RPS Group Plc

Report and Accounts **2007**







creativepeople

making a difference

RPS

Contents

RPS

RPS is an international consultancy providing advice upon the development of natural resources, land and property, the management of the environment and the health and safety of people.

We trade in the UK, Ireland, the Netherlands, Poland, North America, Australia and South East Asia and undertake projects in many other parts of the world.

We employ enthusiastic, talented staff with a unique blend of skills and experience and encourage them to provide reliable and practical advice.

We have a reputation for meeting the challenges posed by large, complex projects and problems and for conducting business in an open and responsible manner.

Delivering results for our clients enables us to offer rewarding careers to our staff and create long-term value for our shareholders.

Integrated services

Energy

RPS Energy is a global multi-disciplinary consultancy, providing integrated technical, commercial and project management support services in the fields of geoscience, engineering and HS&E to the energy sector. We operate from regional offices in the UK, Europe, North America, Australia and Asia.

RPS Energy helps its clients develop natural energy resources across the complete asset life cycle, combining our technical and commercial skills with a wide knowledge of environmental issues. We have an annual portfolio of over 500 projects, in over 100 countries, for over 100 clients.

Planning & Development

RPS has expertise in all aspects of the planning and development process from site identification and project definition to implementation and management. We offer planning, design and environmental services of international repute operating from our extensive network of offices.

Our environmental roots mean that we have a unique ability to deliver schemes that meet the increasingly challenging sustainability standards expected by local and national government and those who own, occupy and fund developments.

Environmental Management

During thirty-five years involvement in environmental management, we have gained insight into the commercial challenges and political, ethical and legal issues facing our clients.

We provide advice and services to both public and private sectors in such diverse areas as health, safety, environment, water, risk assessment, civil engineering, surveying, laboratories and systems.

We appreciate that our professional advice must be technically excellent and commercially appropriate, but also politically aware and culturally sensitive.

Our ability to integrate specialist knowledge across areas of expertise is highly valued by clients.

Every year since its inception in 2001, RPS has been named in the FTSE4Good index of socially responsible companies.

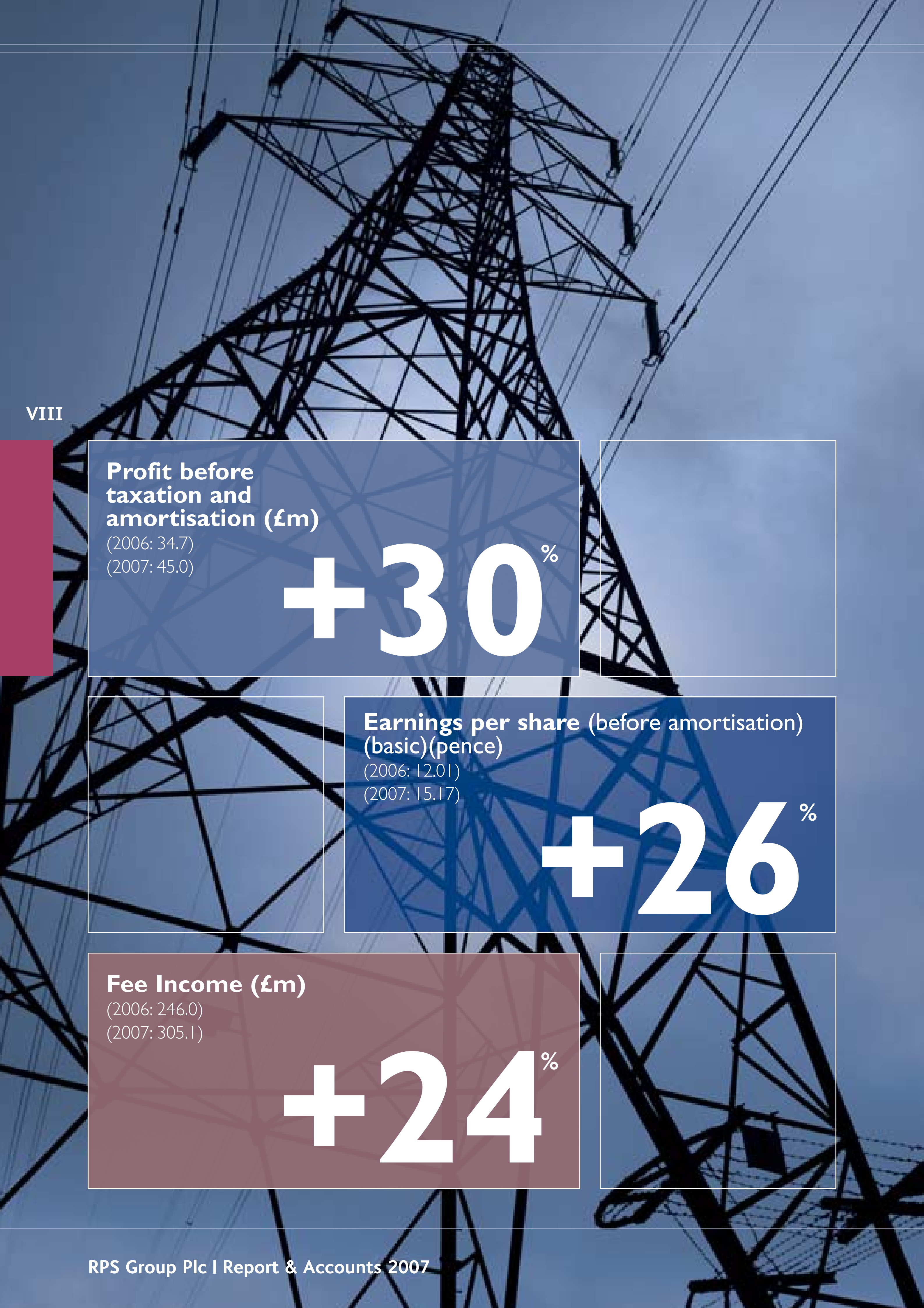
RPS is also a member of the FTSE 250 index on the London Stock Exchange.

Making a difference

Delivering results for our clients enables us to offer rewarding careers to our staff and create long-term value for our shareholders.

During 2007 RPS was recognised for many achievements. For example:

- RPS has been placed in the **top 20 employers in the UK** and is ranked number one for knowledge management. Britain's Top Employers 2008, Guardian Books
- Due to outstanding growth and employment creation RPS has been placed in the top 100 amongst **Europe's Champions of Growth** in each of the last 4 years.
- RPS celebrated its 10th successive year as the **UK's leading planning consultancy.** Royal Town Planning Institute Survey, 'Planning' Magazine
- RPS has turned 'green' concepts into reality working on the ProLogis/Sainsbury's distribution centre. Amongst many other awards, this was the **first project to achieve the European Property Green Award.**
- The **Notice Nature Campaign** managed by RPS' Stakeholder Consultation Unit has won the **E.U. Best Practice in Environmental Awareness Award.**
- RPS in Ireland won the **Best Public Sector Website Award** at the prestigious Golden Spider Awards for a community based recycling website.
- RPS helped Southern Water achieve the **lowest leakage level in the U.K.**
- RPS is one of the top 10 architects in Western Europe and is the **world's second largest industrial practice.** 'Building Design' Magazine '2008 World Architecture'



Profit before taxation and amortisation (£m)
(2006: 34.7)
(2007: 45.0)

+30%

Earnings per share (before amortisation) (basic)(pence)
(2006: 12.01)
(2007: 15.17)

+26%

Fee Income (£m)
(2006: 246.0)
(2007: 305.1)

+24%

Key Performance Indicators

Operating Margin[1]

(2006: 15.2%)

15.7%

Operating Profit (£m)[2]

(2006: 37.5)

(2007: 48.0)

+28%

Operating Cash Flow (£m)

(2006 : 40.7)

(2007 : 45.4)

+12%

[1] operating profit/fee income

[2] before amortisation of £0.5m (2007) £0.1m (2006)

Our clients work in areas that are increasingly challenging. We seek innovative ways to provide solutions in an ethical and responsible manner.

Business Review

- all three segments of the Group performed well
- excellent conversion of profit to cash
- the acquisition of quality businesses has continued and the pipeline is encouraging
- dividend raised 15% for 8th consecutive year
- balance sheet remains strong with net borrowings at £32.6m (2006: £30.1m)
- committed bank facilities recently increased from £70m to £100m and extended to 2013
- accelerating concerns about global energy supply and climate change provide major opportunities for future growth
- identified as one of Britain's top 20 employers for 2008
- the Board remains confident about the Group's prospects

RPS is an international consultancy providing advice upon the development of natural resources, land and property, the management of the environment and the health and safety of people.

The Group seeks to ensure continuous improvement in the range and quality of our services and our financial performance by:

- operating in markets where we can add value to our clients' activities;
- endeavouring to achieve leadership in those markets; and
- making acquisitions of quality businesses in order to extend our expertise and geographical presence.

The Board remains confident that this strategy will continue to offer our staff challenging and rewarding careers, whilst continuing to deliver growth and good returns for our shareholders.

2007 Results

Profit (before tax and amortisation of acquired intangibles) was £45.0 million (2006: £34.7 million). Basic earnings per share (before amortisation) were 15.17 pence (2006: 12.01 pence). Operating cash flow was £45.4 million (2006: £40.7 million). After funding acquisition consideration of £26.6 million, the Group had net borrowings of £32.6 million at 31 December (2006: £30.1 million).

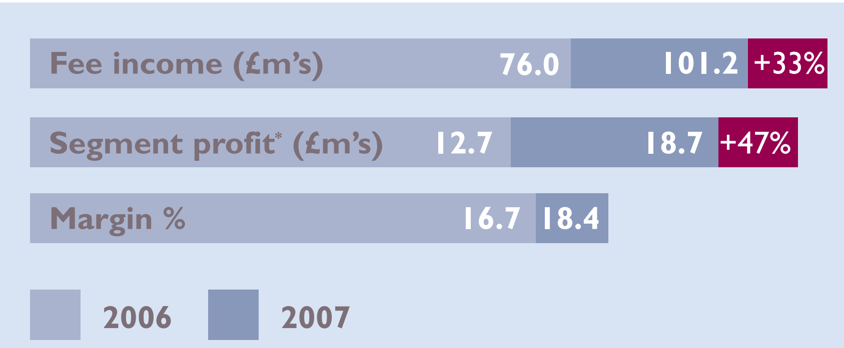
Dividend

The Board is recommending a final dividend of 1.66 pence per share payable on 29 May 2008 to shareholders on the register on 11 April 2008. The total dividend for the full year will be 3.18 pence, an increase of 15% (2006: 2.76 pence). Our dividend has risen at this rate for a number of years, providing shareholders with a significant increase in real income.

Business Review continued

Energy

We provide consultancy services on an international basis to the oil and gas industries from bases in the UK, USA, Canada, Australia, Malaysia and Singapore. In the UK we also provide advice to both the onshore and offshore renewables industry. The business had another outstanding year; fee income, profit and margin all grew substantially. Strong organic growth was coupled with a number of important acquisitions.



*before amortisation of acquired intangible assets of £155k (2006: £2k)

Demand for our services from oil and gas exploration and production companies reached record levels. This reflects both buoyant market conditions and our position as a world leader in this sector. The requirements of the developed world to identify and secure long term supplies of energy, coupled with the increasing energy needs of developing nations, suggest that activity in this market will remain at a high level for the foreseeable future. We see increasing interest from clients in the combination of the geological, engineering, environmental and safety expertise that we provide.

RPS' reputation within the financial community in respect of determination of oil and gas reserves for reporting purposes, and in support of corporate activity, developed encouragingly during the year. The oil and gas companies and their advisors value the breadth and depth of our expertise, including our environmental experience.

Our increasing profile has enabled us to develop successful recruitment and retention strategies, despite continuing demands for skilled staff in the sector. The acquisitions made during the course of 2007 enhanced our staff base, whilst also enabling us to develop materially our businesses in North America and Australia.

The geological, engineering and environmental skills we have are proving to be of significant value to developers of offshore wind farms around the UK coast. Working with the planning and environmental assessment capability we have in our Planning & Development business, our Energy staff have been involved in schemes which account for about 90% of the UK offshore wind farm capacity, including the London Array, the world's largest offshore scheme. The UK Government recently announced a further major expansion in offshore wind capacity; this should also benefit us. JD Consulting, acquired in December 2007 and located in Texas, is currently advising upon a proposal for one of the world's largest onshore wind farms.

	Energy 2007	Energy 2006
Average number of employees		
Average number of employees	576	285
Days absent (%)	0.8	0.5
Average length of service (years)	5.8	6.2
Working part time (%)	6.0	13.0
Retention Rate (%)	89	–
Women		
All employees (%)	25.9	27.9
Ethnic minorities		
All employees (%)	10.7	6.1
Age profile		
Employees aged under 25 (%)	3.7	6.6
Employees aged 25-29 (%)	15.8	11.9
Employees aged 30-49 (%)	50.4	54.5
Employees aged 50+ (%)	30.1	27.0
Pensions		
Active members	277	201

Planning & Development

Within this business we provide consultancy services in respect of town and country planning, building, landscape and urban design, transport planning and highway design and environmental assessment.

	2006	2007	
Fee income (£m's)	113.2	138.3	+22%
Segment profit* (£m's)	21.0	26.2	+25%
Margin %	18.6	19.0	

*before amortisation of acquired intangible assets of £296k (2006: £127k)

We remain leaders in this market in the UK, Ireland and Western Australia, operating for blue chip clients in both the public and private sectors. These businesses all performed well in 2007 and have ambitious plans for 2008; in part these are built upon the increasing requirement for all new development to be sustainable.

In the UK our ability to advise upon the full range of issues relevant to the development of sustainable communities and secure planning permission for large complex schemes remains attractive to clients. In consequence, we continue to work on some of the UK's largest regeneration and infrastructure projects. Our ability to handle complex sustainability issues helps us to secure this work and execute it at the high level needed to secure the permissions needed by our clients. We are also involved in both the waste and minerals sectors, in which securing planning permission has become far more complex. Our relationships with the UK's largest housebuilders remain good, as they continue to seek to add to the value of their land banks.

Our planning business is also able to assist clients in other parts of the Group secure planning permissions for capital projects, for example, in the energy and water sectors. The UK Government has recently confirmed its support for the construction of a new generation of nuclear power stations. We are already active in this market and are anticipating a significant involvement in the process of securing the permissions necessary before these new facilities can be constructed; this would provide work over a number of years.

The Irish Government continues to invest in ambitious plans for the infrastructure development made necessary by the economic growth already experienced and that anticipated. The *National Development Plan 2007-2013* targets "Economic Infrastructure" as its main priority, with €54.6bn identified for expenditure on roads, public transport, water, airports and energy infrastructure. We benefit significantly from this investment. Our work in the private sector in Ireland also remains buoyant, as economic investment follows this public expenditure. We are also managing the Climate Change Awareness Campaign, the largest ever Government funded public information campaign in Ireland.

Our activities in the planning and development market in Australia continue to expand rapidly. The long term potential of this market has encouraged us to develop a plan to grow these activities substantially. We are now seeing the benefits of this and continue to expect our Australian business to grow significantly in coming years.

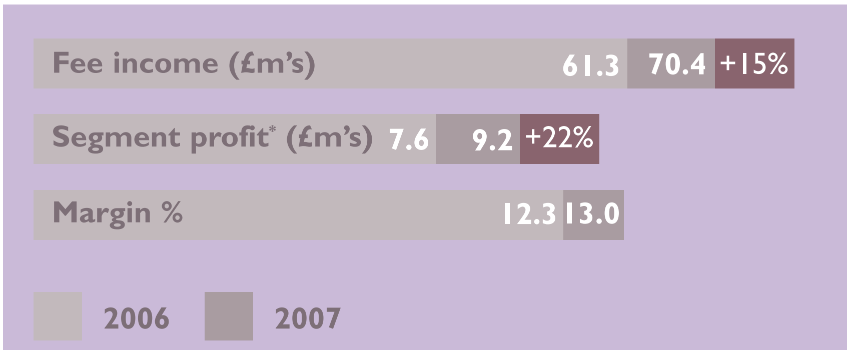
As climate change, energy efficiency and other environmental issues grow in importance, our competitive advantage in these markets should continue to increase.

	Planning & Development 2007	2006
Average number of employees		
Average number of employees	2,216	1,927
Days absent (%)	1.8	1.2
Average length of service (years)	3.5	4.6
Working part time (%)	7.8	20.7
Retention Rate (%)	87	–
Women		
All employees (%)	43.3	37.2
Ethnic minorities		
All employees (%)	7.3	7.1
Age profile		
Employees aged under 25 (%)	13.2	15.4
Employees aged 25-29 (%)	24.5	23.5
Employees aged 30-49 (%)	50.0	48.0
Employees aged 50+ (%)	12.3	13.1
Pensions		
Active members	1,128	938

Business Review continued

Environmental Management

This business provides consultancy services in respect of health, safety, risk and environmental management in the UK and the Netherlands and the management of water resources in the UK. During the course of the year through the acquisition of MetOcean in Australia we extended both the range of our services and geographical reach of the business. The results in 2007 were excellent.

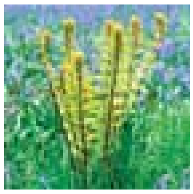


*before amortisation of acquired intangible assets of £80k (2006: nil)

Our business servicing the UK water industry had another good year. We are working on long term commissions for the majority of the water companies. RPS' specific strengths in the water industry coupled with our environmental credentials position us well to help with problems created by water shortages and legislation seeking to secure environmental improvement. The UK market in health and safety consultancy has generally remained strong, driven by increasing statutory obligations as awareness of the importance of managing these matters more carefully has heightened. The imminent introduction of the requirement for owners of certain types of commercial property to secure Energy Performance Certificates illustrates the opportunities likely to arise as a result of the need to use energy more efficiently.

In the Netherlands the recent acquisition of Kraan signals our increasing confidence in both the market and prospects for our business.

	Environmental Management 2007	Environmental Management 2006
Average number of employees		
Average number of employees	1,290	1,145
Days absent (%)	2.3	2.1
Average length of service (years)	3.1	4.8
Working part time (%)	11.0	7.7
Retention Rate (%)	84	–
Women		
All employees (%)	18.7	16.8
Ethnic minorities		
All employees (%)	4.5	3.3
Age profile		
Employees aged under 25 (%)	13.8	14.9
Employees aged 25-29 (%)	17.8	14.5
Employees aged 30-49 (%)	48.8	53.1
Employees aged 50+ (%)	19.6	17.5
Pensions		
Active members	535	512

Funding

The conversion of profit into cash continued at a high level and our balance sheet remains strong. Net borrowings at the year end were £32.6 million. The Group's overall debt position benefited from the disposal of property in Ireland and the UK with resulting net proceeds of £4.1 million. The profit from those disposals was offset entirely by dilapidations liabilities in respect of certain leasehold properties and a significant onerous lease provision.

Since the year end the Group has completed the acquisition of Kraan in the Netherlands. This, together with the acquisitions made in 2007, means that we have maximum cash commitments in respect of deferred consideration and outstanding loan notes related to acquisitions of £9.1 million in 2008, £9.6 million in 2009 and £3.5 million in 2010. Shares to the value of £0.2 million will be issued in 2008 to the vendors of acquired businesses.

We have recently increased our committed bank facilities from £70 million to £100 million and extended them until 2013. Our cash generation, in conjunction with these facilities and an ability to use equity in transactions, means that we are well positioned to continue our acquisition strategy. We have a number of encouraging prospects in the pipeline; these in conjunction with those made recently will assist in the maintenance of good levels of growth.

Review of Business Prospects

The excellent growth we have achieved in recent years has been recognised by the recent KPMG survey of the 500 fastest growing European companies.[1] At the same time we have recently been identified as one of the top 20 best employers in Britain.[2] This suggests we have dealt well with the challenge of recruiting and retaining the high quality staff we need to sustain our growth. As a result of our acquisition strategy we have also developed good skills in bringing together teams of high quality professionals from a range of disciplines and helping them work together. In the coming years we are likely to deploy these skills on an increasingly international basis.

The last year has seen a dramatic increase in the profile given to the potentially severe effect of climate change and the actions necessary to contain and eventually reverse the global warming process. Balancing the way energy is secured from various sources, managing its use to limit further environmental damage whilst planning further economic growth and urban development has become a fundamental challenge of this century. It is one which RPS is extremely well positioned to advise upon and will enable us to build further momentum and provides opportunities for all our businesses. The Board believes these opportunities will more than outweigh any potential adverse consequences of possible economic turbulence.

Our continued investment in the energy sector has enabled us to internationalise our activities in a significant but measured way. Consequently, we now have strong businesses in the USA, Canada and Australia as well as substantial contracts relating to oil and gas exploration and production in many parts of the developing world, including India, Russia and China.

We have successfully begun the process of expanding our activities in Australia into planning and development and environmental management. Whilst this process is in the early stages we are confident it can be extended substantially. Australia is also a good base from which to develop our activities in Asia, where we already have offices in Malaysia and Singapore.

In a similar fashion, there are opportunities to develop the full range of our activities in both the USA and Canada. As in Europe and Australia, the planning and development and environmental management sectors in North America are highly fragmented and will provide a good long term basis for growth.

On 23 January we announced that RPS had a strong end to trading in 2007; this momentum has carried into the start of 2008. The opportunities available to us are significant and wide ranging. We have a diverse, robust and resilient business and remain confident about continuing the growth of RPS.

[1] "Europe's Top 500 Job Creating companies" (October 2007). [2] "Britain's Top Employers 2008", Guardian Books.

creativepeople making a difference

trustedleaders
of our professions

successfulpartners
delivering quality results

leadingexperts
with diverse experience

local allies with
international reach

A selection of RPS projects from 2007

- RPS continues to be a leading provider of **multi-disciplinary consultancy services** on airport developments throughout the world, working on **projects of national importance** such as Dublin, Guernsey, Luton, Stansted and Heathrow.
- Managing one of the **world's largest ever Environmental Impact Assessments,** linked to the commercialisation of untapped gas fields **representing 25% of Australia's gas reserves.**

  Barrow Island, Australia
- **Value engineering** aimed at reducing construction costs and times led to successful completion of Ireland's **largest cross-border road project** five months ahead of schedule.

  The A1/N1 Dublin/Belfast corridor, Ireland & Northern Ireland
- RPS is shaping **major regeneration schemes** across the UK, including **landmark urban renewal projects** in Belfast, Bristol, Cardiff, Edinburgh, Glasgow, London, Leeds, Liverpool, Manchester, Nottingham and Sheffield.

Our Energy staff provided extensive technical support which enabled Salamander Energy Plc, on the 30th November 2007, to become the **first oil and gas exploration and production company since 2004 to undertake an IPO on the full list of the London Stock Exchange.**

Commissioned to prepare the architectural, structural and civil engineering designs as well as advising on waste planning and technology for a revolutionary mechanical **biological waste treatment plant** in Cambridgeshire, the first of it's kind in the UK.

Donarbon, Cambridgeshire UK

Alongside the existing 2,000 MW coal and biomass co-fired power station at Longannet in Fife, located on a protected coastal zone, RPS has assisted Scottish Power in developing **Scotland's largest dedicated biomass fired energy plant** (25 MW) with rigorous air quality, human health risk and ecological studies.

We have a reputation for meeting the challenges posed by large, complex projects and problems and for conducting business in an open and responsible manner.

- Working on preparations for the **2012 London Olympics,** RPS is involved in the development of the athletes' village, rail infrastructure and on business relocations, advising on planning, transport, environment as well as building and urban design aspects.
- RPS support assisted clients schemes win the Mayor's Award for Excellence **(King's Cross)** and the Best Conceptual Project **(Brent Cross Cricklewood New Town Centre)** at the London Planning Awards.
- At the forefront of offshore 'jack-up' drilling rig engineering, RPS has for many years been providing risk management advice and is now producing **international guidelines for the safe emplacement and removal of rigs** in collaboration with industry organisations.
- RPS is assisting Centrica Renewables on the development, engineering and construction phases of the Lynn and Inner Dowsing Offshore Wind Farm, the **largest wind farm under construction in UK waters.**

Operations

Key Business Drivers

As a business to business support service company we assist our clients in responding to the opportunities and problems which they face. These arise from:

- the commercial advantage to be gained by developing or redeveloping land, other natural resources such as minerals and oil and gas, or buildings; this requires proper planning, design and evaluation of the potential effects of the proposed development;
- the necessity for public agencies, privatised utilities, regulated businesses and their agents to provide adequate infrastructure; again such provision requires proper planning, design, evaluation of environmental effects and risk management;
- the necessity to comply with legislation which relates to planning, environmental and health and safety matters; this regulation and legislation derives from the activities of both the European Union and the national Governments and continues to expand at a rapid pace; and
- the need to manage and, where possible, eliminate risk which may arise from environmental or health and safety issues; potential risks arise when, for example, assets are being purchased and/or developed or from the existence of substances which, if not properly disposed of or managed, could damage the natural environment or human health.

2007 was the first year that the world took seriously the need to do something about the interconnected problems of:

- climate change and the need to reduce carbon emissions; and
- sourcing safe and secure energy supplies to enable global economic growth to continue.

RPS' skills and experience place us in a strong position to be able to benefit from the actions that will be taken to deal with these fundamental problems. This underpins our long term growth.

Employees

The Group remains committed to creating an employment environment which will attract, retain and motivate employees of high calibre. Throughout the Group emphasis is placed upon personal development to meet both today's needs and those of the future. Employee communication and consultation is encouraged at all levels of the business. The criteria for selection and promotion are the individual's suitability for the position offered based on their qualifications, experience, skills and abilities. Business units manage the remuneration of staff within the guidelines of the approved annual budgets. We have all the traditional personnel management structures within our business carrying out all the necessary administrative functions. There are able personnel management groups dealing with staffing issues in each country within which we operate.

The employees of the Group are able to participate in the success of the Company through the Company's Share Incentive Plan (SIP) and Share Purchase Plan (SPP) and Performance Share Plan (PSP). The SIP and SPP are open to the majority of Group employees and offers them the opportunity of purchasing shares with the Company providing one matching share for every employee purchased share. The PSP is available to senior members of staff and enables them to build significant equity participation over a period of years.


Operations continued

Operating Structure

A significant part of the Group's success derives from the clarity and accountability of its management structure. The core of this structure is the individual business unit which normally comprises a separate office or activity, each of which is treated separately for the purposes of budgeting and accounting. From time to time business units are grouped into either functional or geographical areas. This organisation is capable of delivering and managing significantly more organic and acquired growth.

The Group provides support to the marketing functions of these businesses through its business information unit which is also responsible for the Group website and intranet. We continued to make significant investments in the intranet and website during 2007 as they are the main mechanism we use to develop internal and external communications in the Group. In order to do this we also continued to upgrade our IT networks. The businesses in England, Wales and Scotland are supported by centrally run accountancy and personnel functions, with these services being provided locally in Ireland and the Netherlands. The offices in Australia, USA, Canada, Malaysia and Singapore are managed as part of the Energy division, but have local accounting and support staff.

Equal Opportunities in Employment

RPS provides equal opportunities for all its employees and potential employees regardless of their sex, sexual orientation, religion or beliefs, marital status, civil partnership status, race, ethnic origin, colour, nationality and national origins, disability or age. The policy applies to the advertisement of jobs, recruitment and appointment, training, conditions of work, pay and to every aspect of employment.

We recognise our obligations to ensure that people with disabilities are afforded equal opportunities to employment and progress within the Group.

We deplore all forms of sexual and racial harassment and seek to ensure that our working environment is sympathetic to all employees.

Advice is available to all employees involved in employment decisions, particularly in respect of promotion, transfer, training and discipline, as well as all stages of recruitment and selection.

RPS' policy on equal opportunities covers all areas of discrimination. We seek to comply with relevant legislation in all the countries in which we operate.

Training and Continuous Professional Development

RPS is committed to the training, education and development of its employees to increase effectiveness, develop potential and ensure adequate succession planning. RPS was named as one of Britain's Top Employers 2008 by the Corporate Research Foundation. The CRF report, published in March 2008 by Guardian Books, singled out the Company's approach to knowledge management and staff training as important factors in its high ranking in the UK's top 20 employers of choice.

Business unit Directors and their appointed project managers and full-time professional trainers are responsible for the management of training and for the verification of technical competence for project personnel, in accordance with our quality management system.

We aim to identify and provide training, education and development for employees, in order that they can develop and apply this knowledge to greater and more demanding roles in the future. Wherever possible we try to identify successors to key posts within the organisation as part of our ongoing succession management policy. All externally advertised posts are first published on the JoinRPS.com careers website which is promoted internally via the Group's Intranet. Central to identifying our training and educational needs is staff appraisal. This activity is concerned with developing staff by identifying and meeting performance and training needs as well as developing individual potential.

RPS in Australia provided support and assistance to staff with general inductions, relevant training and continuous professional development as appropriate. During 2007, in addition to in-house training and mentoring, RPS provided financial support to staff seeking to improve their qualifications with course fees and time off work to attend relevant college or university courses by pre-agreed arrangement.

Ongoing Professional Development and Training is now a requirement with many of the professional bodies of which RPS staff in Australia are members. Staff were encouraged to attain membership and ongoing accreditation with these bodies and in pursuit of this aim staff attended relevant courses, seminars and conferences.

