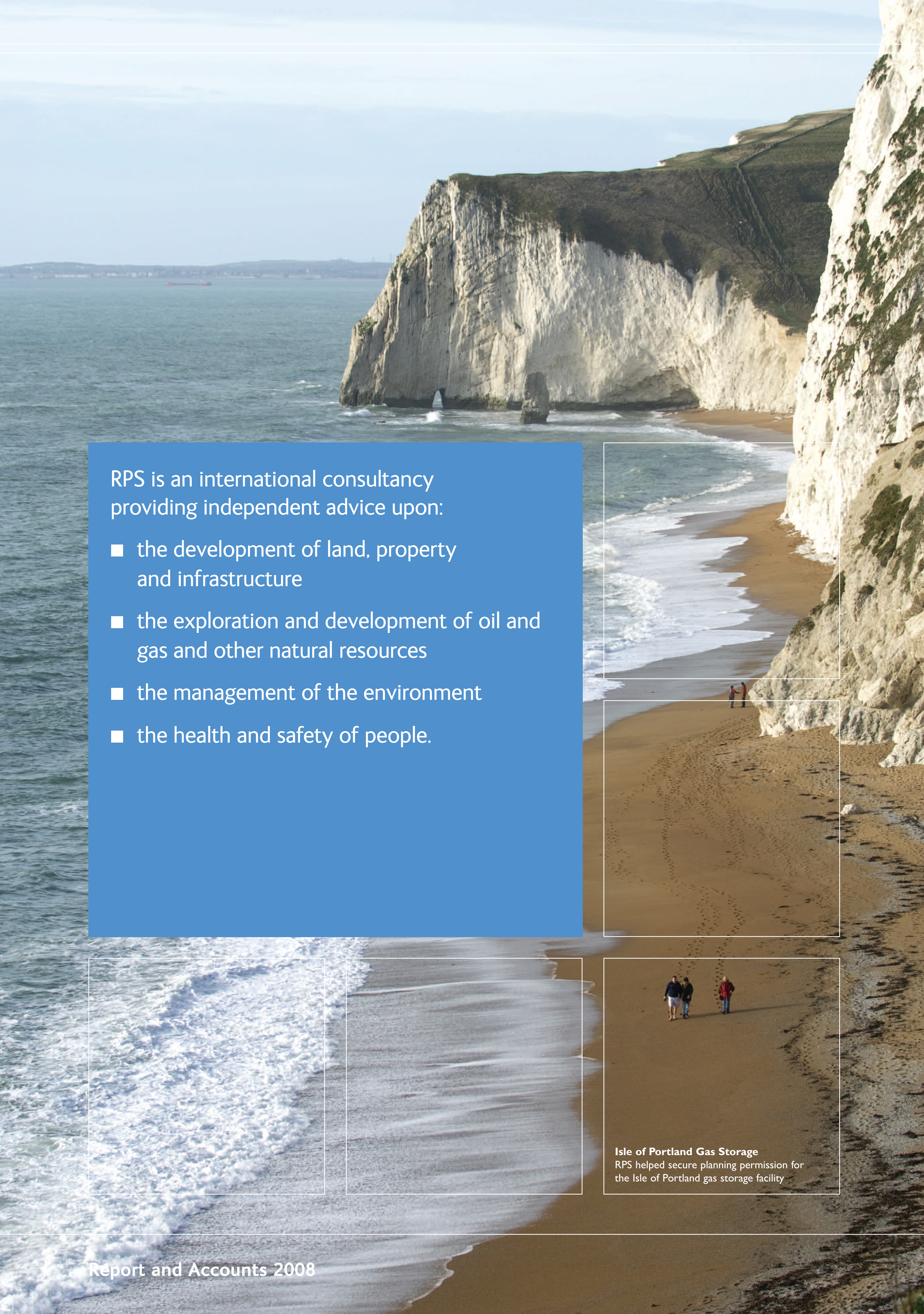
RPS Group Plc

Report and Accounts **2008**

Coastline of North West Australia and Barrow Island where RPS is playing a major role in the commercialisation of untapped gas fields representing 25% of Australia's gas reserves.

RPS is an international consultancy providing independent advice upon:

- the development of land, property and infrastructure
- the exploration and development of oil and gas and other natural resources
- the management of the environment
- the health and safety of people.



