences	**–**	**(1.6)**	**(0.3)**	**(0.1)**	**–**	**–**	**–**	**(0.8)**	**(2.8)**
At 31 December 2021	**3.5**	**124.8**	**19.6**	**9.1**	**0.6**	**3.2**	**4.2**	**97.5**	**262.5**
Net book value at 31 December 2021	**–**	**6.4**	**–**	**–**	**–**	**–**	**9.7**	**324.7**	**340.8**

£m	Intellectual property rights	Customer relationships	Order backlog	Trade names	Non compete agreements	Acquired software	Internally generated software	Goodwill	Total
Cost:									
At 1 January 2020	3.6	131.9	19.7	9.1	0.6	3.2	11.4	423.9	603.4
Additions	–	–	–	–	–	–	1.4	–	1.4
Disposals	–	–	–	–	–	–	–	(1.0)	(1.0)
Exchange differences	(0.1)	1.1	0.2	0.1	–	–	–	6.2	7.5
At 31 December 2020	3.5	133.0	19.9	9.2	0.6	3.2	12.8	429.1	611.3
Aggregate amortisation and impairment losses:									
At 1 January 2020	3.6	116.6	19.5	9.0	0.6	3.1	0.1	72.2	224.7
Amortisation	–	5.2	0.2	0.1	–	–	0.5	–	6.0
Impairment	–	–	–	–	–	–	2.9	25.9	28.8
Exchange differences	(0.1)	0.9	0.2	0.1	–	–	–	0.2	1.3
At 31 December 2020	3.5	122.7	19.9	9.2	0.6	3.1	3.5	98.3	260.8
Net book value at 31 December 2020	–	10.3	–	–	–	0.1	9.3	330.8	350.5

Customer relationships relate to assets acquired in business combinations and have remaining useful lives of 1-8 years.

Goodwill

The Group tests annually for impairment or when there are any impairment triggers.

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. The cash flow projections in the first five financial years reflect management's expectations of the medium-term operating performance of the CGU and the growth prospects in the CGU's market, including recovery from the impact of COVID-19. Thereafter, a perpetuity is applied.

The Group has considered the impact of climate change as part of its projections. As a people business, the impact on the valuation of our assets is limited and the Group is not involved in many activities and client projects that may be affected detrimentally by climate change. The Group sees significant opportunity across the business from the impact of climate change, specifically around renewables, sustainability and the effect of increasing regulation on our clients.

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.

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14. INTANGIBLE ASSETS CONTINUED

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 2021	31 December 2020
Consulting (UK and Ireland)	**12.4%**	12.2%
Services (UK)	**13.0%**	13.1%
Services (Netherlands)	**13.7%**	14.2%
Norway	**12.4%**	12.2%
North America	**12.7%**	12.3%
Australia Asia Pacific	**14.4%**	14.7%
Energy	**13.6%**	15.8%

Growth rates

The growth rates applied reflect management's judgement regarding the potential future performance of the business. The medium term comprises the years 2023 to 2026 and includes higher growth rates in the earlier years in some CGUs as the economies and markets in which we operate continue to recover from the COVID-19 related downturn. 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. The Energy CGU rates have been amended in the current year to reflect the longer term prospects of this business including the continued investment in gas and oil and the move to renewables. Renewables is a key global growth market for the Group. 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.

Long-term growth rates	**31 December 2021**	31 December 2020
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	**2.1% – 2.5%**	(2.0%)

Summary of results

There were no indicators of impairment and no further impairments were identified in the modelling performed.

Sensitivity of results to changes in estimates

The valuation of goodwill allocated to CGU groups is most sensitive to the achievement of the 2022 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 in some areas of the business and the continuing impact COVID-19 is having on market conditions in certain geographies.

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.

Our modelling considers the reasonably possible impact on our budgets of a worsening of the COVID-19 pandemic, potential climate change upside and downside and a general worsening of economic conditions. The directors believe there to be no reasonable changes in estimates on the achievement of the 2022 budget and the discount rate applied that would result in a material adjustment to the carrying amounts of goodwill as at 31 December 2021.