Support was also given to undergraduates undertaking studies relevant to RPS' business in Australia at selected institutions. Senior RPS technical staff were invited to act as technical mentors to students completing their applied science projects, theses and Masters studies. Some undergraduate and postgraduate students then worked with RPS during University vacations with a view to taking up full-time employment with RPS upon completion of their studies.

Appraisals are intended to complement the standard staff induction programme on Company policy and procedures, which covers topics including safety or equipment handling and involves assessments of competency on a more administrative level. Staff appraisal is a continuous process and is not limited to formal meetings. However formal appraisal meetings take place in many parts of the Group at least once a year.

	Group 2007	2006
Average number of employees		
Average number of employees	4,093	3,438
Days absent (%)	1.1	1.4
Average length of service (years)	3.7	5.0
Working part time (%)	8.7	15.4
Retention Rate (%)	86	–
Women		
All employees (%)	33.2	29.8
Ethnic minorities		
All employees (%)	7.0	5.8
Age profile		
Employees aged under 25 (%)	12.4	13.9
Employees aged 25-29 (%)	21.5	19.0
Employees aged 30-49 (%)	48.6	50.2
Employees aged 50+ (%)	17.5	16.9
Pensions		
Active members	1,978	1,689

RPS is a recognised commercial training provider in a number of specific technical fields and is certified by such external bodies as CCNSG (ECITB) on site safety courses. RPS operates a CIWEM approved structured training scheme for its chartered water and environmental engineers and MICE and MIEI approved CPD schemes for civil engineers in the UK and Ireland. Our aim is to help the development of individuals throughout their employment with the Company, by underpinning the strengthening skills and professional ethics, whilst broadening their business knowledge. One of the key objectives of the scheme is the long-term commitment to CPD of all existing staff within the organisation. Thereby individuals are always able to demonstrate technical experience in specific sectors, such as the water industry, or in relevant aspects of environmental consultancy.

RPS' industrial architecture and civil engineering practice at Newark has an "Investors in People" accreditation recognising its commitment to staff training, internal communications and client feedback dissemination and response. The scheme not only focuses on the in-house training provision for school leavers and graduate level CAD technicians, but also on promoting best practice at every level of the business.

Operations continued

Academic Bursaries

For the fifth consecutive year, RPS in the UK continued its practice of awarding academic bursaries to students studying at university. In 2007, this included students attending courses at thirteen UK universities:

- University of Cambridge Christ's College, MEng in Civil Engineering & MEng in Structural Engineering
- University of Oxford, Edward Grey Institute of Field Ornithology PhD in Waterfowl in the S.W. London Water Bodies Special Protection Area
- Oxford Brookes University MSc in Spatial Planning
- University College, Cardiff MSc in Regional Town Planning
- University of East Anglia BSc in Environmental Science
- Brunel University, School of Engineering & Design EngD in Infrared and Thermal Imaging of Nocturnal Bird Movements
- Queens University, Belfast, MEng in Civil Engineering
- University of Wales, Newport (Allt-yr-yn) Campus HND in Business Administration and Accounting
- University of Loughborough, two undergraduates studying for an MEng in Civil Engineering
- University of Nottingham, two undergraduates studying for an MEng in Civil Engineering
- University of Lincoln - BA Architecture
- University of Sheffield - Part 2 Architecture (MArch)
- University of Huddersfield - International Diploma in Architecture

RPS' scholarship programme in Ireland involves a partnership with leading universities and three institutes of technology. The five universities were:

- University College, Cork
- University College, Dublin
- Trinity College, Dublin
- University College, Galway
- Queen's University, Belfast

RPS in the Netherlands awarded its first academic bursary in 2007:

- Erasmus University School of Business Management, Rotterdam, MBA in Sustainability

Australia has awarded academic bursaries to students attending the following courses:

- University of Western Australia Masters Degree in Petroleum Engineering
- Curtin University, Bachelor of Commerce
- Perth Technical College Certificate and Diploma in Accounting
- University of New South Wales Petroleum Economics

RPS provided funding to Masters level students to pursue studies in engineering related disciplines. RPS sponsors the Gold Medal for the top Civil Engineering student at University College Dublin and the Centre for Talented Youth programme.

RPS sponsored bursaries with the Planning College at Dublin Institute of Technology. RPS offers prizes to students in the disciplines of Manufacturing, Biomedical and Facilities Engineering with Cork Institute of Technology and through the ISA (Instrument Society America - Irish Branch) jointly through the Cork Institute of Technology and the Carlow Institute of Technology.

RPS has participated in a number of student and graduate training schemes. These include the Leonardo da Vinci scheme (LDVII), now part of the European Commission's Mobility and Lifelong Learning Programme. This is particularly aimed at providing six month work placements for students and qualified graduates from designated development regions of the European Community seeking work experience within leading companies in more developed countries.

RPS was the main sponsor of the University of Wales 'Students Skills Competition' at Aberystwyth, a long-running student and employer-twinning event, which is unique in British higher education. RPS' long-standing support and involvement in the event has attracted an annual crop of outstanding graduates and postgraduates from various academic disciplines into jobs within the Group.

Property

The Group occupies 116 commercial office premises. In respect of 12 of these we own the freehold. These had an aggregate net book value of £9.2m at December 2007. The remaining properties are occupied under a range of lease agreements. The total rent paid in 2007 was £5.7m.

Growth and Funding

RPS operates in markets which are generally attractive and expanding with good long-term prospects, but fast changing. We need, therefore, to keep our products and services and how we market and deliver them under continuous review. The Board believes that the long-term health and growth of the Group will be best secured by ensuring that RPS is, and is perceived by clients and staff to be, a market leader in each of our business areas. Our corporate strategy is designed to achieve this.

Our financial growth objectives focus on profit rather than revenue. Whilst it is tempting to remain in products and markets where margins are falling in order to maintain revenue, we do not adopt this approach. Instead we endeavour to find ways of delivering service in more attractive ways to clients or if this is not possible scale back or end our involvement in unattractive markets and develop and invest in new, more attractive, areas.

The Board is committed to achieving year on year profit and earnings growth for the Group, but does not set specific targets for this. We are endeavouring to deliver long-term shareholder value and have, therefore, to balance annual earnings growth with investment in both our existing clients, staff and products and the development of our product offering and capability.

The acquisition strategy RPS has pursued over the last decade has brought considerable benefit to shareholders, clients and staff. The companies acquired have enabled us to build strong positions in a number of markets and, for example, to create a new business in the energy sector. This, in turn, enables us to offer a broader, higher quality service to our clients and attractive employment to staff and potential recruits. The financial performance of the companies which have been acquired has increased the Group's growth. The Board sees the maintenance of this element of the strategy as being of importance to the continued growth of RPS and is prepared to consider more significant acquisitions, as well as making acquisitions outside the countries in which we currently operate. At the year end the Group had net borrowings of £32.6 million (Note 26). RPS normally generates sufficient free cash to fund its working capital and capital expenditure requirements. Additional cash resources are, therefore, only needed in order to pursue the Group's acquisition strategy. From time to time, the Board therefore secures funds by means of arranging debt finance or equity placings.

The Board believes the Group's current bank facilities, which have recently been increased to £100 million, will enable it to maintain its strategy throughout 2008, although it is possible that a larger acquisition could necessitate additional debt or equity finance.

Dividend Policy

For a number of years our dividend has grown at an average annual compound rate of about 15%. Our ability to maintain this level of growth will depend upon both the scale of earnings growth as well as the nature and scale of future acquisitions and how that investment is funded. The final dividend will normally be greater than the interim payment. Dividends paid and proposed are detailed on page 62.

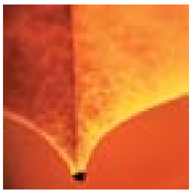
Shareholder Value

The Board manages the Group in order to achieve good levels of growth in shareholder value on a consistent long-term basis. The Board, however, recognises that this can only be achieved by providing a competitive service which adds value to our clients' organisations and offering an attractive working environment and career prospects to our staff. Striking this balance whilst also respecting our responsibility to society at large, is the main task facing the Board.

That the Group has continued to grow over such a long period confirms we are operating in an attractive sector and implementing a good strategy successfully.

Corporate Governance

RPS has had a strong system of governance in place throughout its corporate life. In recent years we have formalised this in response to the various codes and guidelines that have emerged. The various policies relevant to this are set out fully on pages 48 to 59. The Board believes that its long-term shareholders understand that RPS operates the highest governance standards.



Risk Management

RPS Group Risk Analysis

RPS supplies a wide range of services to many sectors of the economy in a significant number of countries. This gives rise to a range of potential risks that need to be individually recognised, assessed and effectively managed. Due to the robust structure of the business the management of these risks is not an additional function to the business, but is treated as an integral part of the way we operate. Executive Directors review the risks the Group may be exposed to and report to the Board all major risks identified.

The Group has a well-established and embedded system of internal control and risk management that is designed to safeguard shareholders' investment, as well as the Group's assets and reputation. Whilst the Group Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness, it is the role of management to implement the policies on risk and control.

The principal risks identified by the Group can be described under the following categories:

- Business Strategy - the risk of not delivering the Group's long-term strategy. Principal risks of the Group include loss of competitive position and strategic risks in relation to specific activities.
- Business Continuity - the risk that in the event of an adverse occurrence the business operations will not be able to operate. Main areas of risk here are failure of IT systems and the recruitment and retention of key staff.
- Financial/Commercial - the risk of performance falling short of expectations. This includes reputational risk linked to quality of work and liability risk not covered by professional indemnity insurance.
- Compliance - the risk of failing to comply with all relevant legislation and regulations. Main areas of risk to the Group include legal action from compliance failures.
- Health, Safety and Environment - the risk related to the safety of staff, clients, sub-contractors, members of the public and the environment.

Business Strategy

The Group's strategy seeks to ensure continuous improvement in the range and quality of our services and our financial performance by:

- operating in markets where we can add value to our clients' activities;
- endeavouring to achieve leadership in those markets; and
- making acquisitions of quality businesses in order to extend our expertise and geographical presence.

Successful implementation of the strategy requires the Board to identify appropriate markets and how to operate in them successfully. Each year the Board sets itself a series of specific objectives and priorities. Progress against these is measured on a regular basis.

The Executive Committee reviews and has to approve all acquisitions before any binding commitment is made. For acquisitions with an enterprise value in excess of £20 million the full Group Board approval is required prior to any binding commitment being made.

The Executives have developed comprehensive methods of evaluation of potential acquisitions, including the legal framework within which businesses are acquired and methods of integration.

Business Continuity

Failure to recruit and retain qualified and talented staff can disrupt the Group's ability to win new contracts and/or execute contracts effectively.

Each of the Group's businesses has, as a management priority, the successful implementation of the recruitment and retention strategy and they do this in manners appropriate to the markets they operate in. At Group level advice is provided to the businesses about recruitment techniques, remuneration strategies and people management. In addition share schemes are put in place to assist staff motivation and retention.

RPS Technology Services (RPSTS) manages all the Group's IT systems although some detailed functions are carried out locally on site. Each year RPSTS produces a plan for the improvement of the Group's systems. The Board approves that plan and allocates the appropriate budget. The plan, when necessary and appropriate, includes measures designed to ensure reliability and resilience within the Group's systems.

Risk Management continued

The fact that the Group has operations in a large number of locations increases its ability to withstand events which cut power and communications or cause equipment malfunction or result from theft.

Financial and Commercial Management

RPS endeavours to conduct business in an open and fair manner. A significant part of RPS' success derives from the clarity and accountability of its management structure. The day-to-day business of the Group is carried out in business units which from time to time are grouped in either geographical or functional segments. Each business unit is treated as both a separate business for the purposes of budgeting and accounting and as part of the Group-wide network for marketing and business intelligence purposes. Each unit is managed by directors who are responsible for the development of their office and accountable for its performance to the relevant Board.

Each business unit prepares a Business Plan which defines the activities and scope of business to be conducted by the office. The budgets quantify the expectations for the Group and comprise a key element of the Business Plans. The Plans (including budgets) are agreed with the Group Board. The businesses in the UK are supported by centrally run accountancy and personnel functions. The Dutch, Irish, North American, Malaysian and Australian businesses have their own accounting and personnel functions. RPS has a detailed financial reporting management system, which includes checks and reviews, financial modelling, accountability and transparency at every level.

Operational staff have no access to the underlying processing of transactions. Invoices from suppliers are approved by the Operational Directors and are sent to the finance function for processing and payment. Remittances from clients are received by the finance function. This segregation of duties within the finance team itself and between the offices and the accounting function ensures accountability and sound financial practice at every level.

Business unit and office financial results are reviewed monthly by relevant boards and directors.

This detailed review, together with the checking and reconciliation work done by the accounting team, ensures the high degree of scrutiny required to minimise the possibility of mistakes, irregularity or fraud remaining undetected.

The Group's Executive Committee, which comprises the Group's Executive Directors and the Company Secretary meets at least once a month and discusses newly emerging risks as they occur. The minutes of these meetings are provided to the Non-Executive Directors.

The RPS Board monitors the Group's financial performance on a monthly basis using detailed budgets as the benchmark. From time to time future performance is estimated by reference to forward order books, although the nature of most contracts means that such forecasting cannot be completely accurate and the degree of imprecision cannot be statistically tested.

The Group's financial instruments comprise cash, bank loans and items such as receivables and payables that arise directly from its operations. The main purpose of these instruments is to provide finance for the Group's operations.

The Group reports its results in sterling and has operations in Ireland, USA, Canada, Australia, Malaysia and the Netherlands that have functional currencies other than sterling. As a result the Group's balance sheet and income statement can be affected by movement in the exchange rate between sterling and the functional currencies of the overseas operations. The Group does not hedge such translation exposures.

Where operations have part of their trade in currencies other than their functional currency they endeavour where possible to match the currency of revenues and cost of sales. The Group occasionally uses foreign exchange contracts and loans to manage transactional risks.

It has been and remains the Group's policy that no trading in financial instruments shall be conducted.

The Group has strong review procedures for monitoring and controlling cash flows and the requirements for debt. This includes the production of continuous cash flow projections and the reporting and review of daily cash collections against targets.

The internal audit function is undertaken by the Group financial accounting team as part of its other functions. Given the current structure of the Group, the Board and the Audit Committee consider that a separate internal audit function is not required presently. The Board recognises that control risks increase during the integration of newly acquired businesses and during this period monitors closely the status of the systems and commercial integration.

Compliance, Litigation and Insurance

It is important RPS complies with prevailing legislation and with the terms of its contracts with clients, staff and suppliers. In order to ensure this the Group has in place a series of quality management systems.

In certain parts of its business RPS maintains and implements documented Quality Management Systems which satisfy, as a minimum, the requirements of ISO 9001:2000, through the:

- documenting of procedures to control the quality of services;
- maintaining records to control and show compliance with quality and client requirements;
- recording the implementation of corrective measures necessary to ensure the quality of service provided;
- taking appropriate preventative measures to improve quality and minimise the possibility of unsatisfactory service; and
- monitoring of the quality management system in operation at each office at regular intervals in order to ensure its continuing and improving effectiveness.

Formal certification to ISO 9001:2000 standard is a required procedure for some aspects of RPS' business; therefore a number of RPS' offices in the UK, Ireland and the Netherlands are certified to ISO 9001. Offices in North America and Australia have quality systems that are based on formal procedures that have been developed in line with ISO 9001 guidelines.

Our business depends largely on our ability to attract and retain talented employees. The market for highly skilled individuals in our business sector is extremely competitive.

Those RPS offices providing environmental monitoring and analytical services hold external accreditations from additional quality assurance schemes. Quality accreditations held by individual RPS offices include those externally audited by UKAS, Aquacheck, RICE, UK NEQAS and the UK Health and Safety Executive's WASP scheme.

In Ireland our offices are quality accredited through the NSAI (National Standards Authority of Ireland) and SGS and for Safety Management through the NISO (National Irish Safety Organisation).

However, even when these systems work well issues can arise which may give

Our business depends largely on our ability to attract and retain talented employees.


Risk Management continued

rise to litigation in which RPS needs to participate. There are procedures in place for managing such litigation. The Group also has extensive cover in place to ensure against losses and potential loss. The main insurance policies are Professional Indemnity and Employers and Public Liability, although a range of others are also in place.

Health and Safety

The health and safety performance of the Group is fundamental to RPS operations worldwide. Safeguarding the employee's well-being is of paramount importance with the responsibility resting with the Board. This responsibility is shared with the local management teams within the organisation and is passed down to each manager and employee.

The Board sets the policy and objectives for health and safety management. The Company Secretary has been appointed to oversee implementation of the health, safety and environment management within the Group. The performance is discussed at every board meeting, where an analysis of accidents and incidents is presented together with proactive performance indicators.

The Board require that each business provide and maintain safe working conditions, suitable equipment and resources to implement safe systems of work to protect employees, contractors, visitors and other people who could be effected by the Group's activities.

Compliance with legislation in all the countries where activities are carried out is a mandatory requirement. Systems are in place to ensure that this is carried out. Wherever possible the Group aims to surpass minimum standards to develop best-practice within the industry.

During 2007 a Group Environment, Health and Safety Manager was appointed to strengthen the resources in the organisation. Each major business in the Group has appointed health and safety professionals to implement appropriate management systems. Some of these have had third party certification to OHSAS18001.

All activities that are undertaken are assessed for hazards with appropriate controls put in place to ensure the risk is reduced to a satisfactory level. Where necessary safe systems of work are documented. There are systems in place throughout the organisation to audit activities to ensure compliance.

All employees are trained to ensure that they have the appropriate skills to carry out their job safely. Senior management are trained to ensure that they can discharge their responsibilities to their staff.

There is a group wide system for reporting and investigating accidents, dangerous occurrences and near misses. All incidents are investigated to determine the root cause. Any significant incidents are reported throughout the organisation and brought to the attention of the Board. In 2007 the reportable accident rate was 6.35 incidents per 1,000 employees (2006: 4.36). This increase was mainly due to an increase of incidents in the UK Water business due to the growth of this sector within the Environmental Management business unit. Typically these incidents are due to back injuries from manual handling and there has also been growth in the number of road traffic accidents. Initiatives are already underway to target these areas.

Near miss reporting is an important indicator for monitoring health and safety performance. The number of minor accident and near misses reported throughout the Group has increased. This is believed to be due mainly to better reporting. However there is still scope for improving the near miss reporting, which will be focussed on in 2008.

RPS offers clients a range of health and safety consultancy services including process safety, asbestos management, fire safety, occupational health and hygiene, safety auditing and safety engineering. RPS employees include highly qualified specialists who work on safety critical systems in the defence, nuclear, offshore, petrochemical, transport, construction and manufacturing industries.

Accident incident rates

Group

	2007	2006
Reportable Injuries	26	15
Reportable injuries incident rate per 1,000 employees	6.35	4.36

Working together to tackle climate change

- Since 2001 RPS has been involved in over **250 onshore and offshore wind, wave and tidal energy projects** including the world's largest offshore wind project, the London Array, (which when completed will provide approximately 25% of London's electricity supply) and one of the world's largest onshore schemes in Texas.
- RPS' Stakeholder Consultation Unit has been appointed by the Irish Government to **lead the awareness campaign for Ireland's climate change strategy.**
- RPS is preparing a climate change and greenhouse gas strategy for the mining and processing of the **world's largest uranium deposit** in South Australia.
- In response to rising river levels and extreme weather events, RPS is working on a **major conservation scheme at one of the largest nature reserves** in the Netherlands (De Biesbosch), providing flood relief, preserving historical and landscape character and enabling sustainable tourism.
- RPS is undertaking a number of technical and commercial **carbon capture and sequestration studies around the world.** In the UK North Sea we are working with Dublin based Tullow Oil on a detailed project to review the injection and long-term storage of **CO_2 captured from power stations** in depleted gas fields.

*"Our generation's greatest and unique challenge is to learn to live in an extraordinarily crowded world."**

* Professor Jeffrey Sachs, Columbia University, New York, Reith Lecture, 10 April 2007

RPS helped secure permission to construct **London's first river served energy from waste plant at Belvedere.** Most of the 585,000 tonnes of waste used to produce 72 MW of electricity each year is to be delivered by barges on the River Thames.

Corporate Responsibility

RPS is aware of its wider responsibilities. The Group's success is in large part a result of its reputation as a trustworthy business partner that promotes sustainability within its client's projects and also in its own organisation. The Group is proud to have been included in the FTSE4Good index of leading companies since its inception in 2001.

Through its consultancy services the Group assists clients to develop environmentally, ecologically and socially sustainable solutions to enhance sustainable development. Urban regeneration projects have direct benefits for specific communities whilst other work such as leakage management for the water industry benefits society as a whole. RPS' experience can help add benefits to the client's vision and ensure their plans become reality.

Corporate responsibility decision-making is embedded throughout the company. The Board leads the corporate responsibility strategy. Where necessary policies and objectives are developed to ensure that the Group operates in a responsible manner.

Social Responsibility and Sustainability

RPS is committed to ensuring that it conducts its business in a responsible and sustainable way. Taking care of our clients, suppliers, employees, the wider community and the environment and conducting operations with a high standard of business integrity are all essential to the success of our business.

The Group requires its entire staff to adopt high standards of behaviour in their daily professional conduct or when travelling on business. Employees are required to be sympathetic to the cultures of and comply with the laws and regulations of the countries in which they operate, also giving due regard to the safety, the well being and the human rights of all project personnel and relevant local communities.

Clients

The Group aims to develop and maintain strong and lasting relationships with its clients. RPS endeavours to deliver all services and reports to the required quality and specification within the time frame agreed with the client. RPS' employees work with their clients to anticipate and develop their needs.

Conflicts of Interest

All RPS employees must avoid personal or professional activities and financial interests that could conflict with their responsibilities to the company. If a conflict of interest does arise then this must be acknowledged and openly reported. Employees must not seek personal gain from third parties, or abuse their position within the company for personal gain. Any gifts received must be reported and acknowledged.

Community Involvement

RPS has supported community and charitable fund raising with gifts in kind and financial contributions throughout the year, mostly at office level. The company and its staff gave or raised £214,341 in charitable contributions during 2007. Taking into account the £153,513 spent on academic bursaries and educational initiatives not connected to staff training, the Group's total contribution to the communities in which it operates was £367,854 (0.1% of total revenue). JD Consulting and The Scotia Group, acquired in December 2007, contributed £6,972 to the total.

Our Planning & Development businesses in the UK and Ireland made charitable contributions and raised funds for community projects worth £78,184 and gave £116,131 in academic bursaries to undergraduate and postgraduate students studying at universities on both sides of the Irish Sea.

Our Energy businesses in the UK, North America and Australia made charitable donations and raised funds for community projects worth in total £112,708 and contributed £25,398 for academic bursaries to students studying at universities in the UK and Australia. The largest single charitable donation, £15,450 (the same amount as in 2005 & 2006), was made towards the Gondwana Link project, which seeks to protect, restore and sustain the natural heritage in the Great Southern Region of Western Australia.

At the end of 2007, RPS Group Plc continued its corporate support for Tree Aid and its educational, tree planting and woodland conservation programmes in Sub-Saharan Africa by making a charitable donation of £12,500 towards its work in Mali, where RPS has worked on oil and gas exploration and mineral extraction studies in recent years. Deforestation in this part of Africa presents particularly acute problems for some of the world's most vulnerable traditional communities.

During 2007, RPS took the decision to commit £45,000 per annum in 2008 and 2009 to establish an Urban Design Scholarship working in partnership with the publishers of the Architects' Journal and in association with Design for London. The five design scholarships each year will not only contribute to the development of the profession but will benefit five very different local communities in London within which one of the successful scholars will apply creative ideas for urban renewal in consultation with local people and other stakeholders.

Environmental Management

RPS contributes to environmental management in many of the projects that it undertakes for clients. The group advises international bodies, governments, local authorities and private companies on improving their environmental performance. A wide range of services is available from conducting ecological surveys through to carbon trading. In the organisation there are many employees with professional qualifications in environmental management, some have achieved international recognition for their work and play a leading role in professional bodies.

RPS seeks to manage and reduce its own environmental impact. All businesses in the Group are encouraged to put in place systems to ensure that they identify and reduce potential environmental liabilities.

Using these management techniques, RPS endeavours to:

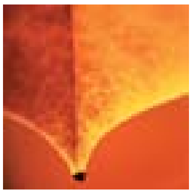
- Comply with all relevant national and regional legislation as a minimum standard;
- Comply with codes of practice and other requirements such as those specified by regulators and our clients;
- Utilise suppliers that offer products which are sustainable, recyclable or environmentally sensitive wherever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

In order to achieve this RPS:

- Ensures employees are trained and motivated to conduct their activities in an environmentally responsible manner;
- Reviews the policy on a regular basis to take into account any new developments in legislation, or environmental management or shareholder expectations; and
- Allocates sufficient management resources to ensure effective implementation of the environmental policies.

Some parts of the businesses have achieved ISO14001, the internationally recognised environmental management system. In January 2008 RPS Water achieved ISO14001 registration for the whole of its UK business. This was a significant achievement that has already resulted in substantial environmental benefits as well as reinforcing the environmental message to its 650 staff. In 2008, other businesses in the Group will be working towards ISO14001.

RPS produces relatively little waste; we also have recycling facilities at most of our offices.




Corporate Responsibility continued

Climate Change

RPS staff have extensive skills which enable us to understand and advise upon the causes and effects of climate change. We have undertaken many projects which involve developing policies and schemes designed to reduce the carbon emissions of our clients. We anticipate our workload in this area will increase materially in coming years.

RPS has set itself the challenge of reducing its (per capita) energy use by 5% each year. This will have the effect of reducing our carbon emissions. We estimate that in 2007 (excluding use of public transport and air travel) we generated about 6,850 tonnes of CO_2.

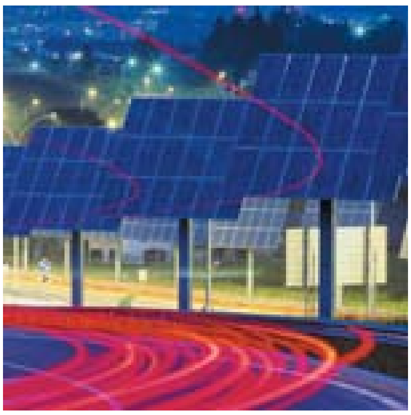
Energy Management

Consumption of energy - primarily electricity and natural gas - in offices has a direct impact on carbon emissions. In 2008, RPS will continue its programme to measure the impact of energy consumption and introduce a Group-wide initiative to reduce consumption.

In 2006, RPS started switching electricity supply contracts to 'Green' tariffs. These are energy sources that are either derived from renewable sources such as wind, capture waste energy such as landfill gas or are from 'good quality' combined heat and power plants. At the end of 2007, 52% of electricity purchased by RPS in the UK was from a 'Green' tariff. This will rise in 2008 as more contracts are switched.

The energy consumption for each office has been determined, with the largest 15 offices responsible for 70% of all consumption. These will be targeted, together with offices that have a higher than average consumption based on their floor area, with energy audits and an energy management campaign to reduce consumption.

As part of its long-term planning strategy RPS will be introducing minimum environmental standards for new offices that will also be taken into consideration whilst refurbishing offices. Over the medium term this should make a significant contribution to the reduction in the total energy demand.



Shareholders

The Group conducts its operations in accordance with what it believes are principles of good corporate governance. Our aim is to provide shareholders with a return on investment that rewards their financial commitment. The Board understands the importance of strong cash flows and earnings and develops its business in such a way as to grow these in a sustainable way as far as possible. The Board endeavours to maintain involvement of shareholders by keeping them informed on major actions or decisions affecting their investment, through a year-round Investor Relations programme. RPS employees in possession of information which, if disclosed, could affect the market price of its shares are prohibited from trading in securities until after public disclosure of such information.

The Chairmen of the Audit Committee, Remuneration Committee and Nomination Committee attend the Annual General Meeting, and are available to answer shareholders' questions. The Chairman and the Senior Independent Non-Executive Director are available to discuss governance, strategy and any issues of concern or interest with any major shareholders. The Chief Executive and Finance Director meet frequently with major institutional shareholders and fund managers. They both attend the Annual General Meeting.

There is a standing board agenda item on investor relations and the views of shareholders in so far as they are known are disclosed to the Board as a whole. This gives the Board an opportunity to develop an understanding of the views of major shareholders of the Group.

Transport and Vehicle Management

During 2007, there has been a significant investment in video conferencing facilities within the Group that is beginning to help reduce company travel, nevertheless some of the projects undertaken by RPS involve considerable travel. Other projects require transportation to and from the client's site. Employees are encouraged to use public transport where possible, and some offices have put in place formalised transport plans.

At the end of 2007, there were 354 company cars in the UK. These have an average emission of 154g CO_2/km which accounted for approximately 1,004 tonnes of CO_2. RPS is introducing a new company car policy that will include an incentive for drivers to select a vehicle with lower CO_2 emissions.

In addition, there were 475 vans, mainly associated with leakage detection contracts for water companies. These were responsible for 2,852 tonnes of CO_2. RPS has set limits on van engine sizes to reduce emissions and is currently investigating further measures.

RPS carries out extensive work around the world and, especially in the Energy business, there is a substantial requirement for international travel. In 2008 a monitoring programme has been started to measure the impact that air travel has on RPS' CO_2 emissions.