Isle of Portland Gas Storage
RPS helped secure planning permission for the Isle of Portland gas storage facility

RPS

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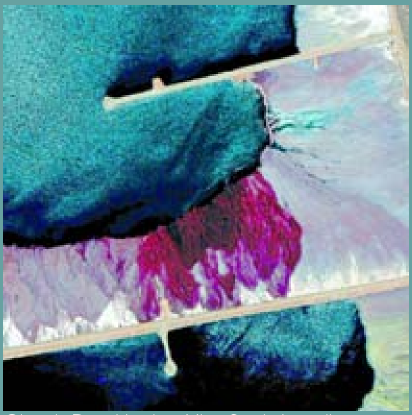
Key Performance Indicators

Profit
(before taxation and amortisation) **(£m)***
(2007: 45.0) (2008: 57.5)

+28%


Olympic Dam, Uranium Mine, South Australia


Birmingham City Childrens Hospital

Earnings per share
(before amortisation) (basic) (p)
(2007: 15.17) (2008: 18.92)

+25%

Fee Income (£m)
(2007: 305.1) (2008: 392.1)

+29%

Queens University Belfast, Physical Education Centre

*Amortisation of acquired intangibles of £2.7m
(2007: £0.5m)

Operating Profit
(before amortisation) **(£m)**
(2007: 48.5) (2008: 61.6)

+27%


Regeneration near Wembley stadium, London

Operating Cash Flow (£m)
(2007: 45.4) (2008: 67.4)

+48%

Cash Conversion
(2007: 85%)

100%


Jack-up Oil Rigs

2008 Results

- another year of strong profit and earnings growth
- all three segments of the Group showed good growth
- excellent conversion of profit to cash
- dividend increased 15%; covered 5.2 times
- balance sheet remains strong with year end net bank borrowings at £28.6m (2007: £32.6m)
- bank facilities of £125m available until 2013
- the acquisition and successful integration of quality businesses continued.

Blackstaff Recycling Centre, Belfast

Waterton Wind Farm, Calgary

2008 Results

Profit (before tax and amortisation of acquired intangibles) was £57.5 million (2007: £45.0 million). Basic earnings per share (before amortisation) were 18.92 pence (2007: 15.17 pence).

The conversion of profit into cash continued at a high level and our balance sheet remains strong. Operating cash flow was £67.4 million (2007: £45.4 million). Net bank borrowings at the year end were £28.6 million (2007: £32.6 million) after funding acquisitions to the value of £31.2 million in the year (2007: £26.6 million). Our cost of borrowing fell significantly towards the end of the year and looks set to remain at historically low levels.

This strong performance has been achieved after increasing our trade debtors and accrued income provisions from £5.1 million to £10.3 million, taking a charge for redundancy costs of £1.0 million and benefiting by £2.2 million from foreign exchange translation of overseas results, on a like for like basis, compared to 2007.

Funding

We have bank facilities of £125 million available until 2013. Our cash generation, in conjunction with these facilities, means that we are well positioned to continue to develop the Group.

Dividend

The Board is recommending a final dividend of 1.91 pence per share payable on 28 May 2009 to shareholders on the register on 17 April 2009. The total dividend for the full year will be 3.66 pence, an increase of 15% (2007: 3.18 pence). Our dividend has risen at about this rate for 15 consecutive years, providing shareholders with a significant increase in real income.