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

£m	**As at 31 December 2021**	As at 31 December 2020
Energy	**36.1**	36.0
Consulting (UK and Ireland)	**94.6**	96.6
Services (UK)	**50.1**	50.1
Services (Netherlands)	**9.7**	10.1
Norway	**30.5**	31.0
North America	**31.9**	31.6
Australia Asia Pacific	**71.8**	75.4
	324.7	330.8

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15. PROPERTY, PLANT AND EQUIPMENT

£m	Freehold land and buildings	Alterations to leasehold premises	Motor vehicles	Fixtures, fittings, IT and equipment	Total
Cost:					
At 1 January 2021	**10.7**	**6.9**	**3.0**	**79.4**	**100.0**
Additions	**0.2**	**0.7**	**0.1**	**8.3**	**9.3**
Disposals	**–**	**(0.1)**	**(0.7)**	**(9.6)**	**(10.4)**
Exchange differences	**(0.6)**	**(0.3)**	**(0.1)**	**(1.6)**	**(2.6)**
At 31 December 2021	**10.3**	**7.2**	**2.3**	**76.5**	**96.3**
Depreciation:					
At 1 January 2021	**4.1**	**4.7**	**2.3**	**60.4**	**71.5**
Charge for the year	**0.2**	**0.1**	**0.4**	**7.3**	**8.0**
Impairment	**1.2**	**0.5**	**–**	**–**	**1.7**
Disposals	**–**	**(0.1)**	**(0.7)**	**(9.5)**	**(10.3)**
Exchange differences	**(0.2)**	**(0.2)**	**(0.1)**	**(1.2)**	**(1.7)**
At 31 December 2021	**5.3**	**5.0**	**1.9**	**57.0**	**69.2**
Net book value at 31 December 2021	**5.0**	**2.2**	**0.4**	**19.5**	**27.1**

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

16. LEASES

£m	Properties	Vehicles	Office equipment	Total
i. Right-of-use assets				
At 1 January 2021	**38.5**	**3.4**	**0.2**	**42.1**
Additions	**5.3**	**2.9**	**–**	**8.2**
Depreciation	**(8.2)**	**(2.1)**	**(0.1)**	**(10.4)**
Impairment	**(1.4)**	**–**	**–**	**(1.4)**
Remeasurements[1]	**(8.6)**	**0.2**	**–**	**(8.4)**
Derecognition	**(0.4)**	**–**	**–**	**(0.4)**
Exchange differences	**(0.7)**	**(0.1)**	**–**	**(0.8)**
At 31 December 2021	**24.5**	**4.3**	**0.1**	**28.9**
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]	1.0	0.1	–	1.1
Derecognition	(1.3)	–	–	(1.3)
Exchange differences	0.8	0.1	–	0.9
At 31 December 2020	38.5	3.4	0.2	42.1

[1] Remeasurements in the year relate to the reassessment of lease terms for the likely exercise of break options.

£m	As at 31 December 2021	As at 31 December 2020
ii. Lease liabilities		
The maturity profile of the Group's lease liabilities based on contractual undiscounted cash flows:		
Less than one year	**12.0**	12.4
One to five years	**25.4**	31.6
More than five years	**2.2**	10.4
Total undiscounted lease liabilities	**39.6**	54.4
Lease liabilities included in the balance sheet:		
Current	**10.9**	10.8
Non-current	**26.0**	38.1
Total	**36.9**	48.9

£m	As at 31 December 2021	As at 31 December 2020
iii. Amounts recognised in profit or loss		
Depreciation on right-of-use assets	**10.4**	10.9
Impairment of right-of-use assets	**1.4**	2.0
Interest expense on lease liabilities	**1.7**	1.9
Expense relating to short-term leases	**0.2**	0.2

£m	Year ended 31 December 2021	Year ended 31 December 2020
iv. Amounts recognised in statement of cash flows		
Total cash outflow for leases	**10.5**	11.0

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17. SUBSIDIARIES

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

18. TRADE AND OTHER RECEIVABLES

£m	As at 31 December 2021	As at 31 December 2020
Trade receivables	**86.3**	78.4
Contract assets	**38.6**	36.8
Prepayments	**14.5**	12.5
Other receivables	**20.4**	3.1
	159.8	130.8

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

£m	As at 31 December 2021	As at 31 December 2020
Trade receivables	**88.7**	81.2
Loss allowance	**(2.4)**	(2.8)
Trade receivables net	**86.3**	78.4

£m	As at 31 December 2021	As at 31 December 2020
Contract assets	**44.3**	42.9
Loss allowance	**(5.7)**	(6.1)
Contract assets net	**38.6**	36.8

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 44 (2020: 41).