Our people

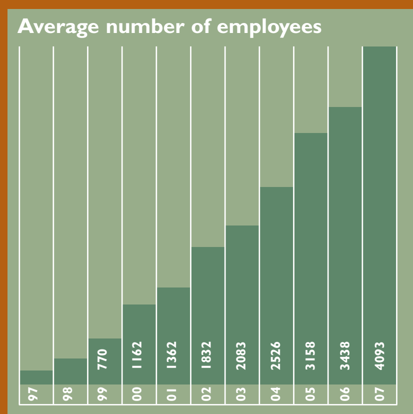
During 2007 members of RPS held various senior advisory and highly respected professional positions including:

- President of the **Chartered Institute of Waste Management** (CIWM) in Northern Ireland and Secretary of CIWM in Wales
- Board Member of the **United Nations Environment Programme** - Sustainable Building and Construction Initiative (UNEP SBCI)
- Honorary Treasurer of the **Chartered Institution of Water and Environmental Management** (CIWEM), East Anglia Region
- Chairman of the Journal Editorial Board of the **Institution of Structural Engineers (International)**
- President of **Association of Consulting Engineers** in Ireland (ACEI)
- Chairman of the **Australian Commonwealth Scientific and Industrial Research** (CSIRO) **Climate and Atmosphere Sector Advisory Council**
- Chairman of the **Irish National Gas Transmission Gas Standards Committee**
- Member of the **Board of Companions, Chartered Institute of Management**

RPS is committed to promoting and upholding the highest standards in the workplace for the benefit of its staff and clients.

RPS strengthened its team of people during 2007, adding the experience and knowledge contained within the following organisations which joined the Group:

- **JD Consulting**
  a US based consultancy providing environmental consultancy advice to blue chip clients in the energy and chemical sectors.
- **The Scotia Group**
  a US based consultancy providing advice to the oil and gas industry.
- **MetOcean Engineers**
  an Australian consultancy providing oceanographic and meteorological services in support of coastal and ocean engineering and environmental protection.
- **Oil Experience**
  a UK business giving high level consultancy advice to the oil and gas industry.
- **Geocon**
  a leading provider of consultancy services to the oil and gas industry on an international basis, based in the UK
- **Safety and Risk Practice**
  a leading health and safety business providing consulting services to the oil and gas industry in Australia and SE Asia.
- **APA Petroleum Engineering**
  a leading petroleum engineering consultancy with headquarters in Calgary.



Staff Professional Memberships

Corporate Memberships

ACE	Association of Consulting Engineers (UK)
ACLCA	Australian Contaminated Lands (WA) Consultants Association
ACT	The Association for Commuter Transport
AGS	Association of Geotechnical and Geoenvironmental Specialists
AMSA	Australian Marine Sciences Association
AASP	Alberta Association of Safety Partnerships
BGI	Bedrijvenplatform Geo-informatie
(BCC)	"Business platform Geo information"
BCO	British Council for Offices
BVCA	British Venture Capital Association professional adviser
BW	British Water
BWEA	British Wind Energy Association
CAGC	Canadian Association of Geophysical Contractors
CAODC	Canadian Association of Oilwell Drilling Contractors-Company associate membership
CIRIA	Construction Industry Research and Information Association
CIWEM	Chartered Institute of Water and Environmental Management (UK)
DMA	Defence Manufacturers Association (UK)
ECA(WA)	Environmental Consultants Association (WA) Inc
ENFORM	Industry Safety Training Association
FENELAB	The Netherlands Federation of Laboratories
HIA	Housing Industry Association (Australia)
IEEM	Institute for Ecology and Environmental Management
IEMA	Assessor Member of Institute of Environmental Management and Assessment (UK)
IFAP	Industrial Foundation for Accident Prevention
KC	Chartered Institute of Waste Management & Institute of Environmental Management & Assessment
KKZH	Quality Circle South Netherlands Betonvereniging (BCC) "Concrete association"
KNMI	Royal Dutch Institute of Meteorology
LI	Registered Practice Landscape Institute (UK)
NCA	National Society for Clean Air
NELA	National Environmental Law Association (Australia)
NGB	Netwerk Groene Bureaus "Web Green Offices"
NHBC	Profession Register of the National House Builders Council (UK)
NIA	The Netherlands Institute of Hygiene
NVA	Dutch Association for water management (Nederlandse Vereniging voor Water beheer)
NVP	The Netherlands Society of Venture Capital
ONRI	Dutch Association of Consulting Engineers
OTANS	Offshore/Onshore Technologies Association of Nova Scotia
PIG	Pipelines Industry Guild
SCSC	Safety Critical Systems Club
STA	Source Testing Association
TPS	Transport Planning Society
TWT	Corporate member of the local Wildlife Trust.
UDIA(WA)	Urban Development Institute of Australia (WA) Inc
UKELA	UK Environmental Law Association
VKB	Association of Quality Assurance in Soil Research
VNBG	Association of Dutch companies in the geodesy and geo information (Vereniging van Nederlandse Bedrijven in de Geodesie en Geo-informatie)
VOAM	Association for Research on Asbestos and Environmentally Hazardous Substances (The Netherlands)
VVM	Society of Environmental Scientists (The Netherlands)
VVTB	Association for the removal of Toxic Construction Material

Company Subscriptions with Certification Bodies and Quality Accreditation Schemes

Alberta Human Resources & Employment Certificate of Recognition in Health & Safety

ADIPS	Amusement Park Inspection Procedures Scheme
APEGGA	Association of Professional Engineers, Geologists and Geophysicists of Alberta company "permit to practice" and staff membership
APEGS	Association of Professional Engineers & Geoscientist of Saskatchewan-company "permit to practice" and staff memberships
BSI	British Standards Institute

KIWA	Quality circle Legionella-analysis and swimming pool water analysis
OHSIS	Occupational Health & Safety Information Service
RvA/	The Dutch Council for Accreditation
UKAS	United Kingdom Accreditation Services

Professional Memberships in the UK

AA	Arboricultural Association
AMIMechE	Institute of Mechanical Engineers
ANC	Association of Noise Consultants (UK)
ARB	Architects Registration Board - staff memberships
BACS	British Association of Chemical Specialities
BGA	Member of the British Geotechnical Association
BIOH	British Institute of Occupation Hygienists
BNES	Member of British Nuclear Energy Society
BOHS	British Occupational Hygiene Society
BSIF	British Safety Industry Federation
CChem	Chartered Chemist - chartered qualification
CEng	Chartered Engineer
CEnv	Chartered Environmentalist - Institute of Environmental Sciences
CGeol	Chartered Geologist - The Geological Society
CILT (UK)	The Chartered Institute of Logistics and Transport (UK)
CIM	Chartered Institute of Marketing
CMath	Chartered Mathematician Institute of Mathematics and its Applications
CMIOSH	Chartered Institute of Occupational Safety & Health
CPhys	Chartered Physicist
CIQ	Chartered Quality Institute
CSci	Chartered Scientist with the Science Council
EPS	Emergency Planning Society
FArborA/ MArborA	Fellows and Professional Members of the Arboricultural Association
FCIS	Fellows of the Institute of Chartered Secretaries and Administrators
FconsE	Federation of Consulting Engineers
FFB	Fellows of the Faculty of Building
FGS	Fellows of the Geological Society
FICPD	Fellows of the Institute of Continuing Professional Development
FIEMA/ MIEMA	Fellows and Members of the Institute of Environmental Management and Assessment and may include registered Principal EIA practitioners
FIHIE	Fellows of the Institute of Highway Incorporated Engineers
FIM	Fellows of the Institute of Management
FIMA	Fellow of the Institute of Mathematics and its Applications
FinstLM	Fellows of the Institute of Leadership and Management
FIPSoil Sc/ MISoil Sc	Fellows and Chartered Members of the Institute of Professional Soil Scientists
FLI/MLI	Fellows and Members of the Landscape Institute
FRGS	Fellows of the Royal Geographic Society
FRICS/ MRICS	Fellows and Members of the Royal Institution of Chartered Surveyors
FRSA	Fellows of the Royal Society of the Academy of Arts, Manufacturers and Commerce
FRTPI/ MRTPI	Fellows and Members of the Royal Town Planning Institute
FSA	Fellows of the Society of Antiquaries
FSRP	Fellows of the Society for Radiological Protection
GeolSoc	Geological Society of London
ICES	Institution of Civil Engineering Surveyors
IChemE	Institute of Chemical Engineers
IED	Institution of Engineering Designers
IEMA EIA	IEMA EIA Practitioner Register
IEnvSc	Institute of Environmental Sciences - staff memberships
IETechRI	International Emergency Technical Response Institute
IFE	Institute of Fire Engineers
IIRSM	International Institute of Risk and Safety Management - staff memberships
IOP	Institute of Physics
IQA	Institute of Quality Assurance - staff memberships
IRTE	Institute of Road Transport Engineers - staff memberships
ISA	International Society of Arboriculture
IISec	International Institute of Security
LPS	London Petrophysical Society
Mabor A	Members of the Arboricultural Association
MAE	Members Academy of Experts
MAPM	Members Association for Project Management
MAPS	Members Association for Project Safety
MCIA	Members Chartered Institute of Arbitrators
MCIAT	Members Chartered Institute of Architectural Technologists
MCIOB	Members Chartered Institute of Building
MCIWEM	Members of the Chartered Institute of Water and Environmental Management
MCIWM	Members of the Chartered Institute of Waste Management
MCMI	Members of the Chartered Management Institute
MEI	Members of the Energy Institute
MFOH	Member of Faculty of Occupational Hygiene
MHS	Members of the Hydrographic Society
MIBiol	Members of the Institute of Biology
MICE	Members of the Institute of Civil Engineers
MICFor	Professional Member of the Institute of Foresters
MIEEM/ AIEEM/ FIEEM	Members, Associates and Fellows of the Institute of Ecology and Environmental
MIEnv Sc	Member of the Institute of Environmental Science
MIET	Members of the Institute of Engineering and Technology

Staff Professional Memberships continued

MIExpE	Members of the Institute of Explosives Engineers
MIFA/ AIFA/ PIFA	Members, Associates and Practitioners of the Institute of Field Archaeologists
MIGEM	Members of the Institution of Gas Engineers and Managers
MIHort	Members of the Institute of Horticulture
MIHT	Members of the Institution of Highways and Transportation
MIIRSM	Member of the International Institute of Risk and Safety Management
MLI	Member of Landscape Institute
MILT	Members of the Institute of Logistics and Transport
MIME	Members of the Institute of Marine Engineers
MIMMM	Members of the Institute of Materials, Minerals and Mining
MinstMC	Members of the Institute of Measurement and Control
MinstNDT	Members of the Institute of Non-Destructive Testing
MINucE	Members of the Institute of Nuclear Engineering
MIOA	Members of the Institute of Acoustics
MIQ/FIQ	Members of the Institute of Quarrying
MRAeS	Member of the Royal Aeronautical Society
MIStruct.E	Members of the Institute of Structural Engineers
MIWEM	Members of the Institute of Waste and Environmental Management
MPA	Members of the Palaeontological Association
MRSC	Members of the Royal Society of Chemistry
MTS	Marine Technology Society - staff memberships
MVS	Maritime Volunteer Service
NARF	National Association of Retired Fire Fighters
PESGB	Petroleum Exploration Society of Great Britain - staff memberships
RIAS	Royal Incorporation of Architects in Scotland
RIBA	Royal Institute of Architects
RIN	Royal Institute of Navigation - staff memberships
RSPH	Royal Society for the Promotion of Health
SaRS	Safety and Reliability Society - staff memberships
SBWWI	Society of British Water & Wastewater Industries
SOE	Society of Operations Engineers - staff memberships
SPE	Society of Petroleum Engineers
SPWLA	Society of Petrophysicists & Well Log Analysts
SUT	Society of Underwater Technology - staff memberships
TCA	The Composting Association
TMS	The Micropalaeontological Society - staff memberships
UDAL	Urban Design Alliance - staff memberships
UDG	Urban Design Group - staff memberships
WMSoc	Water Management Society

Professional Memberships held in Ireland

CRE	Composting Association of Ireland - staff memberships
IBEA	Irish Bio-Energy Association - staff memberships
ICHPA	Irish Combined Heat and Power Association - staff memberships
Iwea	Irish Wind Energy Association - staff memberships
MCEI	Member of the Association of Consulting Engineers
MIEI	Member of the Institution of Engineers of Ireland
MIPI	Member of the Irish Planning Institute
Pgeo	Professional Members of the Institute of Geologists of Ireland
PMI	Project Management Institute - staff memberships
RconsEI	Registered Consulting Engineers of Ireland

Professional Memberships held in the Netherlands

KIVI	Royal Dutch Institute of Engineers - staff memberships
KNCV	Royal Dutch Society of Chemists
LEAF	Letting Associates Foundation for sustainable development (Int. lvdP)
NAP-DACE	Dutch Association of Cost Engineers - staff memberships
NILI	The Netherlands Institute of Agricultural Engineers - staff memberships
NIVRE	The Netherlands Register of Loss Adjustment Experts - staff memberships
NvA	Raad voor Accredicatie - Council for Accredition
NVT	The Netherlands Toxicology Society - staff memberships
NVVA	Dutch Association of Industrial Hygienists - staff memberships
NVVK	Dutch Society of Safety Professionals - staff memberships
ONRI	Dutch Society of Engineers - staff memberships

Professional Memberships of Other European Institutes

EAEG	The European Association of Geoscientists and Engineers - staff memberships
EFCA	European Federation of Engineering Consultancy Associations
EFG	The European Federation of Geologists - staff memberships
EPSG	The European Petroleum Survey Group - staff memberships
EUROTOX	The European Institute for Eco-Toxicology - staff memberships
FIDIC	The International Federation of Consulting Engineers - staff memberships
IAH	International Association of Hydrogeologists - staff memberships
IAS	The International Association of Sedimentologists - staff memberships
ISSMGE	The International Society for Soil Mechanics and Geotechnical Engineering - staff memberships

Professional Memberships held in Australia

ACEPA	Advisory Council to the Environmental Protection Authority - staff memberships
ACLCA	Australian Contaminated Land Consultants Association (WA) Inc
AICD	Australian Institute of Company Directors - staff memberships

AIG	Australian Institute of Geoscientists
AIM Qld & NL	Australian Institute of Management Qld & NT
AMSA	Australian Marine Sciences Association - staff memberships
APIA	Australian Pipeline Industry Association Ltd
APPEA	The Australian Petroleum Production and Exploration Association - staff and company memberships
ASEG	The Australian Society of Exploration Geophysicists - staff memberships
ASFB	Australian Society for Fish Biology - staff memberships
CUDAS	Conservation, Urban Drainage and Sustainability Taskforce (WA) - staff memberships
ECA (WA)	The Environmental Consultants Association of Western Australia - staff memberships
EIANZ	Environment Institute of Australia and New Zealand - staff memberships
GSM	Geological Society of Malaysia - company and staff memberships
HIA	Housing Industry Association (Australia) - staff memberships
IAH	International Association of Hydrogeologists Australia Australian National Chapter - staff memberships
IPA	Indonesian Petroleum Association - staff memberships
MNZPI	Members of the New Zealand Planning Institute
MUSES	Murdoch University School of Environmental Sciences - staff memberships
NELA	National Environmental Law Association (Australia)
PESA	The Petroleum Exploration Society of Australia - staff and company memberships
PESGB	Petroleum Exploration Society of Great Britain - staff memberships
QELA	Queensland Environmental Law Association
QUPEX	Queensland Petroleum Exploration Association - staff memberships
SEAPEX	S E Asia Petroleum Exploration Society - staff memberships
SLDBIP	Sustainable Land Development and Building Group Industry Partnership Group (Australia)
SPE	Society of Professional Engineers - staff memberships
SUT	Society of Underwater Technology - staff memberships
THS	The Hydrographic Society - company membership
UDIA	Urban Development Institute of Australia (WA) - staff memberships quality results

Professional Memberships held in the USA and Canada

AAPG	American Association of Petroleum Geologists - staff memberships
AASP	The American Association of Stratigraphic Palynologists - staff memberships
ADDC	Association of Desk and Derrick Clubs, Canada, Affiliated with Association of Desk and Derrick Clubs, USA
APEGGA	Association of Professional Engineers, Geologists and Geophysicists of Alberta - staff memberships
APEGS	Association of Professional Engineers & Geoscientist of Saskatchewan - staff memberships
APGNS	Association of Professional Geoscientists of Nova Scotia
CADE	Canadian Association of Drilling Engineers
CGA	Certified General Accountants Association of Canada
CHOA	Canadian Heavy Oil Association
CSEG	Canadian Society of Exploration Geophysicists - staff memberships
CSPG	Canadian Society of Petroleum Geologists - staff memberships
CSPGHO	Canadian Society of Petroleum Geologists - Heavy Oil Division
CWLS	Canadian Well Logging Society - staff memberships
EAGE	European Association of Geoscients & Engineers - staff memberships
GSH	The Geophysical Society of Houston - staff memberships
HGS	The Houston Geological Society - staff memberships
INA	The International Nannofossil Association - staff memberships
LGS	The Lafayette Geological Society - staff memberships
PESGB	Petroleum Exploration Society of Great Britain - staff memberships
PETSOC	The Petroleum Society of the Canadian Institute of Mining, Metallurgy & Petroleum - staff memberships
PSAC	Petroleum Services Association of Canada
SCA	Society of Core Analysis
SEG	Society of Exploration Geophysicists - staff memberships
SEPM	Society of Economic Paleontologists and Mineralogists - staff memberships
SIAM	Society for Industrial and Applied Mathematics - staff membership
SPE	Society of Petroleum Engineers - staff memberships
SPWLA	Society of Petrophysicists and Well Log Analysts - staff memberships

Professional Memberships held in Other Countries

MHKIE	Members of the Hong Kong Institution of Engineers

Subscriptions to Industry Vendor Databases

Constructionline for suppliers to Public Sector Authorities and Agencies in the UK (Reg. 8788)

Achilles	Achilles Vendor Database for suppliers to the oil and gas industry in Norway (Reg. 12837)
FPAL	First Point Assessment Ltd for suppliers to the oil and gas industry (Reg. 16132 for the UK)
FPAL	First Point Assessment Ltd for suppliers to the oil and gas industry (Reg. 28745 for the Netherlands)
Link-Up	Suppliers to the Rail Industry in the UK (Reg. 21367)
NAFLIC	National Association For Leisure Industry Certification
UVDB	Utilities Vendor Database for suppliers to the utilities industries in the UK (Reg. 83299)

Management & Governance

The Board

The Board has the responsibility to:

1. Ensure that the Group has in place at all times a strategy that is capable of delivering realistic returns to shareholders.
2. Continue to organise and monitor the performance of Group's operations through the Divisional structure.
3. Keep that structure under review and be prepared to change the number and nature of the Divisions in order both to take account of market opportunities and also to deal with management issues.
4. Clarify any ambiguities in the authority, responsibilities and obligations of the various parts of the Divisions both in terms of managing their businesses and reporting upon those businesses.
5. Keep under review the composition of the Divisional Management teams and monitor their performance, being prepared to make changes in order to maintain or improve performance in terms of both delivery to clients and financial results.
6. Ensure the Group and Divisional Boards have policies in place to attract and retain high quality staff.
7. Manage and promote the RPS brand vigorously and vigilantly, by ensuring it has an adequate profile amongst the client base that is respected and strengthened.
8. Keep under review opportunities to extend the range of products RPS offers and the sectors in which it operates.
9. Keep under review opportunities to extend the geographic areas in which RPS operates.
10. Ensure that the Board has available an appropriate and effective advisory team including brokers, financial advisers, auditors, lawyers and financial public relations professionals.
11. Together with our brokers, maintain an active Investor Relations programme designed to ensure full exposure of the RPS investment case to appropriate fund managers in the UK, Europe and USA.
12. Maintain contact with a wide range of analysts and brokers to ensure current independent research is available to the market.
13. Maintain systems of corporate governance compliant with the Combined Code and appropriate for a company of RPS' type and size. Discuss these matters with major shareholders on a regular basis.
14. Ensure that the Group operates appropriate risk management systems in respect of all aspects of its business.
15. Ensure that the Group has in place IT systems appropriate for the proper operation of the business and its likely expansion.
16. Ensure that the Group has in place both a web-site and an intranet that provides an effective communication medium for staff, clients and others with an interest in RPS.
17. Ensure that the Group has sufficient and adequate funding in place to maintain its strategy.

Composition and Operations

The Board currently comprises five Executive and three Non-Executive Directors excluding the Chairman. The Executive Directors are responsible for the management of all the Group's business activities. The Non-Executive Directors are all independent of management and contribute independent judgement and extensive knowledge and experience to the proceedings of the Board. The Chairman was independent on appointment.

The Board generally meets on a monthly basis (other than during holiday periods) and more frequently when business needs require. The Board has a schedule of matters referred to it for decision and the requirement for Board approval on these matters is communicated widely throughout the senior management of the Group. Its principal tasks are to formulate strategy and to monitor and control operating and financial performance in pursuit of the Group's strategic objectives.

The Executive Directors meet at least once a month. The Executive Committee is responsible for all operational matters within the Group except in respect of any decision, or group of decisions, which could not be executed within the limit of funds available to the Group or which are likely to have a material effect upon the trading prospects of the Group. The minutes of the meeting are circulated to the Non-Executive Directors for review.

Operational matters do not include the setting of the Group Strategy or budgets for the Group as a whole or raising of equity or debt finance; these remain matters for the full Board to decide on along with anything which requires shareholder consultation or approval, such as results announcements, the Annual Report or Class 1 Circulars.

Where Directors have concerns which cannot be resolved about the running of the Company or a proposed action, these concerns are recorded in the Board minutes. It is the policy of the Company that if a Director resigns, concerns expressed are provided in a written statement to the Chairman for circulation to the Board.

It is the responsibility of the Company Secretary to ensure appropriate insurance cover is maintained in respect of legal actions against Directors. The level of cover is currently £10 million.

The Board is also responsible for the financing of the Group, material capital commitments, commencing or settling major litigation, corporate acquisitions and disposals and appointments to subsidiary company boards and anything else which may materially affect the Group's performance. Comprehensive papers which deal with all material issues are circulated in advance of each meeting.

The Board undertakes an annual performance review. This review looks at all key aspects of the Board's responsibilities and identifies areas for improvement.

There is an agreed procedure for Non-Executive Directors, as well as Executive Directors, to take independent professional advice and training at the Company's expense. This is in addition to the access which every Director has to the Company Secretary.

The Secretary is charged by the Board with ensuring that Board procedures are followed.

When new members are appointed to the Board, access is available to appropriate external training courses and to advice from the Company's solicitors in respect of their role and duties as a public company Director if required.

The Non-Executive Directors are appointed for three year terms which are subject to re-election. Any term beyond six years for a Non-Executive is rigorously reviewed, looking at the requirement to refresh the Board.

The differing roles of Chairman and Chief Executive are acknowledged and are separate. The key functions of the Chairman are to conduct Board meetings and meetings of shareholders and to ensure that all Directors are properly briefed in order to take a full and constructive part in Board discussions. The Chief Executive is required to develop and lead business strategies and processes to enable the Group's business to meet the requirements of its clients and needs of its staff and shareholders. The Non-Executive Directors hold meetings with the Chairman without the Executives present at least twice a year. The Non-Executives met during the year, led by the Senior Non-Executive Director, to appraise the Chairman's performance. The Executive Directors have their performance individually reviewed by the Chief Executive against annually set objectives. The Chief Executive has his performance reviewed by the Chairman and Senior Independent Non-Executive Director.

Concerns relating to the executive management of the Company or the performance of the other Non-Executive Directors may be raised with the Senior Independent Non-Executive Director.

The Senior Independent Director is available to shareholders if they have concerns which contact through the Chairman, Chief Executive or Finance Director has failed to resolve.

The Board is assisted by five committees - Audit, Remuneration, Nomination, Corporate Governance and Executive. The Board regularly considers its own performance and the matters reserved to it. It also monitors its performance against Group strategy and external parameters.

The Board agenda gives greater focus to business performance and strategy.

Full details of Directors' remuneration and a statement of the Company's remuneration policy are set out on pages 51 to 56. The members of the Remuneration Committee in 2007 are identified on page 47. Each Executive Director abstains from any discussion or voting at full Board meetings on Remuneration Committee recommendations where the recommendations have a direct bearing on his own remuneration package.

Brook Land

Independent Non-Executive Chairman

Aged 58. Brook Land was formerly a partner of and is now a consultant to Nabarro. He is Senior Non-Executive Director of Signet Group plc and a director of a number of private companies. He was appointed to the Board in 1997 and is serving a fifth term and is being put forward for re-election on an annual basis.

Contract

Date of contract	Unexpired term at 31 December 2007	Notice period
September 1997	Until AGM 2010	N/A

Emoluments and compensation

			Emoluments excluding pensions				Pension (paid and provided)	
Basic salary £000s	Bonus £000s	Fees £000s	Benefits £000s	2007 £000s	2006 £000s	2005 £000s	2007 £000s	2006 £000s
–	–	87	–	87	72	65	–	–

Beneficial interests

Number of shares at 31 December 2007 and at 13 February 2008	Number of shares at 31 December 2006 and at 21 February 2007
30,000	30,000

Committee membership – Board and Committee

	Full Board*	Audit Committee	Remuneration Committee	Nomination Committee*	Corporate Governance
Number of Board and Committee meetings attended	9	–	–	2	2

* Chairman

Dr Alan Hearne
Chief Executive

Aged 55. Alan Hearne holds a degree in economics and a doctorate in environmental planning. Following a period of academic research into environmental planning he joined RPS in 1978, became a Director in 1979 and Chief Executive in 1981. Alan Hearne was the plc Entrepreneur of the Year in 2001, was made a Companion of the Institute of Management in 2002, a member of the Board of the Companions in 2007 and fellow of Aston Business School in 2006.

Service Contract

Date of contract	Unexpired term at 31 December 2007	Notice period
February 1997	12 months	12 months

Emoluments and compensation

			Emoluments excluding pensions				Pension (paid and provided)	
Basic salary £000s	Bonus £000s	Fees £000s	Benefits £000s	2007 £000s	2006 £000s	2005 £000s	2007 £000s	2006 £000s
365	312	–	19	696	587	509	***	308

Share options

1 Jan 2007 Number	Exercised Number	31 Dec 2007 Number	Exercise price	Market value at date of exercise	Date from which exercisable	Expiry date
57,024	57,024	–	72.7p	326.8p	22/2/2004	
33,780	33,780	–	125.0p	326.8p	8/2/2003	
33,780	33,780	–	125.0p	326.8p	8/2/2005	
42,982	42,982	–	171.0p	326.8p	6/3/2004	
42,982	42,982	–	171.0p	326.8p	6/3/2006	
62,500	62,500	–	149.0p	326.8p	14/3/2005	
62,500	62,500	–	149.0p	326.8p	14/3/2007	
62,500	62,500	–	111.0p	326.8p	20/3/2006	
62,500	–	62,500	111.0p	N/A	20/3/2008	20/3/2015
28,157	28,157	–	146.5p	326.8p	12/8/2006	
28,157	–	28,157	146.5p	N/A	12/8/2008	12/8/2015

LTIP award

	1 Jan 2007 number	Granted number	Released	31 Dec 2007	Market value of shares at grant	Market value at date of release
2004	251,012	–	251,012	–	123.5p	370.8p
2005	178,417	–	–	178,417	139p	–
2006	145,652	–	–	145,652	184p	–
2007	–	124,893	–	124,893	292.3p	–
Total	**575,081**	**124,893**	**251,012**	**448,962**		

Share Incentive Plan

	Beneficial interest at 31 December 2007	Beneficial interest at 31 December 2006
Partnership shares	922	477
Matching shares	921	478
Total	1,843	955

Beneficial interests

	Number of shares at 31 December 2007 and at 13 February 2008	Number of shares at 31 December 2006 and at 21 February 2007
Total	732,030	1,037,350

Committee membership – Board and Committee

	Full Board	Audit Committee	Remuneration Committee	Nomination Committee	Corporate Governance**	Executive Committee
Number of Board and Committee meetings attended	9	–	–	–	2	*

* meets at least once a month

** Chairman

*** In 2006 the Remuneration Committee agreed to make a one-off payment of £300,000 to the pension plan of the CEO prior to 6 April 2006 representing six years of future annual contributions. No further pension contributions will be made during this period.

Gary Young

Finance Director

Aged 48. Gary Young graduated from Southampton University in 1982 and qualified as a Chartered Accountant in 1986 with Price Waterhouse. Before joining RPS he held a number of financial director roles including positions within Rutland Trust plc and AT&T Capital. He joined RPS in September 2000 and was appointed to the Board in November 2000.