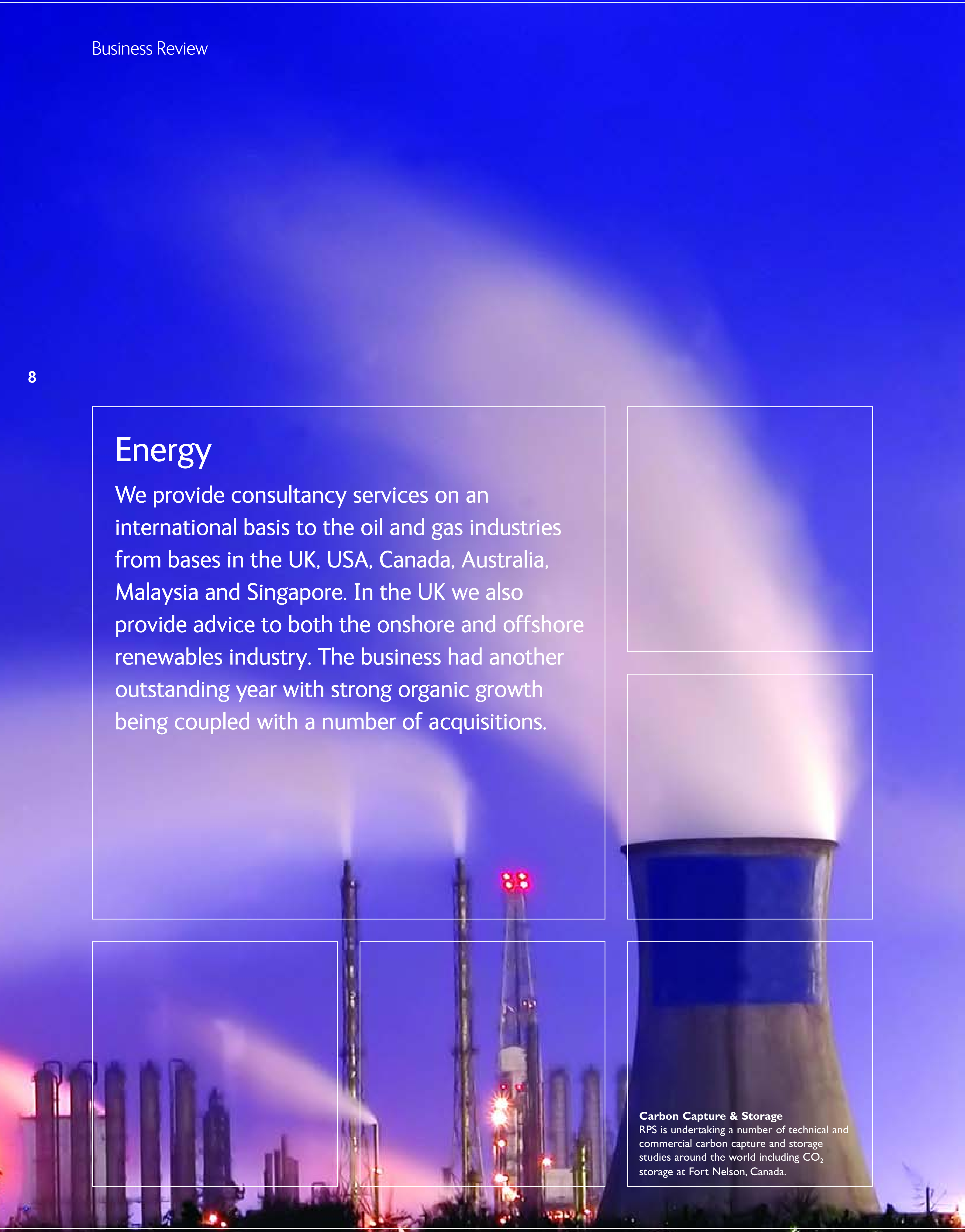
Acquisitions

Our acquisition strategy moved forward positively. Ten acquisitions were made in the year. These had a combined historic annualised profit before tax of £7.6 million and were purchased for a maximum consideration of £44.0 million.
A summary of these transactions is set out below.

Company	Segment	Country	Historic Annual Revenue (£m's)	Historic Annual PBT (£m's)	Maximum Consideration (£m's)
Kraan	EM	NL	5.3	0.82	4.7
RW Gregory	P&D	UK	12.1	1.48	10.2
WTW	Energy	UK	3.6	0.3	1.8
OceanFix	Energy	UK	10.6	1.25	7.0
Koltasz Smith	P&D	Australia	2.2	0.5	3.1
RBA	EM	UK, US, Australia	4.5	0.9	6.0
GeoCet	EM	US	2.1	0.6	1.2
Mountainheath	EM	UK	1.2	0.4	1.9
Paras	Energy	UK	3.0	1.0	6.4
BEC	P&D	Ireland	1.2	0.35	1.7
Total			45.8	7.6	44.0

Freeman Hospital in Newcastle upon Tyne

The integration of these businesses progressed encouragingly.