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

£m	Trade receivables	Contract assets	Total
At 1 January 2021	**2.8**	**6.1**	**8.9**
Income statement impact of movement on loss allowance	**0.1**	**1.0**	**1.1**
Amounts written off	**(0.4)**	**(1.2)**	**(1.6)**
Exchange differences	**(0.1)**	**(0.2)**	**(0.3)**
As at 31 December 2021	**2.4**	**5.7**	**8.1**
At 1 January 2020	3.0	5.3	8.3
Income statement impact of movement on loss allowance	0.5	2.0	2.5
Amounts written off	(0.8)	(1.4)	(2.2)
Exchange differences	0.1	0.2	0.3
As at 31 December 2020	2.8	6.1	8.9

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

£m	As at 31 December 2021	As at 31 December 2020
UK Pound Sterling	**72.0**	54.2
US Dollar	**27.6**	24.8
Euro	**19.8**	20.0
Australian Dollar	**28.2**	19.8
Canadian Dollar	**1.9**	2.1
Norwegian Krone	**9.2**	7.7
Malaysian Ringitt	**0.9**	1.6
Other	**0.2**	0.6
	159.8	130.8

The maximum exposure to credit risk at the reporting date is £139.4 million (2020: £127.7 million). The concentration of credit risk is limited as the customer base is large and unrelated.

Other receivables includes the expected insurance recoveries related to warranties provisions (note 22).

19. TRADE AND OTHER PAYABLES

£m	As at 31 December 2021	As at 31 December 2020
Trade payables	**23.4**	30.4
Accruals	**52.2**	43.5
Contract liabilities	**31.5**	25.7
Creditors for taxation and social security	**20.4**	27.5
Other payables	**2.4**	2.1
	129.9	129.2

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.

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20. BORROWINGS

£m	As at 31 December 2021	As at 31 December 2020
US loan notes	–	54.9
Term loans	55.0	–
Total bank loan, notes and overdrafts	55.0	54.9
Arrangement fees	(1.4)	(0.9)
Net bank debt	53.6	54.0
Leases	36.9	48.9
Total borrowings	90.5	102.9

£m	As at 31 December 2021	As at 31 December 2020
The term loans, loan notes and overdrafts are repayable as follows:		
Amounts due for settlement within 12 months	–	54.9
Amount due between one and two years	–	–
In the third to fifth years inclusive	–	–
After more than five years	55.0	–
	55.0	54.9

The principal features of the Group's borrowings at the balance sheet date are as follows:

(i) An uncommitted £3.0 million bank overdraft facility, repayable on demand (undrawn at year end).

(ii) A multicurrency revolving credit facility of £100.0 million with Lloyds Bank plc, HSBC UK Bank plc and National Westminster Bank plc, expiring in July 2024.

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

In September 2021, the Group agreed to extend the revolving credit facility by two years to July 2024 and on the same date the multicurrency revolving credit facility of £60.0 million with the same lenders expired.

(iii) In September 2021, the Group repaid the US private placement notes of US$34.1 million and £30.0 million and replaced these with the following loans, all expiring in September 2028:

- A £30.0 million 7 year fixed rate loan held with Legal and General Investment Management
- A £12.5 million 7 year floating rate loan held with Aviva Investments
- A £12.5 million 7 year fixed rate loan held with Aviva Investments

The key covenant tests for the revolving credit facility and the 7 year loans remain the same as the previous facilities: maximum leverage is 3.0x and minimum interest cover is 4.0x.

The revolving credit facility and loans are guaranteed by the Company and certain subsidiaries but no security over the Group's assets exists.

The carrying amounts of 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 2021	As at 31 December 2020
<1 year	**3.0**	56.8
1-2 years	**3.0**	–
>2 but <5 years	**6.3**	–
>5 years	**58.3**	–
	70.6	56.8

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 2021	As at 31 December 2020
Amount due within one year	**2.3**	3.1
Amount due between one and two years	**–**	2.4
Amount due between two and five years	**–**	–
Amount due after five years	**0.3**	0.3
	2.6	5.8

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

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22. PROVISIONS

Long service leave
The provision is in respect of long service leave entitlement available to certain staff employed in Australia.

Onerous contracts
The provision for onerous contracts relates to the running costs of vacant properties and other onerous contracts.