Service Contract

Date of contract	Unexpired term at 31 December 2007	Notice period
September 2000	12 months	12 months

Emoluments and compensation

Basic salary £000s	Bonus £000s	Fees £000s	Benefits £000s	Emoluments excluding pensions 2007 £000s	2006 £000s	2005 £000s	Pension (paid and provided) 2007 £000s	2006 £000s
180	111	–	10	301	265	214	27	26

Share options

1 Jan 2007 Number	Exercised Number	31 Dec 2007 Number	Exercise price	Market value at date of exercise	Date from which exercisable	Expiry date
20,285	20,285	–	171.0p	326.8p	6/3/2004	-
20,285	20,285	–	171.0p	326.8p	6/3/2006	-
27,500	27,500	–	149.0p	326.8p	14/3/2005	-
27,500	27,500	–	149.0p	326.8p	14/3/2007	-
27,500	27,500	–	111.0p	326.8p	20/3/2006	-
27,500	–	27,500	111.0p	N/A	20/3/2008	20/3/2015
13,720	13,720	–	146.5p	326.8p	12/8/2006	-
13,720	–	13,720	146.5p	N/A	12/8/2008	12/8/2015

LTIP award

	1 Jan 2007 number	Granted number	Released	31 Dec 2007	Market value of shares at grant	Market value at date of release
2004	91,093	–	91,093	–	123.5p	370.8p
2005	66,906	–	–	66,906	139p	–
2006	55,434	–	–	55,434	184p	–
2007	–	49,272	–	49,272	292.3p	–
Total	**213,433**	**49,272**	**91,093**	**171,612**		

Share Incentive Plan

	Beneficial Interest at 31 December 2007	Beneficial Interest at 31 December 2006
Partnership Shares	2,386	1,965
Matching Shares	2,385	1,965
Total	4,771	3,930

The beneficial ownership of the Matching Shares will pass to the Directors in three years time, subject to continued employment and the retention of the underlying Partnership Shares.

Beneficial interests

	Number of shares at 31 December 2007 and at 13 February 2008	Number of shares at 31 December 2006 and at 21 February 2007
Total	–	–

Pensions

Pension contributions are paid into a Group personal pension.

Committee membership – Board and Committee

	Full Board	Audit Committee	Remuneration Committee	Nomination Committee	Executive Committee
Number of Board and Committee meetings attended	9	-	-	-	*

* meets at least once a month

Andrew Troup

Executive Director

Aged 49. Andrew Troup graduated from Reading University in 1979 and qualified as a Chartered Surveyor in 1986. He joined RPS in the same year and became a member of the Board in November 1991.

Service Contract

Date of contract	Unexpired term at 31 December 2007	Notice period
February 1997	12 months	12 months

Emoluments and compensation

			Emoluments excluding pensions				Pension (paid and provided)	
Basic salary £000s	Bonus £000s	Fees £000s	Benefits £000s	2007 £000s	2006 £000s	2005 £000s	2007 £000s	2006 £000s
195	27	–	10	232	287	234	29	28

Share options

1 Jan 2007 Number	Exercised Number	31 Dec 2007 Number	Exercise price	Market value at date of exercise	Date from which exercisable	Expiry date
40,284	40,284	–	72.7p	326.8p	22/2/2004	–
23,862	23,862	–	125.0p	326.8p	8/2/2003	–
23,862	23,862	–	125.0p	326.8p	8/2/2005	–
24,123	–	24,123	171.0p	N/A	6/3/2004	6/3/2011
24,123	–	24,123	171.0p	N/A	6/3/2006	6/3/2013
35,000	–	35,000	149.0p	N/A	14/3/2005	14/3/2012
35,000	–	35,000	149.0p	N/A	14/3/2007	14/3/2014
35,000	–	35,000	111.0p	N/A	20/3/2006	20/3/2013
35,000	–	35,000	111.0p	N/A	20/3/2008	20/3/2015
14,437	–	14,437	146.5p	N/A	12/8/2006	12/8/2013
14,437	–	14,437	146.5p	N/A	12/8/2008	12/8/2015

LTIP award

	1 Jan 2007 number	Granted number	Released	31 Dec 2007	Market value of shares at grant	Market value at date of release
2004	106,275	–	106,275	–	123.5p	370.8p
2005	75,540	–	–	75,540	139p	–
2006	60,326	–	–	60,326	184p	–
2007	–	53,378	–	53,378	292.3p	–
Total	**242,141**	**53,378**	**106,275**	**189,244**		

Share Incentive Plan

	Beneficial Interest at 31 December 2007	Beneficial Interest at 31 December 2006
Partnership Shares	955	786
Matching Shares	955	786
Total	1,910	1,572

The beneficial ownership of the Matching Shares will pass to the Directors in three years time, subject to continued employment and the retention of the underlying Partnership Shares.

Beneficial interests

	Number of shares at 31 December 2007 and at 13 February 2008	Number of shares at 31 December 2006
Total	269,266	269,266

Pensions

Pension contributions are paid into a Group personal pension.

Committee membership – Board and Committee

	Full Board	Audit Committee	Remuneration Committee	Nomination Committee	Executive Committee
Number of Board and Committee meetings attended	9	-	-	-	*

* meets at least once a month

Peter Dowen

Executive Director

Aged 59. Peter Dowen graduated from Leeds School of Architecture in 1972 and qualified as a Chartered Architect in 1973. After a period in private practice he became a director of Brian Clouston and Partners in 1980 before joining RPS in 1989 when he was appointed to the Board.

Service Contract

Date of contract	Unexpired term at 31 December 2007	Notice period
February 1997	12 months	12 months

Emoluments and compensation

			Emoluments excluding pensions				Pension (paid and provided)	
Basic salary £000s	Bonus £000s	Fees £000s	Benefits £000s	2007 £000s	2006 £000s	2005 £000s	2007 £000s	2006 £000s
220	113	–	10	343	325	259	33	32

Share options

1 Jan 2007 Number	Exercised Number	31 Dec 2007 Number	Exercise price	Market value at date of exercise	Date from which exercisable	Expiry date
40,284	40,284	–	72.7p	326.8p	22/2/2004	
23,862	23,862	–	125.0p	326.8p	8/2/2003	
23,862	23,862	–	125.0p	326.8p	8/2/2005	
20,285	20,285	–	171.0p	326.8p	6/3/2004	
20,285	20,285	–	171.0p	326.8p	6/3/2006	
32,500	32,500	–	149.0p	326.8p	14/3/2005	
32,500	32,500	–	149.0p	326.8p	14/3/2007	
32,500	32,500	–	111.0p	326.8p	20/3/2006	
32,500	–	32,500	111.0p	N/A	20/3/2008	20/3/2015
15,051	15,051	–	146.5p	326.8p	12/8/2006	
15,051	–	15,051	146.5p	N/A	12/8/2008	12/8/2015

LTIP award

	1 Jan 2007 number	Granted number	Released	31 Dec 2007	Market value of shares at grant	Market value at date of release
2004	103,239	–	103,239	–	123.5p	370.8p
2005	86,331	–	–	86,331	139p	–
2006	68,478	–	–	68,478	184p	–
2007	–	60,022	–	60,022	292.3p	–
Total	**258,048**	**60,022**	**103,239**	**214,831**		

Beneficial interests

Number of shares at 31 December 2007 and at 13 February 2008	Number of shares at 31 December 2006 and at 21 February 2007
750,910	750,910

Pensions

The Executive Directors of the Company earned pensions benefits in a company money purchase (defined contribution) scheme during the year.

Committee membership – Board and Committee

	Full Board	Audit Committee	Remuneration Committee	Nomination Committee	Executive Committee
Number of Board and Committee meetings attended	9	-	-	-	*

* meets at least once a month

Dr Phil Williams

Executive Director

Aged 54. Phil Williams joined the Group in September 2003 through the acquisition of Hydrosearch Associates Limited where he held the position of Managing Director. Phil joined Hydrosearch in 1981 and was appointed Managing Director in 1983. Over the next 20 years he led Hydrosearch as the company developed into one of the world's largest energy sector consulting groups. Phil was appointed to the Board in December 2005.

Service Contract

Date of contract	Unexpired term at 31 December 2007	Notice period
November 2005	12 months	12 months

Emoluments and compensation

			Emoluments excluding pensions				Pension (paid and provided)	
Basic salary £000s	Bonus £000s	Fees £000s	Benefits £000s	2007 £000s	2006 £000s	2005 £000s	2007 £000s	2006 £000s
220	150	–	12	382	285	66	33	29

LTIP award

	1 Jan 2007 number	Granted number	31 Dec 2007	Market value of shares at grant
2006	57,065	–	57,065	184p
2007	–	60,222	60,222	292.3p
Total	**57,065**	**60,222**	**117,287**	

Beneficial interests

	Number of shares at 31 December 2007 and at 13 February 2008	Number of shares at 31 December 2006 and at 21 February 2007
Total	350,000	400,000

Pensions

Pension contributons are paid into a Group personal pension.

Committee membership – Board and Committee

	Full Board	Audit Committee	Remuneration Committee	Nomination Committee	Executive Committee
Number of Board and Committee meetings attended	7	–	–	–	*

* meets at least once a month

Roger Devlin

Senior Independent Non-Executive Director

Aged 50. Roger Devlin chairs three private equity companies - Principal Hotels (on behalf of Permira), Verere Italia (Advent) and Gamesys. He is also a non-executive director of National Express. Roger read law at Oxford and trained in the City with Hill Samuel, before going on to join the boards of both Hilton International and Ladbrokes. He joined the Board on 29 April 2002 and is serving a second three-year term. His contract is to be extended for a third three-year term.

Contract

Date of contract	Unexpired term at 31 December 2007	Notice period
April 2002	4 months	N/A

Emoluments and compensation

			Emoluments excluding pensions				Pension (paid and provided)	
Basic salary £000s	Bonus £000s	Fees £000s	Benefits £000s	2007 £000s	2006 £000s	2005 £000s	2007 £000s	2006 £000s
–	–	32	–	32	27	27	–	–

Beneficial interests

	Number of shares at 31 December 2007 and at 13 February 2008	Number of shares at 31 December 2006 and at 21 February 2007
	–	–

Committee membership – Board and Committee

	Full Board	Audit Committee	Remuneration Committee	Nomination Committee
Number of Board and Committee meetings attended	9	3	–	2

Karen McPherson

Independent Non-Executive Director

Aged 55. Karen was a Non-Executive Director of F&C Asset Management Plc from 1985 to October 2006. Karen has extensive Human Resources experience and currently runs her own independent HR consultancy business, Potential Unlimited, which she founded in 2000. Prior to this Karen worked for F&C Management Plc from 1996 to 1998 as Director and Head of Human Resources. She previously worked for JP Morgan and Chemical Bank. Karen was appointed to the Board in June 2005 and is serving an initial three-year term.

Contract

Date of contract	Unexpired term at 31 December 2007	Notice period
June 2005	6 months	N/A

Emoluments and compensation

			Emoluments excluding pensions				Pension (paid and provided)	
Basic salary £000s	Bonus £000s	Fees £000s	Benefits £000s	2007 £000s	2006 £000s	2005 £000s	2007 £000s	2006 £000s
–	–	32	–	32	27	13	–	–

Beneficial interests

	Number of shares at 31 December 2007 and at 13 February 2008	Number of shares at 31 December 2006 and at 21 February 2007
	–	–

Committee membership – Board and Committee

	Full Board	Audit Committee	Remuneration Committee*	Nomination Committee
Number of Board and Committee meetings attended	9	–	4	2

* Chairman

John Bennett

Independent Non-Executive Director

Aged 60. John was appointed to the Board on 1 June 2006. He is a Chartered Accountant with 30 years experience in the house building industry. He was Finance Director of Westbury plc, until it was acquired early in 2006. He has wide experience of financial management, capital and debt raising, acquisitions and investor relations and he played a leading role in the strategic development of Westbury into a top ten volume house builder in the UK.

Contract

Date of contract	Unexpired term at 31 December 2007	Notice period
June 2006	18 months	N/A

Emoluments and compensation

Basic salary £000s	Bonus £000s	Fees £000s	Emoluments excluding pensions Benefits £000s	2007 £000s	2006 £000s	2005 £000s	Pension (paid and provided) 2007 £000s	2006 £000s
–	–	32	–	32	16	–	–	–

Beneficial interests

Number of shares at 31 December 2007 and at 13 February 2008	Number of shares at 31 December 2006 and at 21 February 2007
–	–

Committee membership – Board and Committee

	Full Board	Audit Committee*	Remuneration Committee	Nomination Committee
Number of Board and Committee meetings attended	9	3	4	–

* Chairman

April Rigby

Company Secretary

Aged 46. April Rigby graduated from Leeds University in 1982 and qualified as a Chartered Accountant in 1986 with Arthur Andersen & Co. She joined RPS Group in 1989 and was Finance Director from 1993 to October 2000. She has been Company Secretary since 1993.

Committees

Committee membership

Audit Committee

John Bennett (Chairman)

Roger Devlin

Remuneration Committee

Karen McPherson (Chairman)

John Bennett

Nomination Committee

Brook Land (Chairman)

Roger Devlin

Karen McPherson

Executive Committee

Alan Hearne (Chairman)

Peter Dowen

Andrew Troup

Phil Williams

Gary Young

April Rigby (Secretary)

Environmental & Social Responsibility Committee

Karen McPherson (Chairman)

John Bennett

Alan Hearne

Corporate Governance

Alan Hearne (Chairman)

Brook Land

April Rigby (Secretary)

The number of Board and Committee meetings attended by each of the Directors during the year was as follows:

	Full Board	Audit Committee	Remuneration Committee	Nomination Committee	Corporate Governance
Brook Land	9	–	–	2	2
Alan Hearne	9	–	–	–	2
Gary Young	9	–	–	–	–
Andrew Troup	9	–	–	–	–
Peter Dowen	9	–	–	–	–
Phil Williams	7	–	–	–	–
Roger Devlin	9	3	–	2	–
Karen McPherson	9	–	4	2	–
John Bennett	9	3	4	–	–
Total number of meetings	**9**	**3**	**4**	**2**	**2**

Corporate Governance

Committee

In order to manage effectively the Group's structure and organisation during a time when expectations about the nature and standards of Corporate Governance have been changing significantly and rapidly, RPS has established a Corporate Governance Committee. This comprises the Chairman, Chief Executive and Company Secretary; other Directors are consulted as necessary. The Committee reviews issues as they arise and is also responsible for keeping the Board appraised about the implications in respect of changes to the Combined Code. The work of the Corporate Governance Committee is, therefore, reflected into the Audit, Nomination and Remuneration Committees as well as the structure, composition and operation of the Group Board, including the production of the policies described in the Corporate Responsibility Report (pages 24 to 27).

Combined Code

In the opinion of the Board the Chairman and all the other Non-Executive Directors are independent from the Group. The Board is accountable to the Company's shareholders for good governance and the statement set out below describes how the principles identified in the Combined Code already referred to above are applied by the Company. The Corporate Governance Committee has reviewed RPS' performance against the recommendations in the Code. In summary the position is as follows:

	Combined Code paragraph	Comment	Page
The Board should meet regularly to discharge its duties. There should be a formal schedule of matters specifically reserved for its decision. The annual report should include a statement of how the Board operates, including a high level statement of which types of decisions are to be taken by the Board and which are delegated to management.	A.1.1	Compliant	36/37
The Annual Report should identify the Chairman, Chief Executive, Senior Director and Chairman and Independent Non-Executive members of Nomination, Audit and Remuneration Committees. It should also set out the number of meetings held and individual attendance.	A.1.2	Compliant	47
The Chairman should hold meetings with Non-Executive Directors without the Executives present. Led by the Senior Independent Non-Executive Director, the Non-Executive Directors should meet without the Chairman present at least annually to appraise the Chairman's performance.	A.1.3	Compliant	37
Where Directors have concerns which cannot be resolved about the running of the Company or a proposed action these concerns should be recorded in the Board minutes. On resignation these concerns should be provided in a written statement to the Chairman for circulation to the Board.	A.1.4	Compliant	37
The Company should arrange appropriate insurance cover in respect of legal action against Directors.	A.1.5	Compliant	37
The roles of the Chairman and Chief Executive should be split. The division of responsibilities between the Chairman and Chief Executive should be clearly established, set out in writing and agreed by the Board.	A.2.1	Compliant	37
The Chairman on appointment should be independent.	A.2.2	Compliant	36
The Board should identify in the annual report each Non-Executive Director it considers to be independent.	A.3.1	Compliant	38-47
At least half the board, excluding the Chairman, should comprise Non-Executive Directors determined by the board to be independent.	A.3.2	Non-Compliant	*

* Until RPS joined the FTSE250 on 28 July 2006 it was required to have only 2 Independent Non-Executive Directors. Upon joining the FTSE250 the requirement went up to 5 Non-Executives as there are 5 Executives on the Board. Currently RPS has 3 Independent Non-Executives. The Board has undertaken a recruitment process during the course of 2007 to find a suitable additional Non-Executive and is hoping to announce an appointment shortly.

	Combined Code paragraph	Comment	Page
The Board should appoint one of the Independent Non-Executive Directors to be the Senior Independent Non-Executive Director. The Senior Independent Director should be available to shareholders if they have concerns which contact through the normal channels of Chairman, Chief Executive or Finance Director has failed to resolve and for which such contact is inappropriate.	A.3.3	Compliant	44
There should be a Nomination Committee. The Chairman or independent non-executive director should chair the committee unless it is dealing with the appointment of a successor to the Chairmanship. The Nomination Committee should make available its terms of reference.	A.4.1	Compliant	58-59
The Nomination Committee should evaluate the balance of skills, knowledge and experience on the Board and evaluate the role and capabilities required for a particular appointment.	A.4.2	Compliant	58-59
On appointment of a Chairman, the Nomination Committee should prepare a job specification. A Chairman's other significant commitments should be disclosed to the Board before appointment and included in the Annual Report.	A.4.3	Compliant	58
The terms and conditions of appointment of Non-Executive Directors should be made available for inspection by any person at the Company's registered office and at the AGM.	A.4.4	Compliant	58
The annual report should describe the work of the Nomination Committee, including processes it has used in relation to Board appointments.	A.4.6	Compliant	58-59
New Directors should receive a full, formal and tailored induction on joining the Board. Shareholders should be offered the opportunity to meet the new Non-Executive.	A.5.1	Compliant	37
All Directors should have access to independent professional advice. Committees should be provided with sufficient resources to undertake their duties.	A.5.2	Compliant	37
All Directors should have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are complied with.	A.5.3	Compliant	37
The Board should state in the annual report how it evaluates performance of the Board, its committees and its individual Directors has been conducted. The Non-Executive Directors led by the Senior Independent Director should be responsible for performance evaluation of the Chairman.	A.6.1	Compliant	37
All Directors should be subject to election by shareholders at the first Annual General Meeting after their appointment, and to re-election thereafter at intervals of no more than three years. The names of Directors submitted for election or re-election should be accompanied by sufficient biographical details and any other relevant information.	A.7.1	Compliant	Notice of Meeting
The Non-Executive Directors should be appointed for specified terms subject to re-election. Any term beyond six years for a Non-Executive should be subject to particularly rigorous review, and take into account the need for progressive refreshing of the Board.	A.7.2	Compliant	37
Performance-related elements of remuneration should form a significant proportion of the total remuneration package of the Executive Directors.	B.1.1	Compliant	51
Share options should not be offered at a discount.	B.1.2	Compliant	53-54
Remuneration for Non-Executive Directors should reflect the time commitment and responsibilities of the role.	B.1.3	Compliant	55
The Remuneration Committee should consider what compensation commitments the Directors' terms of appointment would entail in the event of early termination.	B.1.5	Compliant	55
Notice or contract periods of Executive Directors should be one year or less.	B.1.6	Compliant	55
A Remuneration Committee should be established with at least three Independent Non-Executives.	B.2.1	Non Compliant	**
The Remuneration Committee should have available its terms of reference.			51-52

** The Group currently has 3 Non-Executive Directors apart from the Chairman. No Executive Director sits on all of the 3 major committees (audit, remuneration and nomination). In addition the Chairman does not sit on either the audit or remuneration committees. As a result of this it is only practical for 2 Non-Executive Directors to sit on these committees.

Corporate Governance continued

	Combined Code paragraph	Comment	Page
The Remuneration Committee should set remuneration for all executives. The Remuneration Committee should recommend and monitor the level and structure of remuneration for senior management.	B.2.2	Compliant	51-56
The Board should determine the remuneration of the Non-Executive Directors.	B.2.3	Compliant	55
Shareholders should be invited specifically to approve all new long-term incentive schemes and significant changes to existing schemes.	B.2.4	Compliant	53
The Directors should explain in the annual report their responsibility for preparing accounts and a statement, by the auditor about their reporting responsibilities.	C.1.1	Compliant	65 & 67
The Directors should report that the business is a going concern.	C.1.2	Compliant	65
The Board should conduct at least annually, a review of the effectiveness of the Group's system of internal controls and should report to shareholders that they have done so.	C.2.1	Compliant	51 & 58
The Board should establish an Audit Committee with at least three members who should all be Independent Non-Executive Directors. At least one member of the Audit Committee should have recent and relevant financial experience.	C.3.1	Non-Compliant	**
The role and responsibility of the Audit Committee should be set out in written terms of reference. This should be disclosed in the annual report.	C.3.2/3.3	Compliant	57-58
The Audit Committee should review arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.	C.3.4	Compliant	57
The Audit Committee should consider annually whether there is a need for an internal audit function and make a recommendation to the Board.	C.3.5	Compliant	58
The Audit Committee should have primary responsibility for making a recommendation on the appointment, reappointment or removal of the external auditors.	C.3.6	Compliant	57
If the Board does not accept the Audit Committee's recommendation it should include in its annual report a statement explaining why the Board take a different position.	C3.6	Compliant	n/a
The annual report should explain to shareholders how independence is safeguarded if the auditor provides non audit services.	C.3.7	Compliant	57
The Chairman should ensure that the views of the shareholders are disclosed to the Board as a whole. The Chairman is available to discuss governance and strategy with the shareholders. The Senior Independent Director should attend sufficient meetings with a range of major shareholders in order to develop a balanced understanding of the issues and concerns of the shareholders.	D.1.1	Compliant	27
The Board should state in their annual report the steps they have taken to ensure Board members develop an understanding of the views of major shareholders about their Company.	D.1.2	Compliant	27
The Company should propose a separate resolution at the AGM on each substantially separate issue and should in particular propose a resolution at the AGM relating to the report and accounts.	D.2.1	Compliant	Notice of Meeting
The Company should count all proxy votes and indicate the level of proxies lodged on each resolution, and the balance for and against the resolution and the number of abstentions. The Company should ensure that votes cast are properly received and recorded.	D.2.2	Compliant	
Chairmen of the Audit, Remuneration and Nomination Committees should attend the AGM in order to be available to answer questions.	D.2.3	Compliant	27
The Company should arrange for the Notice of AGM and related papers to be sent to shareholders at least 20 working days before the meeting.	D.2.4	Compliant	

** The Group currently has 3 Non-Executive Directors apart from the Chairman. No Executive Director sits on all of the 3 major committees (audit, remuneration and nomination). In addition the Chairman does not sit on either the audit or remuneration committees. As a result of this it is only practical for 2 Non-Executive Directors to sit on these committees.

Communication

The Company places a great deal of importance on communication with its shareholders. The full report and accounts are made available to all shareholders and to other parties who have an interest in the Group's performance on the Group's website. The Company responds to numerous letters from shareholders and customers when these are received. The Company's website also provides up-to-date information about its organisation, the services it offers and newsworthy subjects.

There is regular dialogue with individual institutional shareholders as well as general presentations after the interim and preliminary results and at other events. All shareholders have the opportunity to put questions at the Company's Annual General Meeting.

Audit and internal controls

The respective responsibilities of the Directors and the independent auditors in connection with the accounts are explained on pages 65 and 67 and the statement of the Directors in respect of going concern appears on page 65.

The Board has procedures in place as recommended in the guidance in "The Combined Code on Corporate Governance" and "Turnbull: Guidance on Internal Controls" and these have been in place for the whole year and up to the date of approval of the financial statements.

The risk management policies are described on pages 17-25.

The Board is responsible for the Group's system of internal control which is designed to provide reasonable but not absolute assurance against material misstatement or loss. The Board reviews from time to time the effectiveness of the system of internal control from information provided by management (page 58) and the Group's external auditors. The key procedures that the Directors have established to provide effective internal financial controls are as follows:

Financial reporting: A detailed formal budgeting process for all Group businesses culminates in an annual Group budget which is approved by the Board. The results for the Group are reported monthly against this budget to the Board.

Financial and accounting principles and internal financial controls assurance: Compliance with these is reviewed as requested. A detailed financial and accounting controls manual sets out the principles of and minimum standards required by the Board for effective financial control.

Capital investment: The Company has clearly defined guidelines for capital expenditure. These include annual budgets, detailed appraisal and review procedures, levels of authority and due diligence requirements where businesses are being acquired.

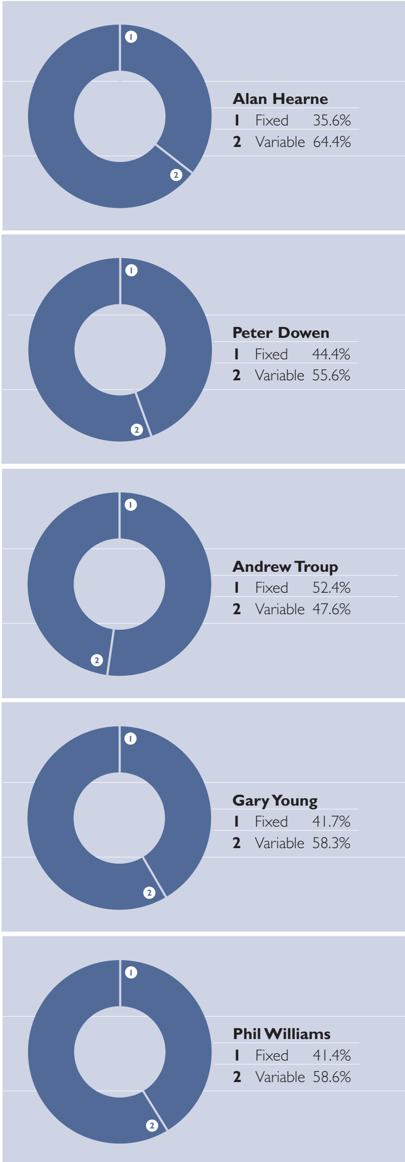
Remuneration Report

The Directors who were members of the Remuneration Committee throughout the year were: Karen McPherson and John Bennett.

The Chairman and Chief Executive have assisted the Remuneration Committee in their deliberations on other Directors' remuneration. The Company Secretary is in attendance at the meeting to provide the committee with any additional advice that is required.

Remuneration Committee - Terms of Reference

- the Committee has been delegated responsibility by the Board to determine and agree with the Board the framework or broad policy for the remuneration of the Executive Directors and Senior Employees of the Company; the remuneration of Non-Executive Directors is a matter for the executive members of the Board who take advice from the independent consultants. No Director or manager is involved in any decisions as to their own remuneration;



Analysis of fixed versus performance related pay for Executive Directors 2007

Notes:

Fixed compensation comprises:
Basic salary
Benefits

Variable compensation comprises:
Maximum Bonus Potential
Face Value of LTIP Awards

- within the terms of the agreed policy, determine the total individual remuneration package of each Executive Director including, where appropriate, bonuses, benefits, long-term incentive allocations and share options;

- the quorum necessary for the transaction of business shall be two. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee;
- determine the policy for and scope of pension arrangements for each Executive Director;
- determine targets for any performance-related pay and share schemes operated by the Company;
- in determining such packages and arrangements, give due regard to the comments and recommendations of the Combined Code as well as the Listing Rules of the Financial Services Authority and associated guidance;
- ensure that contractual terms on termination, and any payments made, are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised, in line with the statement of best practice in the ABI Guidelines;
- ensure that provisions regarding disclosure of remuneration, including pensions, as set out in the Directors' Remuneration Report Regulations 2002 and the Code, are fulfilled;
- be aware of and advise on any major changes in employee benefit structures throughout the Company or Group;
- be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
- meet as required during the year; and
- report the frequency of, and attendance by members at, Remuneration Committee meetings in the annual report (see page 47).

Remuneration policy

The Remuneration Committee's policy is to set the main elements of the remuneration package in order to reflect:

- the performance of the individual concerned;
- the performance of the business unit(s) for which he/she is responsible;
- in the case of Group directors, the performance of the Group as a whole; and
- the relevant market(s) for executives and the terms and conditions prevailing in those markets.

The Committee recognises that the main competitors of the Group and, therefore, comparators for remuneration are found outside the group of companies that are listed. In consequence, the Committee needs to reflect that in its deliberations including RPS' market leading position in a number of those markets.

The Committee is, in addition, mindful of trends and best practice amongst listed companies of a similar size in the Support Services sector.

The policy is designed to attract, retain and motivate individuals by providing the opportunity to earn competitive levels of compensation provided performance is delivered, whilst remaining within the range of compensation offered by similar companies.

Directors' remuneration is the subject of annual review in accordance with this policy. Additionally, it focuses on the contribution to the continued long term growth and success of the Company and seeks to align their interests with those of the Company, employees and shareholders.

The charts on page 53 demonstrate the proportion of the maximum potential compensation which is performance related for each Executive Director.

The Remuneration Committee appointed and received wholly independent advice on executive compensation and associated share administration from Halliwell Consulting.

Base salary

When determining the salary of the Executive Directors the Remuneration Committee has taken into consideration:

- the performance of the Group as a whole;
- the performance of the individual Executive Director both for the Group and the businesses under his control;
- pay and conditions throughout the Company; and
- the market conditions in the sector the Group operates in.

The results of this exercise were then benchmarked against an independently established group of listed companies.

This group was identified independently by Halliwell Consulting.

The basis of selection of the group was:

- companies within the same sector as the Company; and
- companies with a range of market capitalisations such that the Company sits within the middle of the comparator group. This group is reviewed on an annual basis.