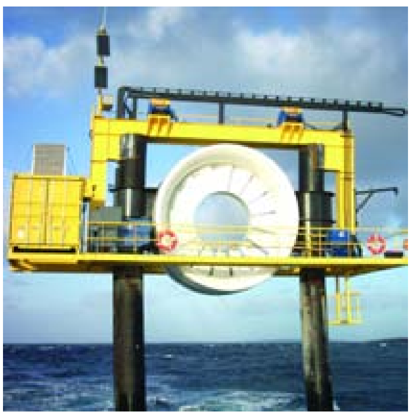
Energy

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 with strong organic growth being coupled with a number of acquisitions.

Carbon Capture & Storage
RPS is undertaking a number of technical and commercial carbon capture and storage studies around the world including CO_2 storage at Fort Nelson, Canada.

Energy

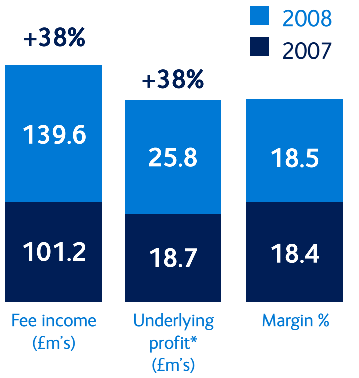
Demand for our services from our clients in the international oil and gas sector continued to increase. This reflects both positive market conditions and our position as a world leader in this sector, which is increasing our access to higher value work. The oil and gas companies and their advisors increasingly value the breadth and depth of our expertise. We saw, for example, more interest from clients in the combination of our technical, commercial and risk management expertise, particularly related to the environmental and safety aspects of our work. Our reputation within the financial community in respect of determination of oil and gas reserves for reporting purposes, asset evaluation, and in support of corporate activity continued to develop during the year. The acquisitions made during the course of the year, coupled with organic development, have enabled us to develop further our businesses in the UK, North America and Australia.



Offshore tidal turbine in Orkney, Scotland.