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

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

£m	Long service leave	Onerous contracts	Warranty	Dilapidations	Total
As at 1 January 2021	**4.8**	**0.8**	**1.5**	**3.1**	**10.2**
Additional provision in the year	**0.9**	**2.5**	**15.5**	**0.6**	**19.5**
Utilised in year	**(0.2)**	**(0.4)**	**(0.8)**	**(0.2)**	**(1.6)**
Released	**(0.4)**	**–**	**(0.1)**	**(0.8)**	**(1.3)**
Exchange difference	**(0.2)**	**–**	**–**	**(0.1)**	**(0.3)**
As at 31 December 2021	**4.9**	**2.9**	**16.1**	**2.6**	**26.5**

£m	As at 31 December 2021	As at 31 December 2020
Due as follows:		
Within one year	**22.0**	5.7
After more than one year	**4.5**	4.5
	26.5	10.2

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

Claims from clients and suppliers may result in payments to the claimants by the Group and its insurers. Where an outflow is considered probable, the claim is fully provided for at the lower of the insurance excess or the expected outflow at the balance sheet date. Provisions against these claims are disclosed in warranty provisions in the table above. When the Group can assess the gross value of any settlement and the insurance recovery, these are both reflected in the balance sheet.

The net provision warranties balance, after taking into account expected insurance recoveries included within other receivables, was £1.1 million (2020: £1.5 million).

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 2020	(0.2)	(6.2)	2.4	(0.2)	1.7	–	–
Credit/(charge) to income statement	0.3	0.3	0.7	(0.1)	0.6	4.2	6.0
Credit/(charge) to income statement due to change in tax rates	0.1	(0.7)	–	–	–	–	(0.6)
Exchange differences	0.1	(0.1)	–	–	(0.1)	–	(0.1)
At 31 December 2020	0.3	(6.7)	3.1	(0.3)	2.2	4.2	2.8
Credit/(charge) to income statement relating to current year	1.2	(0.5)	0.9	–	1.6	(0.6)	2.6
Credit/(charge) to income statement due to change in tax rates	0.5	(2.1)	(0.1)	–	0.2	0.6	(0.9)
Credit to equity	–	–	–	0.2	–	–	0.2
Exchange differences	–	–	(0.1)	–	–	–	(0.1)
At 31 December 2021	**2.0**	**(9.3)**	**3.8**	**(0.1)**	**4.0**	**4.2**	**4.6**

£m	**As at 31 December 2021**	As at 31 December 2020
Deferred tax assets	**13.0**	11.2
Deferred tax liabilities	**(8.4)**	(8.4)
	4.6	2.8

The deferred tax assets recognised on losses relate to the US and the UK where it is deemed that there are sufficient future taxable profits in these jurisdictions. 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 £3.3 million (2020: £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 (2020: £0.4 million).

Deferred 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.

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24. SHARE CAPITAL

Issued and fully paid	2021 Number	2021 £m Share capital	2021 £m Share premium	2020 Number	2020 £m Share capital	2020 £m Share premium
Ordinary shares of 3p each:						
At 1 January	**276,903,032**	**8.3**	**125.3**	227,139,412	6.8	121.9
Issues in respect of placing	**–**	**–**	**–**	45,881,365	1.4	0.5
Issued under the Share Incentive Plan	**359,826**	**–**	**0.2**	3,522,152	0.1	2.0
Issued in respect of the Performance Share Plan	**35,213**	**–**	**0.1**	298,440	–	0.7
Issued in respect of the ELTIP	**212,854**	**–**	**0.5**	61,663	–	0.2
At 31 December	**277,510,925**	**8.3**	**126.1**	276,903,032	8.3	125.3

In the previous year, 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 2021	As at 31 December 2020
Ordinary shares held by the ESOP Trust	**5,713,609**	6,239,325
Ordinary shares held by the SIP Trust	**8,167,683**	8,121,148

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 2021	Year ended 31 December 2020
Amounts recognised as distributions to equity holders during the year:		
Interim dividend for the year ended 31 December 2021 of 0.26 pence (2020: nil) per share	**0.7**	–
	0.7	–
Proposed final dividend for the year ended 31 December 2021 of 0.44 pence (2020: nil) per share	**1.2**	–

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. Where we consider there to be a probable outflow, we have fully provided for the lower of the insurance excess or the expected outflow at the balance sheet date. Where we have provided up to the excess, in some cases the Group has not shown the gross value of any outflow and the potential insurance recovery where it does not have sufficient information at this time to assess what an insured settlement value could be and therefore what the gross settlement and insurance recovery would be. The Board is currently 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 £0.8 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 arm's 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.