The companies comprising the comparator group used in the 2007 Review were as follows:

Alfred McAlpine	Interserve
Ashstead Group	John Laing
Atkins WS	Mitie Group
Babcock International Group	Mouchel Parkman
BSS Group	PayPoint
Carter & Carter Group	Premier Farnell
Davis Service Group	Shanks Group
Enterprise	Sthree
Erinaceous Group	Speedy Hire
Filtronic	WSP Group

Performance bonus

The table sets out:

- Maximum Bonus Potential for Executive Directors for 2007.
- Maximum Bonus Potential for Executive Directors for 2008.
- The Bonus Targets applying for both 2007 and 2008.

The earnings per share growth target is set out below. EPS figures are based upon the Company's adjusted figures under IFRS. In respect of 2007 the EPS growth shown in the audited accounts was 26.3% giving rise to Executives being entitled to 85.4% of the maximum potential bonus subject to this target.

% Earnings per Share Growth Inclusive of RPI	% Bonus Payable for EPS Element
5	14.00
6	23.10
7	28.70
8	34.30
9	39.90
10	45.50
11	47.95
12	50.40
13	52.85
14	55.30
15	57.75
16	60.20
17	62.65
18	65.10
19	67.55
20	70.00
21	72.45
22	74.90
23	77.35
24	79.80
25	82.25
26	84.70
27	87.15
28	89.60
29	92.05
30	94.50
31	96.95
32	99.40
32.2	100.00

Executive	% Maximum Bonus Potential		% of Maximum Bonus subject to each Target 2008			
	2007	2008	EPS Target 2008	EPS Target 2007	Divisional & Individual Targets 2008	Divisional & Individual Targets 2007
Chief Executive	100	100	100			
Finance Director	80	80	50	75	50	25
Executive Directors	80	80	50	75	50	25

Long-term incentives

The following table and paragraphs summarise the operation of the Company's LTIP:

Executive	2004 Grant % of Salary/ Condition	2005 Grant % of Salary/ Condition	2006 Grant % of Salary/ Condition	2007 Grant % of Salary/ Condition
Maximum Annual Grant	100	100	100	100
Chief Executive	100	80	80	100
Finance Director	75	60	60	80
Executive Directors	75	60	60	80
Performance Condition	Comparative Total Shareholder Return	EPS Growth (see table below)	EPS Growth (see table below)	EPS Growth (see table below)
Status	Released on 1 September 2007 as upper quartile TSR performance achieved over the performance period (see table below)	Release Date 16 May 2008	Release Date 30 March 2009	Release Date 14 March 2010

100% of the shares subject to the first grant were released on 1 September 2007. The following shares were awarded at the grant price of £1.235:

Name	Number of ordinary shares
Alan Hearne	251,012
Gary Young	91,093
Andrew Troup	106,275
Peter Dowen	103,239

The market price of the shares was £3.708.

The Remuneration Committee reviews on an annual basis the current share incentives in respect of:

- their operation;
- the grant levels; and
- the performance criteria

in order to ensure that what has been approved by shareholders remain appropriate to the Company's current circumstances and prospects.

The performance conditions attached to the release of LTIP shares related to EPS growth is as follows:

% Average Basic EPS Growth p.a. above RPI	% of LTIP Award Released
3	12.5*
4	25*
5	37.5*
6	50*
7	62.5*
8	75*
9	87.5*
10	100*

* There will be straight line release between these points.

The Remuneration Committee will determine the satisfaction of the performance conditions in respect of both the LTIP and historic options. The EPS figure used by the Company will be the audited basic EPS figure disclosed in the Company's Financial Statements.

The performance condition comparing increases in earnings per share against inflation was chosen in order to ensure that LTIP awards and options would only be received against a background of a sustained real increase in the financial performance of the Company.

The Remuneration Committee, on conducting the annual review of the operation of the LTIP for 2007, determined to make the following changes to the proposed 2007 grant of awards:

- an increase in the award made to the CEO from 80% of salary to 100%; and
- an increase in the award made to the other Executives from 60% of salary to 80%.

The primary reason for the Remuneration Committee's decision to increase the level of award was to bring the Company into line with its policy of providing median comparative levels of award under its share incentives. The Remuneration Committee strongly believes that increasing the balance of the compensation package provided to the Executives in favour of the performance elements is in the interests of both the Company and shareholders. In the case of both the increase in annual bonus potential and the increase in award level under the LTIP, Executives will only receive the full benefit if they generate consistently high levels of EPS growth over both the short and medium term.

This grant of awards for 2007 is set out in the following table:

Name	Shares Granted	Market value of shares
Alan Hearne	124,893	£2.9225
Gary Young	49,272	£2.9225
Andrew Troup	53,378	£2.9225
Peter Dowen	60,222	£2.9225
Phil Williams	60,222	£2.9225

Full details of the Directors LTIP awards are set out on page 64.

For 2003 and earlier years long-term incentives comprised of annual grants of options. The Remuneration Committee set out the level of the option grant to the Executive Directors of the Company at the median level.

The maximum annual grant under the Executive Share Option Scheme was 75% of salary. Options were not issued at a discount. The Performance Conditions attached to the Share Options granted to the Directors under the Executive Share Option Schemes are that:

- Ordinary Options may only be exercised if, over any three year measurement period of the Company, beginning no earlier than the financial year during which the option is granted, the percentage growth in earnings per share exceeds the growth in the Retail Prices Index over the same period by at least 3% per annum, being 9% for the three year period; and
- Super Options may only be exercised if, over any five year measurement period of the Company, beginning no earlier than the financial year during which the option is granted, the percentage growth in earnings per share exceeds the growth in the Retail Price Index over the same period by at least 6% per annum, being 30% for the five year period. It is also necessary for the share price to rise over both the three and five year periods to make the exercise worthwhile.

The options granted to Executive Directors during 2003 were Ordinary and Super Options.

Options are not able to be exercised if performance is below target, and there is no reward for below target performance. The performance conditions are measured at the end of the three year holding periods applying to the relevant grants of Options. There is no re-testing of the performance conditions. The Directors are required to refund to the Company all National Insurance contributions payable at exercise. This makes the effective tax rate for Executives 47%.

During the year the Directors exercised share options as follows:

Name	Options exercised
Alan Hearne	426,206
Peter Dowen	241,129
Andrew Troup	88,008
Gary Young	136,790

At a market price of 326.78p. The total gain on share options exercised was £1,742,000.

The Directors' individual share options are detailed in the Directors' report on page 63 and 64.

No further options will be granted to the Executive Directors following the adoption of the LTIP.

The Company's rolling dilution for the purposes of the ABI guidelines is less than 1% pa for all share plans and less than 0.5% pa for discretionary plans.

It is the current intention that the proposed awards for 2008 will be satisfied by the new issue shares within the same rules of dilution as applied in respect of 2007.

Benefits

The Executive Directors participate in a Company money purchase (defined contribution) scheme for which the Employer Contribution is 15%.

Executive Directors can also participate in the all-employee Sharesave Plan. Under the rules of this Plan, all employees can contribute up to £250 per month with the option to buy shares at the end of the savings contract at the price at the start of the contract. Currently the Company does not provide a discount to the price at which shares can be acquired. No new contracts have been offered under the plan since 2003.

Executive Directors can also participate in the all-employee Inland Revenue Share Incentive Plan (SIP). The SIP gives employees the opportunity to purchase up to £1,500 of shares a year with the Company providing one additional matching share for every employee purchased share. The total participation in the SIP scheme is 33% of eligible employees.

The Executive Directors also receive the following additional benefits:

- healthcare;
- life assurance and dependants' pensions;
- disability schemes; and
- company car or car allowance.

Shareholding guideline

Shareholdings across the Executive Directors and Senior Executives are not uniform. The Remuneration Committee has, therefore, introduced two years ago shareholding guidelines to encourage long-term share ownership by the Executives. The guidelines encourage Executive Directors to build up and retain a holding of shares. The Remuneration Committee believes this forms a stable incentive pay platform on which to build a responsible relationship between shareholders, the Executives and the Company.

It is intended that the Executives will be able to build up the necessary shareholding by their participation in the LTIP. If the shareholding requirement is not proportionately satisfied the Remuneration Committee may take this into account when determining the levels of future awards under the LTIP.

Name	Recommended Shareholding Requirement as Percentage of Salary
Alan Hearne	150%
Gary Young	100%
Andrew Troup	100%
Peter Dowen	100%
Phil Williams	100%

Service contracts

The Company's policy on the duration of service contracts is that:

- Executive Directors should have rolling service contracts terminable on no more than one year's notice served by the Company or the Director; and
- Non-Executive Directors are appointed for fixed terms of three years, renewable on agreement of both the Company and the Director.

The policy on termination payments is that the Company does not make payments beyond its contractual obligations, including any payment in respect of notice to which a Director is entitled after mitigation is considered. None of the Directors' contracts provide for automatic payments in excess of one year. None of the Directors' contracts provide for liquidated damages. In the year ended 31 December 2007, no compensation was paid to any Director resigning from the Board.

Details of the Directors' service contracts are included in the table below.

The table below shows that the only event on the occurrence of which the Company is liable to make a payment to Executive Directors is on cessation of employment.

Name	Potential termination payment	Potential payment in event Company takeover or liquidation
Alan Hearne	12 months' notice	Nil
Peter Dowen	12 months' notice	Nil
Andrew Troup	12 months' notice	Nil
Gary Young	12 months' notice	Nil
Phil Williams	12 months' notice	Nil

The Company's articles state that a Director shall retire at the first Annual General Meeting after the date of his seventieth birthday, and then must face annual election thereafter. All Directors face election at least every three years.

Non-Executive Directors

The fees paid to the Non-Executive Directors are determined by the Board and aim to be competitive with other fully listed companies of equivalent size and complexity. The Chairman of the Company receives a higher fee than the other Non-Executive Directors and Committee Chairmen receive an additional payment. The basic fee for the Non-Executive Directors for 2007 was £27,500 with a Committee Chairman fee or Senior Non-Executive fee of £5,000. The Chairman received £87,500.

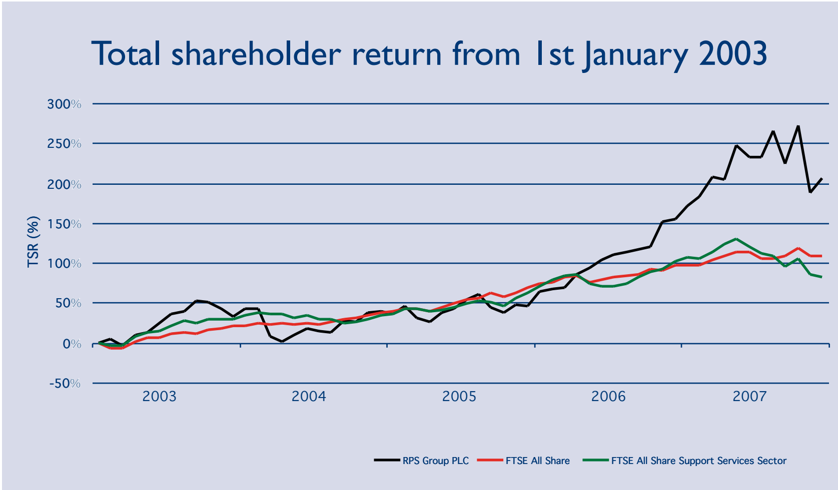
Details of the terms of appointment of the serving Non-Executive Directors are set out in the table below:

Name	Initial Contract date	Unexpired term of contract as at 31 Dec 2007 (months)
Brook Land	September 1997	Annual Review
Roger Devlin	April 2002	4
Karen McPherson	June 2005	6
John Bennett	June 2006	18

Non-Executive Directors are not entitled to participate in the pension plan or the performance based pay schemes including annual bonus and share schemes. Terms and conditions of appointment of Non-Executive Directors are available for inspection by any person at the Company's registered office and at the AGM.

Performance Graph

The graph shows a comparison of the total shareholder return from the Company's shares for each of the last five financial years against the total shareholder return for the companies comprising the FTSE All Share, the FTSE All Share Support Services sector and the comparator group. The Remuneration Committee has selected these benchmarks as they provide a good indication of the Company's general performance.



Directors' emoluments and compensation

The following disclosures on Directors' remuneration and share incentives have been audited as required by part 3 of Schedule 7A of the Companies Act 1985. The following table sets out details of the emoluments and compensation received during the year by each Director.

Share awards

The tables on pages 63 and 64 set out details of the audited share options and LTIPs held by each Director during the year. A description of the terms and conditions of the scheme are held on pages 53-54.

All share options comply with ABI headroom guidelines.

Pensions

The Executive Directors of the Company earned pensions benefits in a company money purchase (defined contribution) scheme apart from Phil Williams whose pension benefits are in a Group Personal Pension plan (defined contribution) during the year.

At the Annual General Meeting of the Company to be held on 22 May 2008, a resolution approving this report is to be proposed as an advisory Ordinary Resolution.

					Emoluments excluding pensions		Pension (paid and provided)	
	Basic salary £000s	Bonus £000s	Fees £000s	Benefits £000s	**2007 £000s**	2006 £000s	**2007 £000s**	2006 £000s
Executive:								
Alan Hearne	365	312	–	19	696	587	–	308
Gary Young	180	111	–	10	301	265	27	26
Andrew Troup	195	27	–	10	232	287	29	28
Peter Dowen	220	113	–	10	343	325	33	32
Phil Williams	220	150	–	12	382	285	33	29
Non-Executive:								
Brook Land	–	–	87	–	87	72	–	–
Roger Devlin	–	–	32	–	32	27	–	–
Karen McPherson	–	–	32	–	32	27	–	–
John Bennett (appointed 01/06/06)	–	–	32	–	32	16	–	–
Total 2007	1,180	713	183	61	2,137	–	122	–
Total 2006	1,085	609	139	55	–	1,888	–	423

The total Directors' emoluments were £2,137,000 (2006: £1,888,000) excluding pension contributions.

This report was approved by the Board on 5 March 2008.

Signed on behalf of the Board
Karen McPherson
Chairman of the Remuneration Committee
5 March 2008

Audit Committee - Terms of Reference

The Audit Committee has written terms of reference set out below. These are also available on the Group website. It reviews the draft financial statements prior to submission to the Board and monitors and makes recommendations to the Board regarding the Group's accounting policies and considers significant matters relating to internal control procedures.

The Audit Committee keeps the scope and cost effectiveness of the external audit under review. In order to ensure the independence of its auditors is not prejudiced in any way, the Board decided on 22 February 2002 that in future the auditors, BDO Stoy Hayward LLP, will not, other than in exceptional circumstances, be used to undertake any assignment for the Group or any part of the Group not related to the audit, tax issues and the review of Interim Results. If the Executives believe exceptional circumstances do exist, the appointment of the auditors for some other assignment needs to be specifically approved in advance by the Audit Committee. The Audit Committee keeps non-audit services under review. This policy applies to all the territories in which the Group operates. The split between audit and non-audit fees for the year under review appears on page 79.

The Company has in place formal whistleblowing procedures which allow staff of the Company to, in confidence, raise concerns about possible improprieties in matters of financial reporting and other issues. These procedures are reviewed by the Audit Committee and are as follows:

- any employee wishing to raise a concern regarding internal controls, accounting or audit matters may do so with the Senior Non-Executive Director, Roger Devlin, or the Company Secretary, April Rigby;
- any concerns raised will be treated in confidence, and will be investigated and any action proposed reported to the Audit Committee; and
- the person raising the concern need not disclose their identity. However, it would be of greater benefit in investigating the situation if the person raising the concern identifies himself or herself. If their identity is disclosed their identity will not be passed on by the person receiving the complaint without the individual's consent.

The Audit Committee's terms of reference are:

Committee composition, capabilities and meetings

The Committee shall comprise two Independent Non-Executive Directors (with a quorum of two), appointed by the Board, all of whom possess an adequate understanding of the financial management and reporting requirements of publicly quoted companies.

The Board will appoint a suitably qualified Director other than the Chairman to chair the Committee. The Company Secretary is secretary to the Committee.

The Committee shall meet at least twice per annum and may invite to attend: the Chief Executive and the Finance Director, representatives of the external auditors and anyone else who may assist the Committee from time to time.

Current membership: John Bennett (Chairman) and Roger Devlin. The Company Secretary attends all meetings.

Relationship between the Committee and the Board

The RPS Group Plc Board:

- reviews and agrees terms of reference put forward by the Audit Committee;
- considers changes to the terms of reference when recommended by the Committee;
- receives prompt summary reports after each meeting of the Committee;
- is advised of matters for its attention at other times as deemed necessary by the Committee;
- will refer matters to the Committee for its attention as necessary;
- reviews annually the Committee's policies, practices and performance; and
- ensures that funds are available to the Committee for external advice when needed, which shall be obtained via an Executive Director.

Committee authority

The Committee shall have the authority to consider any matters relating to the financial affairs of the Group.

The Committee shall have the authority to request relevant information from any employee and employees shall be expected to respond accordingly.

The Committee may take external professional advice with respect to its responsibilities and duties.

The Committee shall have no executive responsibilities with respect to implementation of its recommendations.

Committee responsibilities and duties

Financial matters

The Committee shall review accounting policies and practices used by the Group, as well as information to be published to the London Stock Exchange prior to its submission to the Board.

The Committee shall ensure that the information presented by the Group supports a balanced, clear and understandable view of its financial position and prospects.

External audit

The Committee shall make recommendations to the Board with respect to the appointment of external auditors and will take steps necessary to satisfy itself about the continuing independence of relevant firms.

The Committee shall review the level of external audit fees.

The Committee shall review the scope of, approach to and findings from external audit work.

The Committee shall discuss with the external auditors any proposed changes in accounting policies.

The Committee Chairman will liaise directly with the external auditors in order to ensure a full understanding of any issues that arise from their work and will report to the Committee accordingly.

Risk management

Internal controls

The Committee shall review the means by which sound systems of internal control are maintained across the Group and shall review reports on the effectiveness of those systems.

Internal audit

The Committee shall review at least annually the internal audit function and will make appropriate recommendations to the Board.

Other risk management systems

The Committee shall consider the adequacy of other systems which help to manage the Group's exposures to damage or loss.

Nomination Committee - Terms of Reference

The Committee meets as required, but not less than once a year, and comprises three Independent Non-Executive Directors. The Company Secretary attends all meetings. Its responsibilities include reviewing the Board structure, size and composition, nominating candidates to the Board when vacancies arise and recommending Directors who are retiring by rotation to be put forward for re-election. The Committee is currently recruiting an additional Independent Non-Executive Director; an external search consultancy is being used in respect of this appointment.

The Nomination Committee's written terms of reference are set out below:

Membership

The Committee shall be appointed by the Board and shall comprise of a Chairman and at least two other members.

A majority of members of the Committee shall be Independent Non-Executive Directors.

The Board shall appoint the Committee Chairman. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of their number to chair the meeting.

If a regular member is unable to act due to absence, illness or any other cause, the Chairman of the Committee may appoint another Director of the Company to serve as an alternate member having due regard to maintaining the required balance of Executive and Independent Non-Executive members.

Care should be taken to minimise the risk of any conflict of interest that might be seen to give rise to an unacceptable influence. Current membership: Brook Land (Chairman), Roger Devlin and Karen McPherson.

Secretary

The Company Secretary shall act as the Secretary of the Committee and attend all meetings.

Quorum

The quorum necessary for the transaction of business is two. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

Frequency of meetings

The Committee shall meet not less than once a year and at such other times as the Board or any member of the Committee shall require.

Notice of meetings

Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of the Chairman of the Committee.

Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee no fewer than five working days prior to the date of the meeting. As far as practical meetings shall be held before or after meetings of the Main Board.

Minutes of meetings

The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

Minutes of Committee meetings shall be circulated to all members of the Committee and to the Chairman of the Board and made available on request to other members of the Board.

Annual General Meeting

The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

The terms and conditions of appointment of Non-Executive Directors should be made available for inspection by any person at the Company's registered office and at the AGM.

Duties

The Committee shall:

- regularly review the structure, size and composition of the Board and make recommendations to the Board with regard to any adjustments that are deemed necessary;
- prepare a description of the role and capabilities required for a particular appointment;

- be responsible for identifying and nominating for the approval of the Board candidates to fill Board vacancies as and when they arise;
- satisfy itself with regard to succession planning, that the processes and plans are in place with regard to the Board and senior appointments;
- assess and articulate the time needed to fulfil the role of Chairman, Senior Independent Director and Non-Executive Director, and undertake an annual performance evaluation to ensure that all members of the Board have devoted sufficient time to their duties;
- ensure on appointment that a candidate has sufficient time to undertake the role and review his commitments; and
- ensure that the Secretary on behalf of the Board has formally written to any appointees, detailing the role and time commitments and proposing an induction plan produced in conjunction with the Chairman.

It shall also make recommendations to the Board:

- with regard to the Chairman having assessed every three years whether the present incumbent shall continue in post, taking into account the needs of continuity versus freshness of approach;
- as regards the reappointment of any Non-Executive Director at the conclusion of his or her specified term of office; especially when they have concluded their second term;
- for the continuation (or not) in service of any Director who has reached the age of 70;
- concerning the re-election by shareholders of any Director under the "retirement by rotation" provisions in the Company's articles of association;
- concerning any matters relating to the continuation in office as a Director of any Director at any time; and
- concerning the appointment of any Director to Executive or other office other than to the positions of Chairman and Chief Executive, the recommendation for which would be considered at a meeting of:
    - all the Non-Executive Directors regarding the position of Chief Executive;
    - all the Directors regarding the position of Chairman; and
    - detailing items that should be published in the Company's Annual Report relating to the activities of the Committee.

Authority

The Committee is authorised to seek any information it requires from any employee of the Company in order to perform its duties.

The Committee is authorised to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference.

Accounts

Accounts

Report of the Directors

The Directors present their report together with the audited financial statements for the year ended 31 December 2007.

Results and dividend

The income statement is set out on page 68 and shows the profit for the year. The Directors recommend a final dividend of 1.66p (2006: 1.44p) per share.

This together with the interim dividend of 1.52p (2006: 1.32p) per share paid on 26 October 2007 gives a total dividend of 3.18p (2006: 2.76p) per share for the year ended 31 December 2007.

Principal activities and business review

Business review information can be found within the Business Review (pages 1 to 15) which reports on RPS Group's principal activities and performance during the past year and prospects for the future. Financial key performance indicators can be found on pages VIII to IX. The Board does not use non-financial key performance indicators to assess the Group as a whole, but component parts of the Group do use non-financial key performance indicators from time to time. The principal operating subsidiary undertakings are listed in Note 6 to the Parent Company Financial Statements.

Principal risks and uncertainties

The principal risks and uncertainties are reported on page 17 in the Risk Management section of the Operating and Financial Review.

Substantial shareholdings

The following held in excess of 3% of the ordinary share capital of the Company as at 13 February 2008:

	No. of shares	Percentage
Aegon Asset Management	16,820,270	7.99
Co-operative Insurance Society	12,083,786	5.74
Legal & General Investment Management	10,084,169	4.79
Threadneedle Investments	9,000,883	4.27

Directors

The Directors of the Company during the year and their beneficial interests in the ordinary share capital of the Company were:

	No. of shares at 31/12/07 and at 05/03/08	No. of shares at 31/12/06 and at 06/03/07
Brook Land	30,000	30,000
Roger Devlin	–	–
Karen McPherson	–	–
John Bennett	–	–
Alan Hearne	732,030	1,037,350
Peter Dowen	750,910	750,910
Andrew Troup	269,266	269,266
Phil Williams	350,000	400,000
Gary Young	–	–

The Company has in place shareholders' authority to purchase 10,276,588 of its own shares. During the year the Company purchased 221,493 of its own shares (nominal value 3p) (2006: purchased 247,336) in relation to the Share Incentive Plan.

The share options of the Directors under the Executive share option scheme are set out below:

Director	1 Jan 2007 number	Exercised number	31 Dec 2007 number	Exercise price	Market value at date of exercise	Date from which exercisable	Expiry date
Alan Hearne	57,024	57,024	–	72.7p	326.8p	22/2/2004	–
	33,780	33,780	–	125.0p	326.8p	8/2/2003	–
	33,780	33,780	–	125.0p	326.8p	8/2/2005	–
	42,982	42,982	–	171.0p	326.8p	6/3/2004	–
	42,982	42,982	–	171.0p	326.8p	6/3/2006	–
	62,500	62,500	–	149.0p	326.8p	14/3/2005	–
	62,500	62,500	–	149.0p	326.8p	14/3/2007	–
	62,500	62,500	–	111.0p	326.8p	20/3/2006	–
	62,500	–	62,500	111.0p	-	20/3/2008	20/3/2015
	28,157	28,157	–	146.5p	326.8p	12/8/2006	–
	28,157	–	28,157	146.5p	-	12/8/2008	12/8/2015
Peter Dowen	40,284	40,284	–	72.7p	326.8p	22/2/2004	–
	23,862	23,862	–	125.0p	326.8p	8/2/2003	–
	23,862	23,862	–	125.0p	326.8p	8/2/2005	–
	20,285	20,285	–	171.0p	326.8p	6/3/2004	–
	20,285	20,285	–	171.0p	326.8p	6/3/2006	–
	32,500	32,500	–	149.0p	326.8p	14/3/2005	–
	32,500	32,500	–	149.0p	326.8p	14/3/2007	–
	32,500	32,500	–	111.0p	326.8p	20/3/2006	–
	32,500	–	32,500	111.0p	-	20/3/2008	20/3/2015
	15,051	15,051	–	146.5p	326.8p	12/8/2006	–
	15,051	–	15,051	146.5p	-	12/8/2008	12/8/2015
Andrew Troup	40,284	40,284	–	72.7p	326.8p	22/2/2004	–
	23,862	23,862	–	125.0p	326.8p	8/2/2003	–
	23,862	23,862	–	125.0p	326.8p	8/2/2005	–
	24,123	–	24,123	171.0p	–	6/3/2004	6/3/2011
	24,123	–	24,123	171.0p	–	6/3/2006	6/3/2011
	35,000	–	35,000	149.0p	–	14/3/2005	14/3/2012
	35,000	–	35,000	149.0p	–	14/3/2007	14/3/2014
	35,000	–	35,000	111.0p	–	20/3/2006	20/3/2013
	35,000	–	35,000	111.0p	–	20/3/2008	20/3/2015
	14,437	–	14,437	146.5p	–	12/8/2006	12/8/2013
	14,437	–	14,437	146.5p	–	12/8/2008	12/8/2015

Director	1 Jan 2007 number	Exercised number	31 Dec 2007 number	Exercise price	Market value at date of exercise	Date from which exercisable	Expiry date
Gary Young	20,285	20,285	–	171.0p	326.8p	6/3/2004	–
	20,285	20,285	–	171.0p	326.8p	6/3/2006	–
	27,500	27,500	–	149.0p	326.8p	14/3/2005	–
	27,500	27,500	–	149.0p	326.8p	14/3/2007	–
	27,500	27,500	–	111.0p	326.8p	20/3/2006	–
	27,500	–	27,500	111.0p	–	20/3/2008	20/3/2015
	13,720	13,720	–	146.5p	326.8p	12/8/2006	–
	13,720	–	13,720	146.5p	_	12/8/2008	12/8/2015

The LTIP awards of the Directors are set out below:

Director		1 Jan 2007 number	Value of grant at date of grant £000s	Granted number	Released	31 Dec 2007 number	Market Value of Shares at Grant	Market Value at date of release	Market Value of release £000s
Alan Hearne	2004	251,012	310	–	251,012	–	123.5p	370.8p	931
	2005	178,417	248	–	–	178,417	139.0p	–	–
	2006	145,652	268	–	–	145,652	184.0p	–	–
	2007	–	365	124,893	–	124,893	292.3p	–	–
Peter Dowen	2004	103,239	128	–	103,239	–	123.5p	370.8p	383
	2005	86,331	120	–	–	86,331	139.0p	–	–
	2006	68,478	126	–	–	68,478	184.0p	–	–
	2007	–	176	60,222	–	60,222	292.3p	–	–
Andrew Troup	2004	106,275	131	–	106,275	–	123.5p	370.8p	394
	2005	75,540	105	–	–	75,540	139.0p	–	–
	2006	60,326	111	–	–	60,326	184.0p	–	–
	2007	–	156	53,378	–	53,378	292.3p	–	–
Phil Williams	2006	57,065	105	–	–	57,065	184.0p	–	–
	2007	–	176	60,222	–	60,222	292.3p	–	–
Gary Young	2004	91,093	74	–	91,093	–	123.5p	370.8p	338
	2005	66,906	93	–	–	66,906	139.0p	–	–
	2006	55,434	102	–	–	55,434	184.0p	–	–
	2007	–	144	49,272	–	49,272	292.3p	–	–

The total value of LTIP awards released in 2007 was £2,046,000 (2006: nil).

The market price of the shares at 31 December 2007 was 320p and the range during the financial year was 267.75p to 391.75p.

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

Employees

The Group's policies in relation to employees are disclosed on pages 11 to 13.

Charitable and community donations

During the year the Group made charitable donations of £214,341 to non-political organisations. Total contributions including contributions in kind amounted to £367,854.

Supplier payment policy

The Group has due regard to the payment terms of suppliers and settles all undisputed accounts in accordance with payment terms agreed with the supplier. At the year end the Group had 31 days' purchases outstanding in respect of payments to suppliers and sub-contractors (2006: 34 days). At the year end the Company had 39 days' purchases outstanding in respect of payments to suppliers and sub-contractors (2006: 32 days).