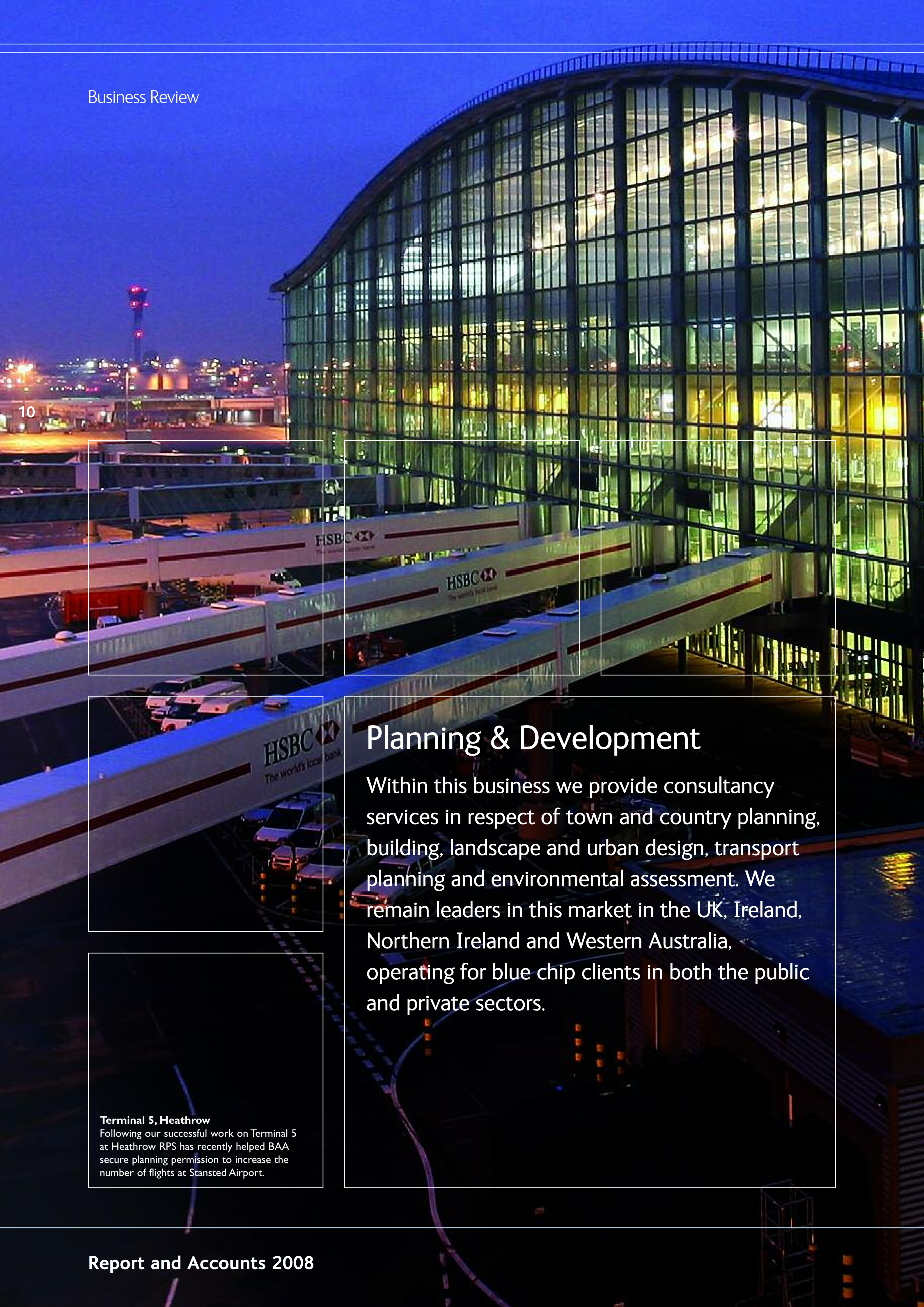
Outlook

Many of the projects in which we are involved are of a long term nature, reflecting the complexity of identifying and securing sources of oil and gas in increasingly challenging environments. This provides a solid underpin for our business. Asset and corporate transactions are also likely to remain a good source of income. New opportunities, for example in relation to unconventional forms of gas, as well as carbon capture and storage are beginning to open up. Even though the prices of oil and gas have fallen significantly from the highs of last year most of our clients remain committed to significant investment programmes and demand for our core services remains strong. The market opportunity in this sector remains encouraging and suggests we will continue to experience organic growth in the coming year. We also anticipate opportunities to make further acquisitions.



	Energy	
Average number of employees	**2008**	**2007**
Number of employees	679	576
Days absent (%)	2.1	0.8
Average length of service (years)	4.8	5.8
Working part time (%)	8.8	6.0
Retention Rate (%)	90.5	89.0
Age profile		
Employees aged under 25 (%)	4.4	3.7
Employees aged 25-29 (%)	14.6	15.8
Employees aged 30-49 (%)	54.9	50.4
Employees aged 50+ (%)	26.1	30.1
Pensions		
Active members	573	277

* before amortisation of acquired intangible assets of £0.7m (2007: £0.2m).



Planning & Development

Within this business we provide consultancy services in respect of town and country planning, building, landscape and urban design, transport planning and environmental assessment. We remain leaders in this market in the UK, Ireland, Northern Ireland and Western Australia, operating for blue chip clients in both the public and private sectors.

Terminal 5, Heathrow
Following our successful work on Terminal 5 at Heathrow RPS has recently helped BAA secure planning permission to increase the number of flights at Stansted Airport.

Planning & Development

In the UK our market leadership as well as our ability to advise upon the increasingly broad issues necessary to secure planning permission for large complex schemes, particularly infrastructure projects coming forward under the new planning legislation, remains attractive to clients. In consequence, we continued to work on some of the UK's largest projects. The UK Government's investment in social and infrastructure projects has also had a beneficial effect on this business. The lack of availability of finance and the general economic downturn began to be felt by some of our private sector clients during the second half of the year. We have many years experience of managing project driven order books in this sector and are well able to match our capacity to projected fees. We were able, therefore, to reduce, in a timely fashion, the size of our workforce, particularly our building design activities in the regions of England, when this became necessary. 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.