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

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

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28. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

£m	Year ended 31 December 2021	Year ended 31 December 2020
Operating profit/(loss)	**19.2**	(24.2)
Adjustments for:		
Depreciation of owned assets	**8.0**	9.4
Depreciation of right-of-use assets	**10.4**	10.9
Impairment of owned assets	**1.7**	–
Impairment of right-of-use assets	**1.4**	2.0
Amortisation of internally generated software	**0.7**	0.5
Amortisation of acquired intangible assets	**3.8**	5.5
Impairment of goodwill	**–**	25.9
Impairment of internally generated software	**–**	2.9
Net investment in sublease	**(0.7)**	–
Non-cash movement on provisions	**2.2**	2.3
Share-based payment expense	**3.2**	3.4
Loss on sale of businesses	**–**	0.4
Profit on sale of assets	**(0.2)**	–
Other non-cash movements	**0.2**	–
EBITDAS	**49.9**	39.0
(Increase)/decrease in trade and other receivables	**(14.9)**	29.0
Increase in trade and other payables	**1.2**	25.4
Cash generated from operations	**36.2**	93.4
Interest paid	**(5.9)**	(6.0)
Interest received	**–**	0.1
Income taxes paid	**(5.6)**	(3.5)
Net cash from operating activities	**24.7**	84.0

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 2021.

£m	At 1 January 2021	Financing cash flows	Non-cash changes: Prepaid arrangement fees	Non-cash changes: Lease accounting adjustments[1]	Foreign exchange	At 31 December 2021
Cash at bank	43.2	(1.1)	–	–	(2.0)	40.1
Overdrafts	–	–	–	–	–	–
Cash and cash equivalents	43.2	(1.1)	–	–	(2.0)	40.1
Bank loans and notes	(54.0)	1.4	(1.1)	–	0.1	(53.6)
Net bank borrowings	(10.8)	0.3	(1.1)	–	(1.9)	(13.5)
Less: cash and cash equivalents	(43.2)	1.1	–	–	2.0	(40.1)
Leases	(48.9)	10.5	–	0.6	0.9	(36.9)
Liabilities arising from financing	(102.9)	11.9	(1.1)	0.6	1.0	(90.5)

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

[1] Includes lease additions, remeasurements and disposals

The cash balance at 31 December 2021 includes £1.4 million (2020: £1.4 million) that is restricted in use, either as security or client deposits.

29. DEFINED BENEFIT PENSION SCHEMES

The Group has one defined benefit pension scheme, arising from the acquisition in 2013 of the OEC Group. The scheme is closed to new entrants.

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 2021 by a qualified actuary.

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

	As at 31 December 2021	As at 31 December 2020
Discount rate	**1.50%**	1.50%
Expected rate of salary increase	**2.50%**	2.00%
Inflation	**2.25%**	1.75%

The assumed life expectations on retirement at age 67 are:

Years	**As at 31 December 2021**	As at 31 December 2020
Retiring today:		
Males	**20.0**	19.9
Females	**23.2**	23.1

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29. DEFINED BENEFIT PENSION SCHEMES CONTINUED

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 2021	Year ended 31 December 2020
Current service cost (including tax)	0.1	0.1
Net interest (income)/expense	–	–
Components of defined benefit costs recognised in profit or loss	0.1	0.1

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 2021	Year ended 31 December 2020
Actuarial (gains)/losses arising from:		
Changes in financial assumptions	0.2	0.2
Derecognition of surplus	–	(0.1)
Remeasurement of the net defined benefit liability	0.2	0.1

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	Year ended 31 December 2021	Year ended 31 December 2020
Present value of defined benefit obligations	(2.9)	(2.6)
Fair value of plan assets	2.8	2.6
Net (liability)/asset arising from defined benefit obligations	(0.1)	–

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

£m	Year ended 31 December 2021	Year ended 31 December 2020
Defined benefit obligation at 1 January	2.6	2.7
Current service cost	0.1	0.1
Interest cost	–	–
Remeasurement (gains)/losses:		
Actuarial losses/(gains) arising from changes in financial assumptions	0.3	(0.1)
Benefits paid	(0.1)	(0.1)
Defined benefit obligation at 31 December	2.9	2.6