Going concern

The financial statements have been prepared on a going concern basis as the Directors have a reasonable expectation that the Group has adequate resources to continue in business for the foreseeable future.

Directors' responsibility statement

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' Report and Remuneration Report which comply with the requirements of the Companies Act 1985.

Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and accuracy of the Group's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Each of the persons who is a Director at the time of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all the steps that he or she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of the Companies Act 1985.

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with the Companies Act 1985. The Directors are also required to prepare financial statements for the Group in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and Article 4 of the IAS Regulation. The Directors have chosen to prepare financial statements for the Company in accordance with UK Generally Accepted Accounting Practice.

Group financial statements

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRS. A fair presentation also requires the Directors to:

- consistently select and apply appropriate accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

Parent company financial statements

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

Financial instruments

Information about the Group's management of financial risk can be found in notes 29, 30, 31 and 32 of the consolidated financial statements.

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 15 to the consolidated financial statements, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 20 to 22.

Post balance sheet events

On 6 February 2008 RPS Groep BV completed the acquisition of Kraan Consulting Holding BV for a maximum consideration of €6,475,000 (£4,798,000).

Further details are given in note 34 to the Consolidated Financial Statements. There have been no other material post balance sheet events.

Annual General Meeting

The Annual General Meeting will be held on 22 May 2008. Resolutions 1 to 7 comprise the Ordinary Business of the AGM and each will be proposed as an Ordinary Resolution. Resolution 1 is to receive and adopt the audited financial statements of the Company for the period ended 31 December 2007 and the reports of the Directors and auditors thereon, and the auditable part of the Remuneration Report. Resolutions 2 and 3 are to re-elect Brook Land and Alan Hearne as Directors as they are required by the Company to retire by rotation and they offer themselves for re-election at the AGM. Biographical details of Directors can be found on pages 38 to 46. Resolution 4 is to approve the report on remuneration of the Directors. Resolution 5 is to declare a final dividend for the financial year ended 31 December 2007 of 1.66p payable on 29 May 2008 to shareholders on the register at 11 April 2008. Resolution 6 concerns the re-appointment and remuneration of the Company's auditors (BDO Stoy Hayward LLP).

Resolution 7 is an Ordinary Resolution to renew the Directors' authority to allot relevant securities until the earlier of the conclusion of the next Annual General Meeting or 15 months from the date of the passing of this Resolution.

The authority sought will be in respect of securities having an aggregate nominal value of £877,799 representing approximately 14% of the issued share capital as at 13 February 2008. The Directors have no current intention of exercising this authority other than to allot shares to satisfy outstanding commitments to issue shares as consideration under previous acquisition agreements and under the Company's share schemes.

Resolution 8 is a Special Resolution to renew the authority of the Directors to allot equity securities for cash as if Section 89(1) of the Companies Act 1985 did not apply to such allotment (i) in connection with a rights issue, open offer or any other pre-emptive offer and (ii) up to an aggregate nominal amount of £316,110 being approximately 5% of the issued share capital as at 13 February 2008. The Directors have no current intention of exercising this authority other than in respect of the allotment of shares to satisfy outstanding commitments to issue shares as consideration under previous acquisition agreements. The authority will expire 15 months from the date of passing of this Resolution or, if earlier, at the conclusion of the next Annual General Meeting.

Resolution 9 is a Special Resolution to authorise the Company to make market purchases of up to 10,537,001 of its own shares representing 5% of its issued share capital of the Company as at 13 February 2008. The minimum price which may be paid for such shares is £0.03 per share. The maximum price which may be paid for any ordinary share shall be no more than 5% above the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which the ordinary share is purchased. The authority will be exercised only if the Directors believe that to do so would result in an increase in earnings per share and would be in the best interests of the shareholders generally.

The total number of outstanding options to subscribe for equity shares as at the date of this report was 1,451,362. These rights represent 0.69% of the issued share capital as at such date and would represent 0.72% of the issued share capital of the Company, if the full authority to purchase its own shares in accordance with the resolution were to be exercised by the Company.

By order of the Board

April Rigby
Secretary
5 March 2008

Report of the Independent Auditors

To the shareholders of RPS Group Plc

We have audited the Group and Parent Company financial statements (the "financial statements") of RPS Group Plc for the year ended 31 December 2007 which comprise the Consolidated Income Statement, the Consolidated and Parent Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Recognised Income and Expense and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Remuneration Report that is described as having been audited.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the Group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union, and for preparing the Parent Company financial statements and the Remuneration Report in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and whether, in addition, the Group financial statements have been properly prepared in accordance with Article 4 of the IAS Regulation. Additionally, we report to you whether the information given in the Directors' Report is consistent with these Financial Statements. We also report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2003 FRC Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report, the Five Year Summary, the Highlights, the Operating and Financial Review and the Management and Governance section, excluding that part of the Remuneration Report to be audited. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union, of the state of the Group's affairs as at 31 December 2007 and of its profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation;
- the Parent Company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Parent Company's affairs as at 31 December 2007;
- the Parent Company financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the Financial Statements.

BDO Stoy Hayward LLP

Chartered Accountants and
Registered Auditors
55 Baker Street
London
W1U 7EU

5 March 2008

Consolidated Income Statement

	Notes	Year ended 31 Dec 2007 £000s	Year ended 31 Dec 2006 £000s
Revenue	3	**362,674**	296,843
Recharged expenses	3	**(57,566)**	(50,832)
Fee income	3	**305,108**	246,011
Operating profit	3, 4	**47,975**	37,482
Interest payable and similar charges	5	**(3,792)**	(3,052)
Interest receivable	5	**296**	160
Profit before tax and amortisation of acquired intangibles		**45,010**	34,719
Amortisation of acquired intangibles		**(531)**	(129)
Profit before tax		**44,479**	34,590
Tax expense	8	**(13,569)**	(10,508)
Profit for the year attributable to equity holders of the parent		**30,910**	24,082
Basic earnings per share (pence)	9	**14.99**	11.94
Diluted earnings per share (pence)	9	**14.78**	11.68
Basic earnings per share before amortisation of acquired intangibles (pence)	9	**15.17**	12.01
Diluted earnings per share before amortisation of acquired intangibles (pence)	9	**14.95**	11.74

Consolidated Statement of Recognised Income and Expense

	Year ended 31 Dec 2007 £000s	Year ended 31 Dec 2006 £000s
Exchange differences	**5,787**	(1,939)
Actuarial loss on defined benefit pension scheme	**–**	(88)
Tax recognised directly in equity	**743**	1,690
Income and (expense) recognised directly in equity	**6,530**	(337)
Profit for the year	**30,910**	24,082
Total recognised income for the year attributable to equity holders of the parent	**37,440**	23,745

Consolidated Balance Sheet

	Notes	**As at 31 Dec 2007 £000s**	As at 31 Dec 2006 £000s
Assets			
Non-current assets			
Intangible assets	10	**210,839**	176,929
Property, plant and equipment	11	**21,706**	18,344
Deferred tax assets	19	**114**	2,465
		232,659	197,738
Current assets			
Trade and other receivables	13	**119,504**	93,296
Cash at bank		**10,884**	9,964
		130,388	103,260
Liabilities			
Current liabilities			
Borrowings	15	**174**	410
Deferred consideration	17	**8,939**	11,559
Trade and other payables	14	**62,750**	48,863
Corporation tax liabilities		**3,434**	4,330
Provisions	18	**595**	361
		75,892	65,523
Net current assets		**54,496**	37,737
Non-current liabilities			
Borrowings	15	**43,340**	39,683
Deferred consideration	17	**10,453**	6,895
Other creditors		**1,320**	330
Provisions	18	**4,508**	1,633
		59,621	48,541
Net assets		**227,534**	186,934
Equity			
Share capital	21	**6,319**	6,163
Share premium	21	**93,225**	89,836
Other reserves	21, 22	**17,516**	11,107
Retained earnings	21	**110,474**	79,828
Total shareholders' equity	21	**227,534**	186,934

These financial statements were approved and authorised for issue by the Board on 5 March 2008.

The notes on pages 71 to 115 form part of these financial statements.

Dr Alan Hearne, Director

Gary Young, Director

On behalf of the Board of RPS Group Plc.

Consolidated Cash Flow Statement

	Notes	**Year ended 31 Dec 2007 £000s**	Year ended 31 Dec 2006 £000s
Cash generated from operations	26	**45,393**	40,663
Interest paid		**(3,967)**	(2,930)
Interest received		**296**	160
Income taxes paid		**(12,925)**	(10,291)
Net cash from operating activities		**28,797**	27,602
Cash flows from investing activities			
Purchases of subsidiaries net of cash acquired		**(15,758)**	(12,184)
Deferred consideration		**(10,846)**	(10,220)
Purchase of property, plant and equipment	11	**(5,811)**	(4,481)
Sale of property, plant and equipment		**4,239**	712
Net cash used in investing activities		**(28,176)**	(26,173)
Cash flows from financing activities			
Proceeds from issue of share capital		**1,730**	1,030
Proceeds from sale of own shares		**1,293**	–
Proceeds from bank borrowings		**3,001**	4,504
Payment of finance lease liabilities		**(149)**	(109)
Dividends paid	23	**(6,144)**	(5,201)
Payment of pre-acquisition dividend		**–**	(500)
Net cash used in financing activities		**(269)**	(276)
Net increase in cash and cash equivalents		**352**	1,153
Cash and cash equivalents at beginning of year		**9,805**	9,593
Effect of exchange rate fluctuations		**727**	(941)
Cash and cash equivalents at end of year	26	**10,884**	9,805
Cash and cash equivalents comprise:			
Cash at bank		**10,884**	9,964
Bank overdraft		**–**	(159)
Cash and cash equivalents at end of year		**10,884**	9,805

The notes on pages 71 to 115 form part of these financial statements.

Notes to the Consolidated Financial Statements

1. Significant accounting policies

RPS Group Plc (the "Company") is a company domiciled in England. The consolidated financial statements of the Company for the year ended 31 December 2007 comprises the Company and its subsidiaries (together referred to as the "Group").

The consolidated financial statements were authorised for issuance on 5 March 2008.

(a) Basis of preparation

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

IFRS 7, 'Financial Instruments and Disclosures' and the complementary amendment to IAS 1 'Presentation of financial statements - capital disclosures' have been adopted for this accounting period. IFRS 7 introduces new disclosures relating to financial instruments. This standard does not have any impact on the classification and valuation of the Group's financial instruments.

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

(b) Basis of consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The Group's consolidated financial statements incorporate the financial statements of the Company together with those of subsidiaries from the date control commences to the date that control ceases.

Intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the financial statements.

(c) Foreign currency

i Foreign currency transactions

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

ii Financial statements of foreign operations

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

iii Net investment in foreign operations

Exchange differences arising from the translation of the net investment in foreign operations are taken to translation reserve. They are recycled and taken to income upon disposal of the operation. The Company has elected, in accordance with IFRS 1, that in respect of all foreign operations, any differences that have arisen before 1 January 2004 have been set to zero.

iv Foreign currency forward contracts

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

Changes in fair value are recognised in income as they arise.

(d) Property, plant and equipment

i Owned assets

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation (see below) and impairment losses (see accounting policy (h)).

Certain items of property, plant and equipment that had been revalued to fair value on or prior to 1 January 2004, the date of transition to IFRS, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation, an exemption allowed under IFRS 1.

ii Leased assets

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

The land and buildings elements of property leases are considered separately for the purposes of lease classification.

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

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

Lease payments are accounted for as described in accounting policy note (o).

iii Subsequent costs

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

iv Depreciation

Depreciation is charged to income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

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

(e) Intangible assets

i Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill has been recognised in acquisitions of subsidiaries and the business, assets and liabilities of partnerships. The Board has elected, in accordance with IFRS 1, that the date from which it applies IFRS 3 shall be 26 June 2002. In respect of business combinations that have occurred since that date, goodwill represents the difference between the cost of the acquisition and the fair value of the identifiable assets acquired.

In respect of acquisitions prior to this date, goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous GAAP. The classification and accounting treatment of business combinations that occurred prior to 26 June 2002 has not been restated in preparing the Group's opening IFRS balance sheet at 1 January 2004, in accordance with IFRS.1.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (see accounting policy (h)).

ii Other intangible assets

Intangible assets other than goodwill that are acquired by the Group are stated at cost less accumulated amortisation (see below) and impairment losses (see accounting policy (h)).

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/legal rights. The fair values ascribed to such intangibles are arrived at by using appropriate valuation techniques.

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

iii Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

iv Amortisation

Amortisation is charged to profit or loss on a straight-line basis from the date that the intangible assets are available for use over their estimated useful lives unless such lives are indefinite. The estimated useful lives of the Group's intangible assets range between 4 and 9 years.

(f) Trade and other receivables

Trade and other receivables are stated at their cost less impairment losses (see accounting policy (h)). 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.

(g) 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 statement of cash flows.

(h) Impairment

The carrying amount of the Group's 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 assets' recoverable amount is estimated.

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

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

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

Goodwill was tested for impairment at 31 December 2006 and 31 December 2007.

i Calculation of recoverable amount

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

ii Reversals of impairment

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

(i) 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 Share-based payment transactions

The Group operates a range of equity settled share option and conditional share award schemes for employees.

The Company has applied IFRS 2 to all share options and conditional share awards which were granted to employees and had not vested as at 1 January 2005.

The fair value of the employee services received in exchange for the grant of options or conditional share awards is recognised as an expense to the income statement. Fair value has been determined by using IFRS accepted valuation methodologies (see below). The amount expensed to the income statement over the vesting period is determined by reference to the fair value of the options and conditional share awards, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options and conditional share awards that are expected to vest. At each balance sheet date the Group revises its estimates of the number of options and conditional share awards that are expected to vest. The impact of the revision of original estimates, if any, is recognised in the income statement, with a corresponding adjustment to equity, over the remaining vesting period. No adjustment is made for failure to achieve market vesting conditions.

The fair value of options granted under the Executive Share Option Scheme ("ESOS") and Save As You Earn ("SAYE") scheme have been calculated using a binomial model taking into account the following inputs:

- the exercise price of the option;
- the life of the option;
- the market price on the date of grant of the option;
- the expected volatility of the share price;
- the dividends expected on the shares; and
- the risk free interest rate for the life of the option.

The fair value of conditional share awards have been calculated using the market value of the shares on the date of grant adjusted for any non-entitlement to dividends over the vesting period and market based performance conditions such as total shareholder return.

iii 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.

(j) 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.

(k) Trade and other payables

Trade and other payables are stated at cost.

(l) Borrowings

Bank overdrafts and interest bearing loans are initially measured at fair value and then held at amortised cost. Obligations under finance leases are dealt with in accordance with accounting policy note (o).

(m) Deferred consideration

Deferred consideration arises when settlement of all or any part of the cost of a business combination is deferred. It is stated at fair value at the date of acquisition, which is determined by discounting the amount due to present value at that date. Interest is imputed on the fair value of non interest bearing deferred consideration at the discount rate and expensed within interest payable and similar charges. At each balance sheet date deferred consideration comprises the remaining deferred consideration valued at acquisition plus interest imputed on such amounts from acquisition to the balance sheet date.

Where deferred consideration is in the form of shares and the number of shares to be issued is fixed, the fair value is credited to equity under the heading "Shares to be issued".

(n) Revenue

Revenue from services rendered is recognised in income in proportion to the stage of completion of the transaction at the balance sheet date. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or associated costs. An expected loss on a contract is recognised immediately in the income statement.

Revenue includes expenses recharged to clients. Such expenses include mileage, accommodation, planning applications, counsels' fees and fees from sub-consultants charged on at low margin.

Revenue which has been recognised but not invoiced by the balance sheet date is included in trade and other receivables in accrued income. Amounts invoiced in advance are included in trade and other payables within deferred income.

(o) Expenses

i Operating lease payments

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

ii Finance lease payments

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

iii Interest payable and similar charges

Finance costs comprise interest payable on bank overdrafts and loans, interest imputed on deferred consideration (see accounting policy (m)) and interest on finance leases.

iv Interest receivable

Finance income comprises interest receivable on funds invested.

(p) Income tax

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

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

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and the differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. In accordance with IAS12, deferred tax is taken directly to equity to the extent that the intrinsic value of the outstanding share awards (based on the closing share price) is greater than the share based payment expense already charged to the income statement. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

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

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

(q) Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at the AGM.

(r) Employee Share Ownership Plan (ESOP)

As the Company is deemed to have control of its ESOP trust, it is treated as a subsidiary and consolidated for the purpose of the Group accounts. The ESOP's assets (other than investments in the Company's shares), liabilities, income and expenses are included on a line-by-line basis in the Group financial statements. The ESOP's investment in the Company's shares is deducted from shareholders' funds in the Group balance sheet as if they were treasury shares, except that profits on the sale of ESOP shares are not credited to the share premium account.

(s) Key accounting estimates and judgements

In the process of applying the Group's accounting policies described above, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements. Any other estimates or judgements are made as described in the accounting policies above.

i Intangible assets

As described in accounting policy (e) above, the Group recognises certain intangible assets on acquisition other than goodwill. Judgements are made in respect of useful lives and valuation methods affecting the carrying value and amortisation charges in respect of these assets.

ii Goodwill

As described in accounting policy (e) above, the Group undertakes annual impairment reviews of goodwill. Judgements in respect of discount and growth rates are made in respect of these assets. These judgements are shown in note 10.

iii Revenue recognition

The Group's revenue recognition policy is stated in accounting policy note (n). In some cases, judgement is required to determine the appropriate proportion of the services performed to date on the contract and the extent to which fees will be recoverable. Actual results could differ from these estimates.

Any subsequent changes are accounted for with an effect on income at the time such updated information becomes available.

(t) Accounting standards issued but not adopted

During the year, the IASB and the IFRIC issued additional standards and interpretations which are effective for periods starting after the date of these financial statements. The following standards and interpretations have yet to be adopted by the Group:

- Revised IFRS 3 "Business Combinations".
- IFRS 8 "Operating Segments".
- IFRIC 11 "Group and Treasury Share transactions".
- IFRIC 12 "Service Concession Arrangements".
- IFRIC 13 "Customer Loyalty Programmes".
- IFRIC 14 "IAS 19 The limit on a defined benefit asset, minimum funding requirements and their interaction".

The Directors anticipate that the adoption of these standards and interpretations will have no material impact upon the results or net assets of the Group other than disclosure.

2. Revised business segments

As previously announced on 28th June 2007 the segment results for Environmental Management for the year ended 31 December 2007 include the environmental sciences business, formerly in Planning and Development, and the nuclear safety business, formerly in Energy.

These changes have been made to reflect the way our activities are organised and the markets they serve.

The effects of reallocating these activities on the 2006 results are shown below.

Revised business segment results for year ended 31 December 2006

	Planning & Development £000s	Environmental Management £000s	Energy £000s	Eliminations £000s	Consolidated £000s
Segment revenue as previously reported	145,832	56,134	97,392	(2,515)	296,843
Reallocation	(11,455)	17,009	(3,585)	(1,969)	–
Revised segment revenue	134,377	73,143	93,807	(4,484)	296,843
Recharged expenses as previously reported	(24,372)	(8,103)	(18,357)	–	(50,832)
Reallocation	3,225	(3,771)	546	–	–
Revised recharged expenses	(21,147)	(11,874)	(17,811)	–	(50,832)
Fee income as previously reported	121,460	48,031	79,035	(2,515)	246,011
Reallocation	(8,230)	13,238	(3,039)	(1,969)	–
Revised fee income	113,230	61,269	75,996	(4,484)	246,011
Segment result as previously reported	22,805	5,332	13,039	–	41,176
Reallocation	(1,906)	2,218	(312)	–	–
Revised segment result	20,899	7,550	12,727	–	41,176
Represented by:					
Segment profit	21,026	7,550	12,729	–	41,305
Amortisation	(127)	–	(2)	–	(129)

2. Revised business segments continued

Revised segmental balance sheet for year ended 31 December 2006

	Planning & Development £000s	Environmental Management £000s	Energy £000s	Eliminations £000s	Consolidated £000s
Assets					
Segment assets as previously reported	179,467	46,391	57,165	17,975	300,998
Reallocation	(3,932)	4,719	(787)	–	–
Revised segment assets	175,535	51,110	56,378	17,975	300,998
Liabilities					
Segment liabilities as previously reported	42,245	9,829	16,219	45,771	114,064
Reallocation	(1,161)	1,488	(327)	–	–
Revised segment liabilities	41,084	11,317	15,892	45,771	114,064
Other information					
Capital additions as previously reported	1,516	1,971	602	392	4,481
Reallocation	(209)	257	(48)	–	–
Revised capital additions	1,307	2,228	554	392	4,481
Depreciation and amortisation as previously reported	2,084	1,265	459	362	4,170
Reallocation	(196)	221	(25)	–	–
Revised depreciation and amortisation	1,888	1,486	434	362	4,170

3. Business and geographical segments

Segment information is presented in the financial statements in respect of the Group's business segments, which are the primary basis of segment reporting. The business segment reporting format reflects the Group's management and internal reporting structure.

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

Business segments

The Group comprises the following business segments:

Planning & Development - consultancy services in the UK, Ireland and Australia related to town and country planning, urban design, architecture, transport planning and highway design, environmental impact assessment and provision of water and waste utilities and energy infrastructure.

Environmental Management - consultancy services in the UK, the Netherlands and Australia relating to health, safety and risk management, environmental science and the management of water services.

Energy - the provision of consultancy services, on an international basis, to the oil and gas and renewable energy sectors.

3. Business and geographical segments continued

Segment results for the year ended 31 December 2007

	Planning & Development £000s	Environmental Management £000s	Energy £000s	Eliminations £000s	Consolidated £000s
Revenue	164,972	83,199	119,327	(4,824)	362,674
Recharged expenses	(26,721)	(12,754)	(18,091)	–	(57,566)
Fee Income	138,251	70,445	101,236	(4,824)	305,108
Segment profit	26,209	9,174	18,662	–	54,045
Amortisation	(296)	(80)	(155)	–	(531)
					53,514
Unallocated expenses					(5,539)
Operating profit					47,975

Segment results for the year ended 31 December 2006

	Planning & Development £000s	Environmental Management £000s	Energy £000s	Eliminations £000s	Consolidated £000s
Revenue	134,377	73,143	93,807	(4,484)	296,843
Recharged expenses	(21,147)	(11,874)	(17,811)	–	(50,832)
Fee Income	113,230	61,269	75,996	(4,484)	246,011
Segment profit	21,026	7,550	12,729	–	41,305
Amortisation	(127)	–	(2)	–	(129)
					41,176
Unallocated expenses					(3,694)
Operating profit					37,482

Segmental balance sheet as at 31 December 2007

	Planning & Development £000s	Environmental Management £000s	Energy £000s	Unallocated Corporate £000s	Consolidated £000s
Segment assets	190,403	68,338	86,854	17,452	363,047
Segment liabilities	42,126	16,219	26,423	50,745	135,513
Other information					
Capital additions	2,408	1,573	774	1,094	5,849
Depreciation and amortisation	2,463	1,502	751	573	5,289

3. Business and geographical segments continued

Segmental balance sheet as at 31 December 2006

	Planning & Development £000s	Environmental Management £000s	Energy £000s	Unallocated Corporate £000s	Consolidated £000s
Segment assets	175,535	51,110	56,378	17,975	300,998
Segment liabilities	41,084	11,317	15,892	45,771	114,064
Other information					
Capital additions	1,307	2,228	554	392	4,481
Depreciation and amortisation	1,888	1,486	434	362	4,170

Revenue by Geographical Market

	2007 £000s	2006 £000s
UK	**154,365**	141,566
Eurozone	**94,395**	77,020
Rest of the World	**113,914**	78,257
	362,674	296,843

	Carrying amount of segment assets		Additions to property, plant and equipment and intangible assets	
	31 Dec 2007 £000s	31 Dec 2006 £000s	**Year ended 31 Dec 2007 £000s**	Year ended 31 Dec 2006 £000s
UK	**222,949**	192,585	**9,393**	22,995
Eurozone	**90,939**	92,024	**1,305**	954
Rest of World	**49,159**	16,389	**21,949**	2,858
	363,047	300,998	**32,647**	26,807

4. Operating profit - by nature of expense

	Year ended 31 Dec 2007 £000s	Year ended 31 Dec 2006 £000s
Revenue	**362,674**	296,843
Recharged expenses	**(57,566)**	(50,832)
Fee income	**305,108**	246,011
Staff costs	**(143,353)**	(120,244)
Depreciation and amortisation	**(5,289)**	(4,170)
Other operating costs	**(108,491)**	(84,115)
Operating profit	**47,975**	37,482

	Year ended 31 Dec 2007 £000s	Year ended 31 Dec 2006 £000s
The following items have been included in arriving at operating profit:		
Depreciation of property, plant and equipment:		
– owned assets	**4,493**	3,972
– under finance leases	**265**	69
Amortisation of intangible assets	**531**	129
Profit on disposal of property, plant and equipment	**3,224**	40
Provision for dilapidations	**2,514**	–
Onerous property lease provision	**585**	–
Other operating lease rentals payable:		
– property	**5,711**	4,848
– equipment and motor vehicles	**2,764**	2,774
Operating sublease income receivable	**199**	287

5. Net financing costs

	Year ended 31 Dec 2007 £000s	Year ended 31 Dec 2006 £000s
Interest payable and similar charges		
Interest on loans, overdraft and finance leases	**(2,838)**	(2,258)
Interest imputed on deferred consideration	**(655)**	(629)
Interest payable on deferred consideration	**(299)**	(165)
	(3,792)	(3,052)
Interest receivable		
Deposit interest receivable	**296**	160
Net financing costs	**(3,496)**	(2,892)

6. Employee benefit expense

	Year ended 31 Dec 2007 £000s	Year ended 31 Dec 2006 £000s
Staff costs (including Directors' emoluments) comprise:		
Wages and salaries	**123,078**	104,683
Social security costs	**12,794**	10,418
Pension costs – defined benefit plan	**21**	(96)
Pension costs – defined contribution plans	**5,318**	3,580
Share-based payment expense - equity settled	**2,142**	1,659
	143,353	120,244

Average monthly number of employees (including Executive Directors) was:		
Professional	**3,386**	2,831
Support	**707**	607
	4,093	3,438

Details of directors' remuneration are included on page 56.

7. Auditors' remuneration

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

		Year ended 31 Dec 2007 £000s	Year ended 31 Dec 2006 £000s
Principal auditors			
	Audit services		
	Statutory audit of the Group's annual accounts	**83**	81
	Statutory audit of the Group's subsidiaries	**92**	84
	Other services	**26**	25
Network firms of principal auditors			
	Audit services		
	Statutory audit of the Group's subsidiaries	**116**	86
	Corporate finance	**160**	21
	Tax services		
	Compliance services	**30**	24
	Other services	**4**	12
Other auditors			
	Audit services		
	Statutory audit	**34**	22
	Tax services	**41**	19
		586	374

8. Income taxes

	Year ended 31 Dec 2007 £000s	Year ended 31 Dec 2006 £000s
Current tax		
UK Corporation tax	**7,817**	6,716
Foreign tax	**5,394**	2,500
	13,211	9,216
Deferred tax expense	**358**	1,292
Tax expense for the year	**13,569**	10,508

The charge for the year can be reconciled to the profit per the income statement as follows:

	2007 £000s	2006 £000s
Profit before tax	**44,479**	34,590
Tax at the UK effective rate of 30%	**13,344**	10,377
Expenses not deductible for tax purposes	**505**	378
Different tax rates applied in overseas jurisdictions	**(407)**	(21)
Utilisation of previously unrecognised tax losses	**(7)**	(50)
Effect of change in tax rates	**153**	–
Prior year adjustments	**(19)**	(176)
Total tax expense for the year	**13,569**	10,508

9. 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 tables below:

	Year ended 31 Dec 2007 £000s	Year ended 31 Dec 2006 £000s
Profit attributable to ordinary shareholders	**30,910**	24,082
	000s	000s
Weighted average number of ordinary shares	**206,256**	201,635
Dilutive shares to be issued as deferred consideration	**92**	1,059
Dilutive effect of employee share schemes	**2,827**	3,518
Diluted weighted average number of ordinary shares	**209,175**	206,212
Basic earning per share (pence)	**14.99**	11.94
Diluted earnings per share (pence)	**14.78**	11.68

The directors consider that earnings per share before amortisation provides a more meaningful measure of the Group's performance than statutory earnings per share. The calculation of basic and diluted earnings per share before amortisation were based on the weighted average number of ordinary shares outstanding during the year as shown above and the profit attributable to ordinary shareholders before the amortisation on acquired intangibles assets and the tax thereon as shown in the table below:

9. Earnings per share continued

	Year ended 31 Dec 2007 £000s	Year ended 31 Dec 2006 £000s
Profit attributable to ordinary shareholders	**30,910**	24,082
Amortisation of acquired intangibles	**531**	129
Tax on amortisation of acquired intangibles	**(159)**	–
Adjusted profit attributable to ordinary shareholders	**31,282**	24,211
Basic earnings before per share before amortisation (pence)	**15.17**	12.01
Diluted earnings per share before amortisation (pence)	**14.95**	11.74

10. Intangible assets

	Intellectual property rights £000s	Customer relationships £000s	Goodwill £000s	Total £000s
Cost				
At 1 January 2007	201	2,104	187,175	189,480
Additions	–	2,610	27,188	29,798
Reduction in deferred consideration	–	–	(58)	(58)
Adjustment to prior year estimates	–	–	771	771
Foreign exchange differences	–	158	3,784	3,942
At 31 December 2007	201	4,872	218,860	223,933
Aggregate amortisation and impairment losses				
At 1 January 2007	201	129	12,221	12,551
Amortisation	–	531	–	531
Foreign exchange differences	–	12	–	12
At 31 December 2007	201	672	12,221	13,094
Net book value at 31 December 2007	–	4,200	206,639	210,839

	Intellectual property rights £000s	Customer relationships £000s	Goodwill £000s	Total £000s
Cost				
At 1 January 2006	201	–	167,692	167,893
Additions	–	2,104	20,222	22,326
Reduction in deferred consideration	–	–	(82)	(82)
Adjustment to prior year estimates	–	–	25	25
Foreign exchange differences	–	–	(682)	(682)
At 31 December 2006	201	2,104	187,175	189,480
Aggregate amortisation and impairment losses				
At 1 January 2006	201	–	12,221	12,422
Amortisation	–	129	–	129
At 31 December 2006	201	129	12,221	12,551
Net book value at 31 December 2006	–	1,975	174,954	176,929
Net book value at 31 December 2005	–	–	155,471	155,471

10. Intangible assets continued

Adjustment to prior year estimates

Of the adjustment to prior year estimates, £644,000 related to the recognition of deferred tax liabilities, £77,000 related to additional consideration and £50,000 related to a reduction in the fair value of investments. None of these amendments have been adjusted in the prior year balance sheet on grounds of immateriality in accordance with IAS 8.