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

£m	**Year ended 31 December 2021**	Year ended 31 December 2020
Plan assets at 1 January	**2.6**	2.8
Remeasurement gains/(losses):		
The return on plan assets (excluding amounts included in net interest expense)	**–**	–
Actuarial gains/(losses) arising from changes in financial assumptions	**0.1**	(0.3)
Contributions from the employer	**0.2**	0.2
Benefits paid	**(0.1)**	(0.1)
Administration costs	**–**	–
Plan assets at 31 December	**2.8**	2.6

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

	As at 31 December 2021	As at 31 December 2020
Shares	**11.5%**	9.1%
Other investments	**0.2%**	0.7%
Short term bonds	**12.6%**	13.8%
Term bonds	**61.6%**	62.3%
Property	**14.1%**	14.1%
Total	**100.0%**	100.0%

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

	As at 31 December 2021	
£m	**Increase**	**Decrease**
Discount rate (1% movement)	**(0.4)**	**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**

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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's capital allocation policy aims to maintain leverage within the Group's target range of 1x to 2x EBITDAS through a disciplined approach that creates sustainable shared value for all stakeholders. Key points of the capital allocation policy are:

- Invest in organic fee growth.
- Accelerate fee growth with strategic bolt-on acquisitions that are cash-generative and value-creating for the Group.
- Implement a sustainable dividend policy, returning to industry norms whilst retaining adequate capital to invest in strategic acquisitions and organic growth. Over time, the absolute dividend will increase to a pay-out ratio of c.30% of profit after tax before amortisation of intangibles and transaction-related costs and tax thereon.

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 multicurrency revolving credit facility (the 'A facility') and a £60 million revolving credit facility (the 'B facility') that had been arranged in the previous year in response to the challenges that arose from the COVID-19 pandemic. In September 2021, the Group agreed to extend the A facility by two years to July 2024 and on the same date the B facility expired. There are two financial covenants related to the A 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. The covenant tests 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 US$34.1 million were issued in September 2014 bearing fixed interest at 3.98% and 3.84% per annum, respectively. In September 2021, these loan notes were repaid in full and were replaced with the following loans, all expiring in September 2028:

- A £30.0 million 7 year fixed rate loan held with Legal and General Investment Management
- A £12.5 million 7 year floating rate loan held with Aviva Investments
- A £12.5 million 7 year fixed rate loan held with Aviva Investments

The financial covenants associated with these loans are the same as for the revolving credit facility above. These loan notes represent the Group's core debt.

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

(b) Financial instruments
The Group's financial assets comprise cash and trade and other receivables. The Group's financial liabilities comprise bank loans, lease liabilities, 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 2021	As at 31 December 2020
Cash	**40.1**	43.2
Trade and other receivables	**140.0**	118.3
Financial assets	**180.1**	161.5
Borrowings	**55.0**	54.9
Lease liabilities	**36.9**	48.9
Deferred consideration	**2.6**	5.8
Trade and other payables	**25.9**	32.7
Financial liabilities	**120.4**	142.3

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.

Interest rate risk and profile of financial liabilities

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

	Floating rate		Fixed rate		Non-interest bearing		Total	
£m	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Sterling	**12.5**	–	**55.0**	51.2	**11.4**	14.2	**78.9**	65.4
Euro	**–**	–	**4.0**	5.2	**2.4**	3.1	**6.4**	8.3
Australian Dollar	**–**	–	**14.7**	16.9	**3.2**	6.2	**17.9**	23.1
Canadian Dollar	**–**	–	**0.6**	1.1	**0.5**	1.3	**1.1**	2.4
US Dollar	**–**	–	**4.5**	31.3	**2.9**	3.1	**7.4**	34.4
Norwegian Krone	**–**	–	**3.1**	3.8	**5.3**	4.7	**8.4**	8.5
Other	**–**	–	**0.1**	0.1	**0.2**	0.1	**0.3**	0.2
Total	**12.5**	–	**82.0**	109.6	**25.9**	32.7	**120.4**	142.3

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30. FINANCIAL RISK MANAGEMENT CONTINUED

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

	Floating rate		Fixed rate		Non-interest bearing		Total	
£m	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Within one year	**–**	–	**13.2**	68.9	**25.8**	32.5	**39.0**	101.4
In one to two years	**–**	–	**8.9**	11.7	**0.1**	0.2	**9.0**	11.9
In two to five years	**–**	–	**15.0**	18.9	**–**	–	**15.0**	18.9
Over five years	**12.5**	–	**44.9**	10.1	**–**	–	**57.4**	10.1
Total	**12.5**	–	**82.0**	109.6	**25.9**	32.7	**120.4**	142.3

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	
	2021	2020	**2021**	2020
Sterling	**3.4**	4.3	**73**	38
Australian Dollar	**3.7**	3.9	**39**	55
US Dollar	**3.4**	4.4	**48**	18
Norwegian Krone	**4.0**	4.0	**44**	56
Euro	**2.6**	2.6	**52**	58
Canadian Dollar	**4.6**	4.6	**14**	26
Other	**4.4**	4.4	**42**	54
	3.4	4.1	**65**	36

Cash balances at year end:

£m	**As at 31 December 2021**	As at 31 December 2020
Sterling	**21.6**	16.2
Euro	**2.3**	4.2
US Dollar	**3.1**	3.9
Australian Dollar	**4.7**	10.0
Canadian Dollar	**0.2**	0.7
Norwegian Krone	**7.0**	7.3
Malaysian Ringgit	**0.2**	0.4
Singapore Dollar	**–**	0.1
Other	**1.0**	0.4
	40.1	43.2

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

(d) Foreign currency sensitivity

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

(e) Credit risk

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

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

31. SHARE-BASED PAYMENTS

Share scheme costs

£m	**Year ended 31 December 2021**	Year ended 31 December 2020
Share Incentive Plan (SIP)	**1.5**	1.6
Performance Share Plan (PSP)	**0.9**	0.8
Executive Long Term Incentive Plan (ELTIP)	**0.7**	0.8
Short Term Annual Bonus Plan (STABP)	**0.1**	0.2
Total share scheme costs	**3.2**	3.4

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31. SHARE-BASED PAYMENTS CONTINUED

A description of each plan is given in accounting policy note 2(f)iii. The following tables set out details of material share schemes activity:

SIP

Year of grant	Number outstanding 1 January 2021	New grants	Releases	Forfeits	Number outstanding 31 December 2021	Vesting conditions
2018	**616,046**	**–**	**(576,744)**	**(39,302)**	**–**	**3 years**
2019	**972,032**	**–**	**(52,423)**	**(99,384)**	**820,225**	**3 years**
2020	**3,168,057**	**–**	**(125,953)**	**(278,308)**	**2,763,796**	**3 years**
2021	**–**	**1,749,778**	**(15,165)**	**(80,845)**	**1,653,768**	**3 years**
	4,756,135	**1,749,778**	**(770,285)**	**(497,839)**	**5,237,789**	

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

PSP

Year of grant	Number outstanding 1 January 2021	New grants	Releases	Lapses	Number outstanding 31 December 2021	Vesting conditions
2011	**19,899**	**–**	**(10,667)**	**(9,232)**	**-**	**3 years**
2012	**15,415**	**–**	**(6,831)**	**(2,765)**	**5,819**	**3 years**
2013	**28,447**	**–**	**(11,303)**	**(2,604)**	**14,540**	**3 years**
2014	**29,515**	**–**	**(5,547)**	**(6,505)**	**17,463**	**3 years**
2015	**46,538**	**–**	**(10,107)**	**(5,395)**	**31,036**	**3 years**
2016	**53,227**	**–**	**(10,992)**	**(7,578)**	**34,657**	**3 years**
2017	**47,623**	**–**	**(4,760)**	**(12,339)**	**30,524**	**3 years**
2018	**344,122**	**–**	**(212,133)**	**(32,654)**	**99,335**	**3 years**
2019	**511,922**	**–**	**(3,628)**	**(43,511)**	**464,783**	**3 years**
2020	**780,733**	**–**	**–**	**(6,858)**	**773,875**	**3 years**
2021	**–**	**1,245,760**	**–**	**(10,813)**	**1,234,947**	**3 years**
	1,877,441	**1,245,760**	**(275,968)**	**(140,254)**	**2,706,979**	

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

SIP

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

	SIP awards
Fair value at measurement date	34.75p–191.0p
Weighted fair value	87.01p
Holding period	3 years

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

PSP

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

	PSP awards
Fair value at measurement date	50.5p–318.65p
Weighted fair value	120.98p
Weighted average exercise price	106.37p
Holding period	3 years
Expected dividend yield	2.02%–5.55%