The adjustment to 2006 prior year estimates of £26,000 related to the revision of a corporation tax liability.

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

	31 Dec 2007 £000s	31 Dec 2006 £000s Restated	Re-allocation £000s	31 Dec 2006 £000s
Planning & Development				
Great Britain	**69,465**	68,914	(700)	69,614
Ireland (Southern)	**33,902**	31,835	–	31,835
Ireland (Northern)	**7,856**	7,856	–	7,856
Other	**5,594**	4,975	–	4,975
	116,817	113,580	(700)	114,280
Environmental Management				
Great Britain	**20,785**	20,826	800	20,026
Netherlands	**6,838**	6,651	–	6,651
Other	**10,256**	–	–	–
	37,879	27,477	800	26,677
Energy	**51,943**	33,897	(100)	33,997
	206,639	174,954	–	174,954

As previously announced on 28 June 2007 the segment results for Environmental Management for the year to 31 December 2007 include the environmental sciences business, formerly in Planning and Development, and the nuclear safety business, formerly in Energy. These changes have been made to reflect the way our activities are organised and the markets they serve. The effect of re-allocating these activities on the goodwill balances is reflected above in the 2006 Restated column.

The Group tests annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the cash generating units have been determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to charge out rates during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the cash generating units. The discount rates used range from 4% to 6% per annum. Growth rates are based on management's expectations of future business volumes and range from 2% to 10% per annum. Changes in charge out rates are based on past practices and expectations of future changes in the respective markets.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management and extrapolates cash flows for the following nine years, which is the minimum period the Directors believe that economic benefits will be derived from the goodwill.

11. Property, plant and equipment

	Freehold land and buildings £000s	Alterations to leasehold premises £000s	Motor vehicles £000s	Fixtures, fittings IT and equipment £000s	Total £000s
Cost or valuation					
At 1 January 2007	11,218	918	1,250	34,790	48,176
Additions through acquisition	97	38	86	2,153	2,374
Additions	–	297	162	5,390	5,849
Disposals	(851)	(84)	(262)	(402)	(1,599)
Foreign exchange differences	578	42	40	1,224	1,884
At 31 December 2007	11,042	1,211	1,276	43,155	56,684
Depreciation					
At 1 January 2007	1,651	412	706	27,063	29,832
Provided for the year	216	168	216	4,158	4,758
Disposals	(88)	(28)	(212)	(258)	(586)
Foreign exchange differences	60	5	23	886	974
At 31 December 2007	1,839	557	733	31,849	34,978
Net book value at 31 December 2007	9,203	654	543	11,306	21,706

At 31 December 2007 the Group had motor vehicles and office equipment held under finance lease contracts with net book values of £236,000 and £6,000 respectively.

	Freehold land and buildings £000s	Alterations to leasehold premises £000s	Motor vehicles £000s	Fixtures, fittings IT and equipment £000s	Total £000s
Cost or valuation					
At 1 January 2006	12,008	740	709	30,197	43,654
Additions through acquisition	–	28	454	347	829
Additions	3	195	68	4,215	4,481
Disposals	(656)	(37)	(178)	(815)	(1,686)
Foreign exchange differences	(137)	(9)	(8)	(394)	(548)
At 31 December 2006	11,218	917	1,045	33,550	46,730
Depreciation					
At 1 January 2006	1,439	356	564	23,348	25,707
Provided for the year	270	71	115	3,585	4,041
Disposals	(48)	(10)	(173)	(775)	(1,006)
Foreign exchange differences	(10)	(6)	(5)	(335)	(356)
At 31 December 2006	1,651	411	501	25,823	28,386
Net book value at 31 December 2006	9,567	506	544	7,727	18,344
Net book value at 31 December 2005	10,569	384	145	6,849	17,947

At 31 December 2006, the Group had motor vehicles and office equipment held under finance lease contracts with net book values of £352,000 and £30,000 respectively.

12. Subsidiaries

A list of the significant subsidiaries, including the name, country of incorporation, proportion of ownership interests is given in Note 6 to the Parent Company's financial statements on page 112.

13. Trade and other receivables

	31 Dec 2007 £000s	31 Dec 2006 £000s
Trade receivables	**84,593**	63,681
Less provision for impairment of trade receivables	**(2,695)**	(2,272)
Trade receivables net	**81,898**	61,409
Accrued income	**30,581**	26,268
Less provision for impairment of accrued income	**(2,383)**	(2,259)
Accrued income net	**28,198**	24,009
Prepayments	**6,150**	5,363
Other debtors	**3,258**	2,515
	119,504	93,296

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.

The Group's trade and other receivables have been reviewed for signs of impairment. Certain trade receivables were found to be impaired and a provision of £2,695,000 (2006: £2,272,000) has been recorded accordingly. Certain accrued income balances have been found to be impaired and a provision of £2,383,000 (2006: £2,259,000) has been recorded against them. The individually impaired balances mainly relate to amounts under discussion with customers.

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

Ageing	**2007 £000s**	2006 £000s
Not more than three months overdue	**9,811**	5,615
More than three months overdue	**10,350**	5,902
	20,161	11,517

Movements in impairment	Trade Receivables £000s	Accrued income £000s	Total £000s
As at 1 January 2007	2,272	2,259	4,531
Income statement charge	582	1,906	2,488
Receivables written off during the year as uncollectible	(98)	(1,891)	(1,989)
Foreign exchange	(61)	109	48
As at 31 December 2007	2,695	2,383	5,078
As at 1 January 2006	1,295	1,971	3,266
Income statement charge	1,490	944	2,434
Receivables written off during the year as uncollectible	(480)	(642)	(1,122)
Foreign exchange	(33)	(14)	(47)
As at 31 December 2006	2,272	2,259	4,531

13. Trade and other receivables continued

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

	31 Dec 2007 £000s	31 Dec 2006 £000s
UK Pound Sterling	**62,238**	54,329
Euro	**35,330**	27,598
US Dollar	**10,516**	6,627
Canadian Dollar	**2,867**	1,216
Australian Dollar	**8,248**	3,164
Norwegian Krone	**108**	105
Danish Krone	**54**	8
Malaysian Ringgit	**96**	118
New Zealand Dollar	**47**	–
Saudi Riyals	**–**	131
	119,504	93,296

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

14. Trade and other payables

	31 Dec 2007 £000s	31 Dec 2006 £000s
Trade creditors	**17,446**	13,118
Creditors for taxation and social security	**11,638**	9,569
Other creditors	**2,154**	1,710
Deferred income	**6,142**	4,112
Accruals	**25,370**	20,354
	62,750	48,863

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.

15. Borrowings

	31 Dec 2007 £000s	31 Dec 2006 £000s
Bank loans	**43,346**	39,624
Bank overdraft	**–**	159
Finance lease creditor	**168**	310
	43,514	40,093

	Bank loans 2007 £000s	Other loans 2007 £000s	Total 2007 £000s	Bank loans 2006 £000s	Other loans 2006 £000s	Total 2006 £000s
The borrowings are repayable as follows:						
On demand or in not more than one year	**62**	**112**	**174**	56	354	410
In the second year	**57**	**31**	**88**	56	93	149
In the third to fifth years inclusive	**43,227**	**25**	**43,252**	39,512	22	39,534
	43,346	**168**	**43,514**	39,624	469	40,093
Less amount due for settlement within 12 months	**62**	**112**	**174**	56	354	410
Amount due for settlement after 12 months	**43,284**	**56**	**43,340**	39,568	115	39,683

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

(i) An uncommitted £2,000,000 bank overdraft facility, repayable on demand.

(ii) The Group has four principal bank loans:

a) A revolving credit facility of £50,000,000, incorporating a bonding facility, with Lloyds TSB Bank plc, the Group's principal bank, expiring in 2011. Loans carry interest equal to LIBOR plus a margin determined by reference to the total bank borrowing of the Group.

There were loans outstanding of £39,301,000 and £6,172,000 of the bonding facility outstanding at 31 December 2007.

b) A revolving credit facility of £20,000,000 with Lloyds TSB Bank plc expiring in 2008, with a term out option to 2011. Loans under this facility carry interest equal to LIBOR plus a margin determined by reference to the total bank borrowing of the Group.

There were loans outstanding of £3,926,000 against this facility.

c) A euro denominated loan of £44,000 (2006: £62,000). The loan was taken out in September 2001. Repayments commenced in October 2001 and will continue until October 2009. The loan is secured by a charge over a property in Hoogeveen, The Netherlands. The loan carries interest at 6.2%.

d) A euro denominated loan of £75,000 (2006: £130,000). The loan was taken out in July 1998, by a company which was acquired by the Group in October 2004. Repayments commenced on July 2003 and will continue until July 2011. The loan is secured by a charge over a property in Leerdam, The Netherlands. The loan carries interest at 6.1%.

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

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

None of the Group's borrowings were secured against Group assets.

Loan liquidity risk profile

	2007	2006
< 1 year	**2,614,346**	2,237,726
2 years	**2,614,346**	2,237,726
3-5 years	**47,252,061**	40,640,745
	52,480,753	45,116,197

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

16. Obligations under finance leases

Amounts payable under finance leases:

	Minimum lease payments 2007 £000s	**Less future interest charges 2007 £000s**	**Present value of minimum lease payments 2007 £000s**	Minimum lease payments 2006 £000s	Less future interest charges 2006 £000s	Present value of minimum lease payments 2006 £000s
Within one year	**121**	**(9)**	**112**	218	(22)	196
In two to five years	**61**	**(5)**	**56**	129	(15)	114
	182	**(14)**	**168**	347	(37)	310

For the year ended 31 December 2007, the average effective borrowing rate was 8%. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessors' rights over the leased assets.

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

17. Deferred consideration

The liability in respect of deferred consideration comprises interest bearing and non-interest bearing obligations due to the vendors of acquired businesses.

	31 Dec 2007 £000s	31 Dec 2006 £000s
Due within one year:		
Interest bearing	**2,366**	2,969
Non-interest bearing	**6,573**	8,590
	8,939	11,559
Between one and two years:		
Interest bearing	**2,666**	2,366
Non-interest bearing	**5,583**	1,083
	8,249	3,449
Between two and five years:		
Interest bearing	**–**	2,666
Non-interest bearing	**2,204**	780
	2,204	3,446
Total deferred consideration payable	**19,392**	18,454
Less amount due for settlement within 12 months	**8,939**	11,559
Amount due for settlement after 12 months	**10,453**	6,895

18. Provisions

Property

The provision for property costs relates to operating lease rentals and related costs on vacated property and will be utilised within 7 years.

Warranty

This provision is in respect of the pre-acquisition contractual obligations of acquired entities and will be utilised within 9 years.

Dilapidations

This provision is in respect of reinstatement obligations related to leasehold properties and will be utilised within 18 years.

	Property £000s	Warranty £000s	Dilapidations £000s	Total £000s
As at 1 January 2007	1,183	811	–	1,994
Additional provision in the year	585	–	2,514	3,099
Utilised in year	(250)	(170)	–	(420)
On acquisition of subsidiary	173	–	50	223
Exchange difference	73	–	134	207
At 31 December 2007	1,764	641	2,698	5,103

	2007 £000s	2006 £000s
Due as follows:		
Within one year	**595**	361
After more than one year	**4,508**	1,633
	5,103	1,994

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

19. Deferred taxation

The movement for the year in the Group's net deferred tax position was as follows:

	2007 £000s	2006 £000s
At 1 January	**2,465**	1,565
Charge to income for the year	**(336)**	(1,292)
Charge to equity for the year	**(694)**	1,690
Effect of change in tax rate	**(22)**	–
Asset acquired on acquisition of subsidiary	**(621)**	524
Fair value adjustments to prior year acquisitions	**(644)**	–
Exchange differences	**(34)**	(22)
At 31 December	**114**	2,465

Deferred tax assets

	Depreciation in excess of capital allowances £000s	Employment benefits £000s	Tax losses £000s	Provisions £000s	Share based payments £000s	Total £000s
At 1 January 2006	872	235	100	851	–	2,058
Reclassifications	–	757	–	(545)	539	751
Charge to income for the year	(60)	(552)	(93)	(293)	339	(659)
Charge to equity for the year	–	11	–	–	1,679	1,690
Asset acquired on acquisition of subsidiary	21	453	46	4	–	524
Exchange differences	(20)	(9)	(2)	–	–	(31)
At 1 January 2007	813	895	51	17	2,557	4,333
Reclassifications	(27)	14	–	13	–	–
Charge to income for the year	168	(434)	14	468	(391)	(175)
Charge to equity for the year	–	–	–	–	(743)	(743)
Effect of change in tax rate	(42)	(24)	(3)	(50)	(31)	(150)
Asset acquired on acquisition of subsidiary	(405)	343	–	(70)	–	(132)
Fair value adjustments to prior year acquisitions	(36)	–	–	–	–	(36)
Exchange differences	16	11	1	(34)	–	(6)
At 31 December 2007	487	805	63	344	1,392	3,091

Deferred tax liabilities

	Revaluation of properties £000s	Tax deductible goodwill £000s	Other £000s	Total £000s
At 1 January 2006	(256)	–	(237)	(493)
Reclassifications	–	(856)	105	(751)
Charge to income for the year	–	(536)	(97)	(633)
Exchange differences	5	–	4	9
At 1 January 2007	(251)	(1,392)	(225)	(1,868)
Charge to income for the year	–	(381)	220	(161)
Charge to equity for the year	–	49	–	49
Effect of change in tax rate	–	128	–	128
Asset acquired on acquisition of subsidiary	–	(288)	(201)	(489)
Fair value adjustments to prior year acquisitions	–	(608)	–	(608)
Exchange differences	(23)	–	(5)	(28)
At 31 December 2007	(274)	(2,492)	(211)	(2,977)

20. Share capital

	Authorised 2007 Number	Authorised 2007 £000s	Authorised 2006 Number	Authorised 2006 £000s
Ordinary shares of 3p each	**240,000,000**	**7,200**	240,000,000	7,200

	Issued and fully paid 2007 Number	2007 £000s	Issued and fully paid 2006 Number	2006 £000s
Ordinary shares of 3p each				
At 1 January	**205,445,957**	**6,163**	201,609,728	6,048
Issued under share option schemes	**1,327,059**	**40**	788,211	24
Issued under save as you earn schemes	**16,392**	**1**	51,284	1
Issued under the Share Incentive Plan	**148,064**	**5**	428,654	13
Issued in respect of the Performance Share Plan	**745,737**	**22**	109,883	3
Issued in respect of the Long Term Incentive Plan	**571,862**	**17**	–	–
Issued in consideration for acquisitions during the year	**1,412,581**	**42**	1,471,259	44
Issued in respect of deferred consideration related to acquisitions in prior years	**964,352**	**29**	986,938	30
At 31 December	**210,632,004**	**6,319**	205,445,957	6,163

	2007 Number	2006 Number
Ordinary shares held by the ESOP Trust	**689,421**	1,082,102
Ordinary shares held by the SIP Trust	**1,581,755**	712,002

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

The table below shows options outstanding at 31 December 2007.

There are options over 39,113 of the shares held in the ESOP Trust outstanding that are included in the table below. These are exercisable between 2005 and 2011 at an exercisable price range of 153p to 171p.

Period exercisable	Number	Exercise price (p)
2001 - 2008	19,500	52 - 53
2002 - 2009	21,000	72 - 83
2003 - 2010	140,100	125 - 143
2004 - 2011	75,500	136 - 154
2005 - 2012	219,395	125 - 149
2006 - 2013	693,322	111 - 171
2007 - 2014	145,580	149
2008 - 2015	158,265	111 - 147
	1,472,662	

Please see page 66 in the Report of the Directors for details of the Group's capital management procedures.

21. Statement of changes in equity

	Share capital £000s	Share premium £000s	Retained earnings £000s	Other reserves £000s	Total equity £000s
At 1 January 2006	6,048	88,043	59,345	8,435	161,871
Changes in equity during 2006					
Actuarial loss	–	–	(88)	–	(88)
Tax recognised directly in equity	–	–	1,690	–	1,690
Exchange differences	–	–	–	(1,939)	(1,939)
Net income recognised directly in equity	–	–	1,602	(1,939)	(337)
Profit for the year	–	–	24,082	–	24,082
Total recognised income and expense for the year	–	–	25,684	(1,939)	23,745
Issue of new ordinary shares	115	1,793	–	3,151	5,059
Own shares issued	–	–	–	(642)	(642)
Share based payment expense	–	–	–	1,659	1,659
Shares to be issued	–	–	–	443	443
Dividends	–	–	(5,201)	–	(5,201)
At 31 December 2006	6,163	89,836	79,828	11,107	186,934
Changes in equity during 2007					
Tax recognised directly in equity	–	–	743	–	743
Exchange differences	–	–	–	5,787	5,787
Net income recognised directly in equity	–	–	743	5,787	6,530
Profit for the year	–	–	30,910	–	30,910
Total recognised income and expense for the year	–	–	31,653	5,787	37,440
Transfer	–	–	4,053	(4,053)	–
Issue of new ordinary shares	156	3,451	(1,281)	4,057	6,383
Sale of own shares	–	–	671	622	1,293
Share based payment expense	–	–	2,142	–	2,142
Tax on share based payment expense	–	–	(448)	–	(448)
Expenses of issue of equity shares	–	(62)	–	–	(62)
Shares to be issued	–	–	–	(4)	(4)
Dividends	–	–	(6,144)	–	(6,144)
At 31 December 2007	6,319	93,225	110,474	17,516	227,534

22. Other reserves

	Merger reserve £000s	Employee trust shares £000s	Share scheme reserve £000s	Shares to be issued £000s	Translation reserve £000s	Total other reserves £000s
At 1 January 2006	5,738	(2,400)	2,394	3,307	(604)	8,435
Changes in equity during 2006						
Exchange differences	–	–	–	–	(1,939)	(1,939)
Issue of new shares	4,904	–	–	(1,753)	–	3,151
Own shares issued	–	(642)	–	–	–	(642)
Share based payment expense	–	–	1,659	–	–	1,659
Shares to be issued	–	–	–	443	–	443
At 31 December 2006	10,642	(3,042)	4,053	1,997	(2,543)	11,107
Changes in equity during 2007						
Exchange differences	–	–	–	–	5,787	5,787
Transfer to retained earnings	–	–	(4,053)	–	–	(4,053)
Issue of new shares	6,351	(523)	–	(1,771)	–	4,057
Sale of own shares	–	622	–	–	–	622
Shares to be issued	–	–	–	(4)	–	(4)
At 31 December 2007	16,993	(2,943)	–	222	3,244	17,516

The following describes the nature and purpose of each reserve within equity:

Reserve	**Description and purpose**
Share premium	Premium on shares issued in excess of nominal value, other than on shares issued in respect of acquisitions when merger relief is taken.
Merger reserve	Premium on shares issued in respect of acquisitions when merger relief is taken.
Employee trust	Own shares held by the SIP and ESOP trusts.
Shares to be issued	Shares to be issued in respect of deferred consideration, where the number of shares to be issued is fixed.
Share scheme	Cumulative expense of equity settled share based payments recognised in the consolidated income statement. The share scheme reserve has been transferred into retained earnings during the period.
Translation reserve	Cumulative gains/losses arising on retranslating the net assets of overseas operations into sterling.
Retained earnings	Cumulative net gains and losses recognised in the consolidated income statement and statement of recognised income and expense.

23. Dividends

	Year ended 31 Dec 2007 £000s	Year ended 31 Dec 2006 £000s
Amounts recognised as distributions to equity holders during the period:		
Final dividend for the year ended 31 December 2006 of 1.44p (2005: 1.25p) per share	**2,967**	2,510
Interim dividend for the year ended 31 December 2007 of 1.52p (2006: 1.32p) per share	**3,177**	2,691
	6,144	5,201
Proposed final dividend for the year ended 31 December 2007 of 1.66p (2006: 1.44p) per share	**3,496**	2,962

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

24. Operating lease arrangements

At 31 December 2007, the Group's total remaining commitments as lessee under non-cancellable operating leases for certain of its office properties and motor vehicles was as follows:

Commitments

	Property 2007 £000s	Property 2006 £000s	**Other 2007 £000s**	Other 2006 £000s
Within one year	**5,761**	4,530	**2,474**	2,275
In two to five years	**15,724**	11,989	**3,166**	2,923
After five years	**18,905**	12,356	**–**	3
	40,390	28,875	**5,640**	5,201

Operating leases - lessor

Certain properties have been vacated prior to the end of the lease term. Where possible the Group always endeavours to sub-lease such vacant space on short-term lets. The sublease rental income during the year ended 31 December 2007 was £199,000 (2006: £287,000).

The minimum rent receivable under non-cancellable operating leases are as follows:

Receivables	**2007 £000s**	2006 £000s
Within one year	**189**	217
In two to five years	**473**	398
After five years	**58**	115
	720	730

25. Related party transactions

Related parties, as defined by IAS 24, are the subsidiary companies and members of the Executive Board. Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. There were no transactions within the year in which the Directors had any interest.

26. Notes to the Consolidated Cash Flow Statement

	Year ended 31 Dec 2007 £000s	Year ended 31 Dec 2006 £000s
Profit before tax	**44,479**	34,590
Adjustments for:		
Interest payable and similar charges	**3,792**	3,052
Interest receivable	**(296)**	(160)
Depreciation	**4,758**	4,001
Amortisation of acquired intangibles	**531**	129
Share based payment expense	**2,142**	1,659
Profit on sale of property, plant and equipment	**(3,224)**	–
Provision for dilapidations	**2,514**	–
Provision for onerous lease	**585**	–
Increase in trade and other receivables	**(14,018)**	(7,422)
Increase in trade and other payables	**4,130**	4,814
Cash generated from operations	**45,393**	40,663

The table below provides an analysis of net borrowings, comprising cash and cash equivalents, interest bearing bank loans and finance leases, during the year ended 31 December 2007.

	At 31 Dec 2006 £000s	Cash flow £000s	Foreign Exchange £000s	**At 31 Dec 2007 £000s**
Cash and cash equivalents	9,805	352	727	**10,884**
Bank loans	(39,624)	(3,001)	(721)	**(43,346)**
Finance lease creditor	(310)	149	(7)	**(168)**
Net borrowings	(30,129)	(2,500)	(1)	**(32,630)**

27. Major non-cash transactions

Part of the consideration for the purchase of the subsidiary undertakings that occurred during the year comprised the issue of shares.

Further details of the acquisitions are set out in Note 28.

28. Acquisitions during the period

The Group completed the acquisition during 2007 of a number of entities, each accounted for as an acquisition during the year as detailed below.

(a) MetOcean Engineers Pty Ltd

On 6 August 2007 RPS Consultants Pty Ltd acquired 100% of the issued share capital of MetOcean Engineers Pty Ltd, a consultancy providing oceanographic and meteorological services in support of coastal and ocean engineering and environmental protection in Australia.

Details of the provisional fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Book value £000s	Fair value £000s
Intangible assets - customer relationships	–	1,362
Property, plant and equipment	1,029	1,831
Deferred tax assets/(liabilities)	134	(275)
Trade and other receivables	1,779	1,779
Cash and cash equivalents	1,384	1,384
Trade and other payables	(1,638)	(1,638)
Current tax liabilities	(393)	(393)
Non current liabilities	(294)	(294)
Net assets	2,001	3,756
Consideration		
Initial consideration - shares allotted		3,063
Initial consideration - cash		5,105
Deferred consideration - cash		5,998
Present value adjustment to deferred consideration		(657)
Expenses of acquisition		137
Total cost of acquisition		13,646
Goodwill arising		9,890

The fair value adjustment to property, plant and equipment relates to the recognition of equipment that was previously unrecognised. As part of the initial consideration, 900,855 ordinary shares of RPS Group Plc were allotted to the vendors of MetOcean Engineers Pty Ltd.

The contribution of MetOcean Engineers Pty Ltd to Group profit for the period since acquisition was £610,000.

(b) Geocon Group Services Ltd, Geophysical Consultants Ltd, Geocon Asia Ltd and Geocon International Ltd

On 28 March 2007, the Group acquired the entire share capital of Geocon Group Services Ltd, Geophysical Consultants Ltd and Geocon Asia Ltd and the business and certain assets of Geocon International Ltd.

The Geocon Group provides geological consultancy services to the international oil and gas industry.

Details of the provisional fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

28. Acquisitions during the period continued

	Book value £000s	Fair value £000s
Intangible assets - customer relationships	–	184
Property, plant and equipment	124	124
Trade and other receivables	2,577	2,577
Cash and cash equivalents	(721)	(721)
Trade and other payables	(780)	(780)
Current tax liabilities	(18)	(18)
Deferred tax liabilities	–	(55)
Net assets	1,182	1,311
Consideration		
Initial consideration - shares allotted		1,588
Initial consideration - cash		1,905
Deferred consideration - cash		2,858
Present value adjustment to deferred consideration		(292)
Expenses of acquisition		193
Total cost of acquisition		6,252
Goodwill arising		4,941

As part of the initial consideration, 511,726 ordinary shares of RPS Group Plc were allotted to the vendors of the Geocon Group.

It is not possible to determine the contribution of the Geocon Group to Group profit for the period since acquisition as the business has been integrated into the Group's existing businesses.

(c) JD Consulting LP

On 6 December 2007, the Group acquired certain assets and liabilities as well as the trade and business of JD Consulting LP, a US based limited liability partnership providing environmental consultancy advice to the petroleum refining industry and to renewable energy projects, as well as the power generation and chemical sectors.

Details of the provisional fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Book value £000s	Fair value £000s
Property, plant and equipment	101	101
Trade and other receivables	1,553	1,553
Cash and cash equivalents	664	664
Trade and other payables	(1,808)	(1,808)
Current tax liabilities	(26)	(26)
Non current liabilities	(1,202)	(1,202)
Net liabilities	(718)	(718)
Consideration		
Initial consideration - cash		5,479
Expenses of acquisition		74
Total cost of acquisition		5,553
Goodwill arising		6,271

28. Acquisitions during the period continued

It is impracticable to determine the IFRS carrying amounts of assets and liabilities prior to the acquisition of JD Consulting as the partnership did not prepare its accounts in accordance with IFRS.

The contribution of JD Consulting to Group profit for the period since acquisition was £52,000.

(d) Other acquisitions

During the year the Group also acquired a number of smaller entities, each accounted for as acquisitions.

In February, RPS Energy Canada Ltd acquired the entire issued share capital of APA Petroleum Engineering Inc, a leading petroleum engineering consultancy based in Canada.

In March, RPS Energy Pty Ltd acquired the assets and certain liabilities of Safety and Risk Practice Pty Ltd, a provider of health and safety services to the oil and gas industry in Australia and South East Asia.

In June, The Environmental Consultancy Ltd acquired 100% of Net Admin Ltd, a company that prior to acquisition provided out-sourced IT services exclusively to the Group.

In November, Cambrian Consultants America Inc acquired the entire share capital of The Scotia Group Inc, a US based consultancy providing advice to the oil and gas industry in respect of exploration activities.

In November, RPS Energy Ltd acquired the entire share capital of Oil Experience Ltd, a company providing consulting services to the oil and gas industry.

The aggregate fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Book value £000s	Fair value £000s
Intangible assets - customer relationships	–	1,064
Property, plant and equipment	319	318
Deferred tax assets/(liabilities)	144	(291)
Trade and other receivables	3,443	3,443
Cash and cash equivalents	472	472
Trade and other payables	(3,087)	(3,087)
Current tax liabilities	174	174
Net assets	1,465	2,093
Consideration		
Initial consideration - cash		4,087
Deferred consideration - cash		3,760
Present value adjustment to deferred consideration		(246)
Expenses of acquisition		577
Total cost of acquisition		8,178
Goodwill arising		6,085

It is not possible to determine the contribution of the entities acquired to Group profit for the period since acquisition as the businesses have been integrated into the Group's existing business.

If the acquisitions during 2007 had been completed on the first day of the financial year, Group revenues for the period would have been £379,180,000 and Group operating profit would have been £51,431,000.

(e) Goodwill

For all of the current period acquisitions, goodwill represents the assembled professional workforce acquired with those businesses.

(f) Prior period acquisitions

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Book value £000s	Fair value £000s
Intangible assets - customer relationships	–	2,104
Property, plant and equipment	826	826
Deferred tax assets	524	524
Trade and other receivables	6,351	6,351
Cash and cash equivalents	1,511	1,511
Trade and other payables	(2,517)	(2,517)
Finance lease creditor	(413)	(413)
Current tax liabilities	(797)	(797)
Non current liabilities	(330)	(330)
Net assets	5,155	7,259
Consideration		
Initial consideration - shares allotted		3,225
Initial consideration - cash		12,952
Deferred consideration - shares		444
Deferred consideration - cash		2,341
Deferred consideration - loan notes		8,001
Present value adjustment to deferred consideration		(221)
Expenses of acquisition		739
Total cost of acquisition		27,481
Goodwill arising		20,222

29. Derivatives and other financial instruments

Set out below are the narrative disclosures relating to financial instruments. The numerical disclosures are set out in Notes 30, 31 and 32.

Financial instruments

The Group's financial assets comprise cash and trade and other receivables which are categorised as "Loans and other receivables" and held at amortised cost.

The Group's financial liabilities comprise bank loans and trade and other payables which are categorised as "Other financial liabilities" and held at amortised cost. The fair value of the loan is determined by discounting at the interest rate. The Group occasionally uses forward foreign currency and currency swap contracts to manage transactional currency risks arising from the Group's operations.

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

Foreign currency risk and interest rate 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. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

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

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

Interest rate risk

The Group draws down short term loans, that may be renewed, against its revolving credit facility principally in sterling at fixed rates of interest for the term of the loan. The Group's overdraft bears interest at floating rates. Surplus funds are placed on short-term deposit or held within accounts bearing interest related to bank base rate.

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. Please see note 15 for further detail of the Group's liquidity risk.

Credit risk

The Group is mainly exposed to credit risk from credit sales. 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.

Fair values

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

30. Foreign currency risk

The table below shows the extent to which Group companies have monetary assets and liabilities in currencies other than their own functional currency. Foreign exchange differences arising on the translation of these assets and liabilities were taken to the income statements of the Group companies during the year.

Net foreign currency monetary assets/(liabilities) at 31 December 2007

	Sterling £000s	Euro £000s	US Dollar £000s	Norwegian Krone £000s	Malaysian Ringgit £000s	Danish Krone £000s	Other £000s	Total £000s
Functional currency of Group operation								
Sterling	–	1,337	223	116	–	55	41	1,772
Euro	(29)	–	90	–	–	–	–	61
Australian Dollar	113	33	174	–	173	–	50	543
Canadian Dollar	176	(10)	381	–	–	–	–	547
At 31 December 2007	260	1,360	868	116	173	55	91	2,923

Net foreign currency monetary assets/(liabilities) at 31 December 2006

	Sterling £000s	Euro £000s	US Dollar £000s	Norwegian Krone £000s	Malaysian Ringgit £000s	Saudi Riyals £000s	Other £000s	Total £000s
Functional currency of Group operation								
Sterling	–	(1,138)	1,112	162	–	127	(1)	262
Euro	(61)	–	(55)	–	–	–	–	(116)
Australian Dollar	78	–	86	–	119	–	–	283
Canadian Dollar	–	–	63	–	–	–	–	63
At 31 December 2006	17	(1,138)	1,206	162	119	127	(1)	492

Foreign currency sensitivity

The Group considers the volatility of currency markets over the year to be representative of the potential foreign currency risk it is exposed to. The main currency the Group's results were exposed to at year end was the Euro and over the year the volatility of this currency was 10%.

If Sterling had strengthened against the Euro at year end by 10% it would have decreased Group profit by £124,000.

If Sterling had weakened against the Euro at year end by 10%, it would have increased Group profit by £151,000.

These movements would have had no impact on equity and reserves.

31. Interest rate risk

Interest rate risk and profile of financial liabilities and assets

The interest rate risk profile of the Group's financial liabilities which at 31 December 2007 comprised deferred consideration, finance lease obligations and bank loans, were as follows:

Currency	Floating rate financial liabilities **2007 £000s**	2006 £000s	Fixed rate financial liabilities **2007 £000s**	2006 £000s	Total **2007 £000s**	2006 £000s
Sterling	**–**	–	**38,781**	53,764	**38,781**	53,764
Euro	**–**	77	**120**	1,842	**120**	1,919
Australian Dollar	**–**	–	**11,711**	2,018	**11,711**	2,018
Canadian Dollar	**–**	82	**2,764**	85	**2,764**	167
US Dollar	**–**	–	**9,530**	679	**9,530**	679
At 31 December	**–**	159	**62,906**	58,388	**62,906**	58,547

The maturity profile of financial liabilities is as follows:

	Floating rate financial liabilities **2007 £000s**	2006 £000s	Fixed rate financial liabilities **2007 £000s**	2006 £000s	Total **2007 £000s**	2006 £000s
Within one year	**–**	159	**9,114**	11,810	**9,114**	11,969
In one to two years	**–**	–	**8,337**	3,598	**8,337**	3,598
In two to five years	**–**	–	**45,455**	42,980	**45,455**	42,980
	–	159	**62,906**	58,388	**62,906**	58,547

Further details of the Group's loan arrangements are included in notes 15 and 29.

Financial liabilities

Currency	**Weighted average interest rate % 2007**	Weighted average interest rate % 2006	Fixed rate financial liabilities **Weighted average period for which rate is fixed – months 2007**	Weighted average period for which rate is fixed – months 2006
Sterling	**6.2**	5.5	**4**	5
Euro	**3.2**	3.9	**23**	6
Australian Dollar	**6.8**	6.3	**10**	14
Canadian Dollar	**4.8**	4.4	**4**	8
US Dollar	**5.4**	5.8	**3**	1
	6.1	5.1	**5**	5

31. Interest rate risk continued

Cash balances at year end

Currency	31 Dec 2007 £000s	31 Dec 2006 £000s
Sterling	**1,075**	1,827
Euro	**4,053**	3,725
US Dollar	**4,413**	2,456
Australian Dollar	**432**	1,083
Canadian Dollar	**242**	484
Norwegian Krone	**173**	114
Polish Zloty	**343**	99
Central African Francs	**42**	151
Malaysian Ringgit	**81**	–
Other	**30**	25
At 31 December	**10,884**	9,964

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

Borrowing facilities

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

The undrawn borrowing facilities comprise revolving credit facilities that expire between two and five years where interest costs are fixed at the time drawings are made. During 2007, the Group had an overdraft facility expiring within one year, carrying floating rate interest.

	31 Dec 2007 £000s	31 Dec 2006 £000s
Expiring in more than two years but not more than five years	**20,602**	20,948

Interest rate sensitivity

Management considers a 0.25 basis point move in interest rates to be reasonably possible. If the interest rates in effect during the year had moved by plus or minus 0.25 basis points and all other variables held constant the Group's profit for the year ended 31 December 2007 would decrease/increase by £88,000 (2006: decrease/increase by £79,000). There would be no impact on other equity reserves.

32. Credit Risk

The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date, as summarised below:

Class of financial asset	2007 £000s	2006 £000s
Cash and cash equivalents	**10,884**	9,805
Trade and other receivables	**110,096**	85,418
	120,980	95,223

The directors consider the above financial assets that are not impaired to be of good credit quality including those that are past due. See note 13 for further detail on receivables that are past due.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties with similar characteristics.

The credit risk for liquid funds is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

None of the Group's financial assets are secured by collateral.

33. Share-based payments

In accordance with IFRS 2, the Group has recognised an expense to the income statement representing the fair value of outstanding equity settled share based payment awards to employees which have not vested as at 1 January 2007 for the period ended 31 December 2007.

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

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

It should be noted that the Group has not relied on the exemption afforded under IFRS 1 to exclude instruments granted before 7 November 2002.

Prior to 2004, the Group granted options and super options to employees under the Executive Share Option Scheme ("ESOS") and Save as You Earn ("SAYE") scheme. Under the ESOS, share options are granted at the market price on the date of grant with the exercise of options subject to the satisfaction of corporate performance conditions and continuity of employment provisions. For SAYE options, share options are granted at the market price on the date of grant. Employees can exercise the SAYE option at the end of their savings contract.

Since 2004 the Group has incentivised and motivated employees through the grant of conditional share awards under the Long Term Incentive Plan ("LTIP") for Executive Directors and other senior directors; the Performance Share Plan ("PSP"), for senior managers and staff, and the Share Incentive Plan ("SIP"), available to staff. Under these arrangements shares are granted at no cost to the employee. The release of shares granted under the LTIP and PSP are subject to the satisfaction of corporate performance conditions and continuity of employment provisions. The release of shares under the SIP are subject to continuity of employment provisions.

The following tables set out details of share schemes activity over the year from 1 January 2007:

33. Share-based payments continued

Share Options

Year of grant	Number outstanding 31 Dec 2006	Exercised	Lapsed	Number outstanding 31 Dec 2007	Weighted average exercise price	Vesting conditions
1998	21,000	(1,500)	–	19,500	53p	3 or 5 years
1999	227,832	(206,832)	–	21,000	73p	3 or 5 years
2000	453,990	(274,340)	(18,550)	161,100	126p	3 or 5 years
2001	243,675	(113,552)	(15,500)	114,623	165p	3 or 5 years
2002	778,926	(373,759)	(61,192)	343,975	149p	3 or 5 years
2003	1,177,610	(354,576)	(10,570)	812,464	116p	3 or 5 years
2004	4,500	(2,500)	(2,000)	–	118p	3 years
	2,907,533	(1,327,059)	(107,812)	1,472,662		
Weighted average exercise price	126p	125p	145p	126p	125p	

The weighted average share price at the date of exercise during the period was £3.33.

Year of grant	Number outstanding 31 Dec 2005	Exercised	Lapsed	Number outstanding 31 Dec 2006	Weighted average exercise price	Vesting conditions
1998	73,500	(52,500)	–	21,000	53p	3 or 5 years
1999	320,832	(81,000)	(12,000)	227,832	73p	3 or 5 years
2000	698,340	(241,200)	(3,150)	453,990	127p	3 or 5 years
2001	354,229	(110,554)	–	243,675	152p	3 or 5 years
2002	984,433	(147,672)	(57,835)	778,926	149p	3 or 5 years
2003	1,431,947	(155,285)	(99,052)	1,177,610	111p	3 or 5 years
2004	4,500	–	–	4,500		3 years
	3,867,781	(788,211)	(172,037)	2,907,533		
Weighted average exercise price	125p	121p	121p	126p	121p	

The weighted average share price at the date of exercise during the period was £2.11.

SAYE

Year of grant	Number outstanding 31 Dec 2006	Exercised	Lapsed	Number outstanding 31 Dec 2007	Exercise price	Vesting conditions
2003	139,704	(16,392)	(24,656)	98,656	147p	3 or 5 years

Year of grant	Number outstanding 31 Dec 2005	Exercised	Lapsed	Number outstanding 31 Dec 2006	Exercise price	Vesting conditions
2003	209,896	(58,819)	(11,373)	139,704	147p	3 or 5 years

LTIP

Year of grant	Number outstanding 31 Dec 2006	New grants	Releases	Number outstanding 31 Dec 2007	Vesting conditions
2004	571,862	–	(571,862)	–	3 years
2005	407,194	–	–	407,194	3 years
2006	386,596	–	–	386,596	3 years
2007	–	347,987	–	347,987	3 years
	1,365,652	347,987	(571,862)	1,141,777	

Year of grant	Number outstanding 31 Dec 2005	New grants	Releases	Number outstanding 31 Dec 2006	Vesting conditions
2004	571,862	–	–	571,862	3 years
2005	407,194	–	–	407,194	3 years
2006	–	386,596	–	386,596	3 years
	979,056	386,596	–	1,365,652	

PSP

Year of grant	Number outstanding 31 Dec 2006	New grants	Releases	Grants replaced	Lapsed	Number outstanding 31 Dec 2007	Vesting conditions
2004	825,539	–	(745,737)	–	(79,802)	–	3 years
2005	341,743	–	–	–	(42,654)	299,089	3 years
2006	487,976	–	–	–	(44,257)	443,719	2 or 3 years
2007	–	578,101	–	–	(2,576)	575,525	1, 2 or 3 years
	1,655,258	578,101	(745,737)	–	(169,289)	1,318,333	

Year of grant	Number outstanding 31 Dec 2005	New grants	Early releases	Grants replaced	Lapsed	Number outstanding 31 Dec 2006	Vesting conditions
2004	914,362	–	(101,585)	101,585	(88,823)	825,539	3 years
2005	365,856	–	(8,298)	8,298	(24,113)	341,743	3 years
2006	–	513,578	–	–	(25,602)	487,976	2 or 3 years
	1,280,218	513,578	(109,883)	109,883	(138,538)	1,655,258	

SIP

Year of grant	Number outstanding 31 Dec 2006	New grants	Releases	Forfeits	Number outstanding 31 Dec 2007	Vesting conditions
2004	66,990	–	(3,516)	(6,092)	57,382	3 years
2005	401,885	–	(14,699)	(36,202)	350,984	3 years
2006	394,568	5,914	(11,731)	(34,229)	354,522	3 years
2007	–	335,189	(2,200)	(8,986)	324,003	3 years
	863,443	341,103	(32,146)	(85,509)	1,086,891	

Year of grant	Number outstanding 31 Dec 2005	New grants	Releases	Forfeits	Number outstanding 31 Dec 2006	Vesting conditions
2004	72,254	–	(371)	(4,893)	66,990	3 years
2005	430,344	38	(3,769)	(24,728)	401,885	3 years
2006	–	403,272	(635)	(8,069)	394,568	3 years
	502,598	403,310	(4,775)	(37,690)	863,443	

The fair values of the above equity instruments have been determined using the following criteria:

Share Options and SAYE Options

	Share Options	SAYE
Share price on grant	111 – 171p	147p
Expected volatility	26.8% - 27.5%	26.3% - 28.5%
Expected life	5 years	3 or 5 years
Expected dividend yield	1.45%	1.45%
Risk-free interest rate	4.1% - 4.5%	4.1% - 4.5%
Fair value at measurement date	33.01p – 46.26p	43.51p - 54.83p
Weighted fair value	39.18p	50.13p

The volatility has been based on the annualised average of the standard deviations of the daily historical continuously compounded returns of the Group's share price over the most appropriate period from the date of grant.

The risk-free rate of interest was assumed to be the yield to maturity on a UK Gilt strip with the term to maturity equal to the expected life of the option.

The expected dividend yield is an estimate of the dividend yield at the date of grant for the duration of the option's life.

LTIP

For LTIP awards with a total shareholder return ("TSR") performance condition, the fair value has been calculated as the market value of the shares on the date of grant adjusted to reflect some of the terms and conditions upon which the shares were awarded. The Group took into account the market based TSR condition and the fact that a participant is not entitled to receive dividends over the three year performance period.

For LTIP awards with an earnings per share performance condition, the fair value has been calculated as the market value of the shares on the date of grant adjusted to reflect the fact that a participant is not entitled to receive dividends over the three year performance period.

	LTIP awards
Fair value at measurement date	52.22p - 284.64p
Weighted fair value	146.69p
Holding period	3 years
Expected dividend yield	0.88% - 1.45%

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 the fact that a participant is not entitled to receive dividends over the performance period.

	PSP awards
Fair value at measurement date	52.22p - 284.64p
Weighted fair value	186.37p
Holding period	3 years
Expected dividend yield	0.88% - 1.45%

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. Participants are entitled to receive dividends over the three year holding period therefore no adjustment was made to the market value.

	SIP awards
Fair value at measurement date	52.22p - 284.64p
Weighted fair value	224.64p
Holding period	3 years

During the year ended 31 December 2007, the Group recognised expense of £2,142,000 related to the fair value of the share based payment arrangements (year ended 31 December 2006: £1,659,000).

In determining the charge to the income statement, the Group made the following assumptions with regard to annual lapse rates as at the date of grant:

Share scheme	Annual lapse rate
ESOS	13%
SAYE	5%
LTIP	0%
PSP	5%
SIP	10%

In addition, the Group estimated that all non-market based performance conditions would be satisfied in full.

34. Events after the balance sheet date

On 6 February 2008, RPS Groep BV completed the acquisition of 100% of the share capital of Kraan Consulting Holding BV for a maximum total consideration of €6,475,000 (£4,798,000) payable in cash.

Consideration paid at completion was €4,025,000 (£2,983,000). Subject to certain operational requirements being met, a further €1,200,000 (£889,000) will be paid on 1 March 2009 and €1,250,000 (£926,000) will be paid on 1 March 2010. It is not practical to include further information in respect of this acquisition at this time.

35. Contingent liabilities

As at 31 December 2007 the Group had contingent liabilities in respect of contractual performance guarantees and other matters arising in the ordinary course of business entered into, for or on behalf of certain Group undertakings. It is not expected that any material liability will arise in respect thereof, and the Directors estimate that the fair value of such guarantees is not material.

Parent Company Balance Sheet

	Note	As at 31 Dec 2007 £000s	As at 31 Dec 2006 £000s
Fixed assets			
Intangible assets	4	**976**	1,042
Tangible assets	5	**3,494**	3,331
Investments	6	**174,300**	170,987
		178,770	175,360
Current assets			
Debtors	7	**34,559**	14,052
Cash at bank and in hand		**2,101**	15
		36,660	14,067
Creditors: amounts falling due within one year	8	**30,974**	18,814
Net current assets/(liabilities)		**5,686**	(4,747)
Total assets less current liabilities		**184,456**	170,613
Creditors: amounts falling due after more than one year	9	**46,868**	44,687
Provision for liabilities	10	**121**	–
Net assets		**137,467**	125,926
Capital and reserves			
Called up share capital	12, 13	**6,319**	6,163
Share premium account	13	**93,225**	89,836
Profit and loss reserve	13	**23,619**	16,245
Other reserves	13	**14,304**	13,682
Shareholders' funds		**137,467**	125,926

These financial statements were approved and authorised for issue by the Board on 5 March 2008.

The notes on pages 109 to 115 form part of these financial statements.

Dr Alan Hearne, Director

Gary Young, Director

On behalf of the Board of RPS Group Plc.

Notes to the Parent Company Financial Statements

1. Accounting policies

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

Goodwill

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

Valuation of investments

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

Tangible fixed assets

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

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, excluding freehold land, over their expected useful lives. It is calculated at the following rates:

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

Revaluation of properties

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

Leased assets and assets held under hire purchase contracts

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

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

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

Foreign currency translation

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

Pension costs

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

Share based employee remuneration

The Company has applied FRS 20 "Share-based payment" to all share options and conditional share awards which were granted to employees and had not vested at 1 January 2005. A charge is recognised on the same basis as that recognised for the Group under IFRS 2 (see page 104). Where the Company will be issuing shares to satisfy share awards made by its subsidiaries, the Company records a capital contribution equal to the fair value of the share-based payment incurred by its subsidiaries except to the extent that the subsidiaries reimburse the Company.

Taxation

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

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

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

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

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

Employee Share Ownership Plan (ESOP)

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

Financial instruments

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

Financial assets

Loans and receivables

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

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

Financial liabilities

Amounts held at amortised cost

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

2. Employees

The average number of employees during the year was 97(2006: 76). Details of Directors' remuneration are shown on pages 38 to 46.

Staff costs (including Directors' emoluments) consist of:

	Year ended 31 Dec 2007 £000s	Year ended 31 Dec 2006 £000s
Wages and salaries	**4,460**	3,970
Social security costs	**789**	429
Pension costs	**283**	256
Share based expense	**822**	526
	6,354	5,181

Details of share-based payments are included in Note 33 to the Consolidated Financial Statements. These disclosures meet the requirements of FRS 20.

3. Profit attributable to shareholders

No profit and loss account is provided for the Parent Company as allowed by Section 230 of the Companies Act 1985.

	Year ended 31 Dec 2007 £000s	Year ended 31 Dec 2006 £000s
Profit for the year attributable to the shareholders of the Parent Company, dealt with in the accounts of the Parent Company	**8,381**	12,349

The remuneration of the auditors for the statutory audit of the Company was £40,000 (2006: £40,000).

4. Intangible Assets

	Goodwill £000s
Cost	
At 1 January 2007 and at 31 December 2007	2,134
Amortisation	
At 1 January 2007	1,092
Charge for the year	66
At 31 December 2007	1,158
Net book value at 31 December 2007	976
Net book value at 31 December 2006	1,042

5. Tangible Assets

	Freehold land and buildings £000s	Alterations to leasehold premises £000s	Fixtures, fittings IT and equipment £000s	Total £000s
Cost or valuation				
At 1 January 2007	3,120	330	1,850	5,300
Transfers	6	–	199	205
Additions	–	7	848	855
Additions through acquisition	–	–	1	1
Disposals	(266)	(84)	(14)	(364)
At 31 December 2007	2,860	253	2,884	5,997
Depreciation				
At 1 January 2007	540	136	1,293	1,969
Transfers	3	–	185	188
Provided for the year	60	4	387	451
Disposals	(63)	(28)	(14)	(105)
At 31 December 2007	540	112	1,851	2,503
Net book value at 31 December 2007	2,320	141	1,033	3,494
Net book value at 31 December 2006	2,580	194	557	3,331

6. Investments

Shares are held directly by RPS Group Plc except where marked by an asterisk where they are held by a subsidiary undertaking. All trading subsidiaries provide environmental consultancy services. See note 17 for details of acquisitions during the year.

Subsidiary undertakings	£000s
Cost	
At 1 January 2007	171,825
Additions	3,356
Adjustments to prior year estimates	(43)
At 31 December 2007	175,138
Provisions	
At 1 January 2007 and 31 December 2007	838
Net book value at 31 December 2007	174,300
Net book value at 31 December 2006	170,987

Subsidiary undertakings

The following were the principal operating subsidiaries during the year:

	Country of registration and operation	Proportion of ordinary share capital held
The Environmental Consultancy Limited	England	100%
RPS Water Services Limited	England	100%
RPS Ireland Limited	Northern Ireland	100%
RPS Energy Limited	England	100%
Cambrian Consultants Limited	England	100%*
RPS Groep BV	Netherlands	100%
RPS Advies BV	Netherlands	100%*
RPS Analyse BV	Netherlands	100%*
Ingenieursbureau BCC BV	Netherlands	100%*
RPS Group Limited	Ireland	100%
RPS Engineering Services Limited	Ireland	100%*
RPS Planning & Environment Limited	Ireland	100%*
RPS Consulting Engineers Limited	Ireland	100%*
RPS Consultants Pty Limited	Australia	100%*
RPS Energy Pty Limited	Australia	100%*
RPS Environment Pty Limited	Australia	100%*
ECL Pty Limited	Australia	100%*
RPS ECOS Pty Limited	Australia	100%*
Harper Somers O'Sullivan Pty Limited	Australia	100%*
MetOcean Engineers Pty Limited	Australia	100%*
Hydrosearch USA Inc	USA	100%*
Cambrian Consultants (CC) America Inc	USA	100%*
Exploration Consultants Limited Inc	USA	100%*
Scotia Group Inc	USA	100%*
RPS JD Consulting Inc	USA	100%*
RPS Energy Canada Limited	Canada	100%*
APA Petroleum Engineering Inc	Canada	100%*
Geoprojects Canada Limited	Canada	100%*

7. Debtors

	31 Dec 2007 £000s	31 Dec 2006 £000s
Trade debtors	**318**	12
Amounts due from subsidiary undertakings	**30,771**	11,579
Other debtors	**111**	214
Corporation tax	**181**	–
Deferred tax	**644**	267
Prepayments and accrued income	**2,534**	1,980
	34,559	14,052

All amounts shown under debtors fall due for payment within one year.

8. Creditors: amounts falling due within one year

	31 Dec 2007 £000s	31 Dec 2006 £000s
Amounts due to subsidiary undertakings	**23,419**	10,798
Deferred consideration	**3,076**	6,137
Trade creditors	**961**	192
Corporation tax	**–**	93
Other creditors	**418**	127
Accruals	**3,100**	1,467
	30,974	18,814

9. Creditors: amounts falling due after more than one year

The liability in respect of deferred consideration is due to the vendors of acquired businesses.

	31 Dec 2007 £000s	31 Dec 2006 £000s
Bank loans	**43,227**	39,433
Deferred consideration	**3,641**	5,254
	46,868	44,687
Due as follows		
After one year within two years	**3,154**	2,588
After two years within five years	**43,714**	42,099
	46,868	44,687

10. Provision for liabilities

	Dilapidations £000s
At 1 January 2007	–
Raised during the year	121
At 31 December 2007	121

The provision booked during the year relates to dilapidations which have been identified on several buildings leased by the Company. These provisions will be utilised over a period of seven years.

11. Deferred taxation

	31 Dec 2007 £000s	31 Dec 2006 £000s
Movement on deferred taxation:		
Net asset at beginning of year	**267**	14
Transferred to profit and loss (with respect to current year)	**377**	253
Net asset at year end	**644**	267

Deferred taxation balances comprise:

	31 Dec 2007 £000s	31 Dec 2006 £000s
Short term timing differences	**407**	223
Depreciation in excess of capital allowances	**237**	44
Deferred tax asset	**644**	267

12. Share capital

	Authorised		Allotted and fully paid	
	Number	Value £000s	Number	Value £000s
Ordinary shares of 3p each				
At 1 January 2007	240,000,000	7,200	205,445,957	6,163
At 31 December 2007	240,000,000	7,200	210,632,004	6,319

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

13. Reconciliation of movements in shareholders' funds

	Share capital £000s	Share premium £000s	Merger reserve £000s	Shares to be issued £000s	Revaluation reserve £000s	Employee trust shares £000s	Share scheme reserve £000s	Profit and loss reserve £000s	Total £000s
At 1 January 2006	6,048	88,043	5,738	3,307	32	(2,400)	2,394	9,097	112,259
Issue of new shares	115	1,793	4,904	(1,753)	–	–	–	–	5,059
Allocation of own shares	–	–	–	–	–	(642)	–	–	(642)
Shares to be issued	–	–	–	443	–	–	–	–	443
Share-based payment expense	–	–	–	–	–	–	1,659	–	1,659
Retained profit for the year	–	–	–	–	–	–	–	12,349	12,349
Dividend paid	–	–	–	–	–	–	–	(5,201)	(5,201)
At 31 December 2006	6,163	89,836	10,642	1,997	32	(3,042)	4,053	16,245	125,926
Transfer to profit and loss reserve	–	–	–	–	–	–	(4,053)	4,053	–
Issue of new shares	156	3,451	6,351	(1,771)	–	(523)	–	(1,281)	6,383
Sale of own shares	–	–	–	–	–	622	–	671	1,293
Expenses of issue of equity shares	–	(62)	–	–	–	–	–	–	(62)
Shares to be issued	–	–	–	(4)	–	–	–	–	(4)
Share-based payment expense	–	–	–	–	–	–	–	2,142	2,142
Tax on share-based payment expense	–	–	–	–	–	–	–	(448)	(448)
Retained profit for the year	–	–	–	–	–	–	–	8,381	8,381
Dividend paid	–	–	–	–	–	–	–	(6,144)	(6,144)
At 31 December 2007	6,319	93,225	16,993	222	32	(2,943)	–	23,619	137,467

14. Dividends

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

15. Commitments under operating leases

At 31 December 2007 the Company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings		Other	
	31 Dec 2007 £000s	31 Dec 2006 £000s	**31 Dec 2007 £000s**	31 Dec 2006 £000s
Operating leases which expire:				
Within one year	**–**	38	**4**	4
In two to five years	**56**	56	**79**	51
After five years	**243**	81	**–**	–
	299	175	**83**	55

16. Directors' interests in transactions

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

17. Purchase of undertakings

The Company acquired Geocon Group Services Limited. Full details of this acquisition are contained in Note 28 of the Consolidated Financial Statements.

Five Year Summary

	2007 IFRS £000s	2006 IFRS £000s	2005 IFRS £000s	2004 IFRS £000s	2004 UK GAAP £000s	2003 UK GAAP £000s
Revenue	**362,674**	296,843	217,830	168,189	169,924	124,549
Profit from operations before tax	**44,479**	34,590	24,253	18,425	23,013	21,052
Net bank (debt)/cash	**(32,630)**	(30,129)	(25,940)	(16,219)	(16,219)	21,461
Net assets	**227,534**	186,934	161,871	138,799	134,572	122,329
Cash generated from operating activities	**45,393**	40,663	28,149	15,863	15,863	20,630
Average number of employees	**4,093**	3,438	3,158	2,525	2,525	2,083
Dividend per share	**3.18p**	2.76p	2.40p	2.09p	2.09p	1.82p
Basic EPS before amortisation	**15.17p**	12.01p	9.01p	7.12p	9.41p	8.62p
Diluted EPS before amortisation	**14.95p**	11.74p	8.82p	7.05p	9.31p	8.54p

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

The amounts disclosed for 2003 are stated on the basis of UK GAAP because it is not practicable to restate amounts for periods prior to the date of transition to IFRS.

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