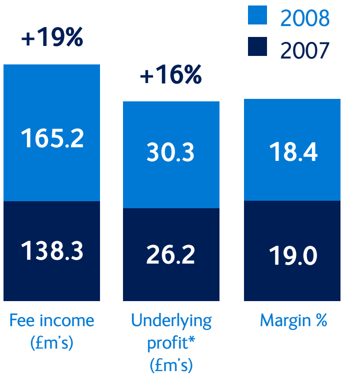
The governments of Ireland and Northern Ireland continued to invest in extensive plans for infrastructure development. We continued to benefit significantly from this investment and have realistic expectations that it will continue in the current year. We are also managing the Climate Change Awareness Campaign, the largest ever public information campaign funded by the Irish government. Work in the private sector in Ireland slowed in the second half and we responded effectively to that.

Our activities in the planning and development market in Australia continued to expand. The Australian economy has suffered less in recent months than the UK or Irish economies. The potential of this market gives us confidence about the opportunities for this part of the Group's business.

Outlook

As climate change, energy efficiency and other environmental issues grow in importance, the competitive advantage we derive in these markets from our broad range of integrated services should continue to increase. However, until our clients experience less economic uncertainty and have better access to credit, it is likely to be difficult to secure organic growth in this sector. Acquisition opportunities may arise in the UK and Ireland as smaller, less well funded competitors see the advantage of being part of a larger group. Elsewhere more strategic opportunities are being kept under review.


St Phillip's Marsh - Bristol, Inner-city Regeneration



Planning & Development		
Average number of employees	2008	2007
Number of employees	2,382	2,216
Days absent (%)	1.5	1.8
Average length of service (years)	4.0	3.5
Working part time (%)	5.7	7.8
Retention Rate (%)	89.4	87.0
Age profile		
Employees aged under 25 (%)	12.0	13.2
Employees aged 25-29 (%)	21.0	24.5
Employees aged 30-49 (%)	52.4	50.0
Employees aged 50+ (%)	14.6	12.3
Pensions		
Active members	1,169	1,128

* before amortisation of acquired intangible assets of £1.1m (2007: £0.3m) and redundancy costs of £1.0m (2007: nil).

Environmental Management

This business provides consultancy services in respect of health, safety, risk and water management in the UK, Australia, US and the Netherlands. The results in 2008 were excellent and benefited from a number of acquisitions.

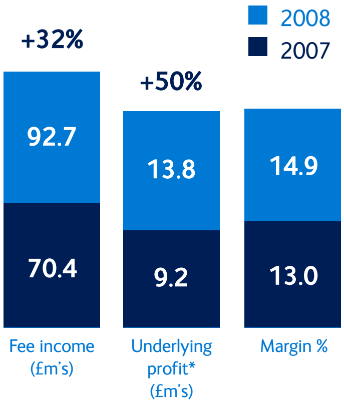
Burns Beach near Brighton, Western Australia
RPS has won a series of awards from the Urban Development Institute of Australia - including the Water Sensitive Urban Development Category for the Brighton Estate near Perth.

Environmental Management

Our business servicing the UK water industry had a particularly good year. RPS's 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. We are working on long term commissions for the majority of the water companies. These seem likely to continue to generate good revenues through the Ofwat quinquennial review in the remainder of this year. The demand for health & safety consultancy from the nuclear and oil and gas industries has remained buoyant, driven by increasing statutory obligations and a heightened awareness of the importance of these issues. Our business in the Netherlands had another good year. The acquisitions made during the year have enabled us to develop further our business in the UK, the Netherlands, Australia and the US.

Outlook

Much of the work we do in these markets is regulatory driven and to a degree non-discretionary making further organic growth achievable in the coming year. Many of our service lines are also provided by small competitors and so further acquisitions are also possible.



Environmental Management	2008	2007
Average number of employees		
Number of employees	1,310	1,290
Days absent (%)	2.3	2.3
Average length of service (years)	5.1	3.1
Working part time (%)	10.0	11.0
Retention Rate (%)	86.8	84.0
Age profile		
Employees aged under 25 (%)	13.6	13.8
Employees aged 25-29 (%)	18.0	17.8
Employees aged 30-49 (%)	49.8	48.8
Employees aged 50+ (%)	18.6	19.6
Pensions		
Active members	629	535

Sound Monitoring at Lords Cricket Ground, for the MCC

* before amortisation of acquired intangible assets of £1.0m (2007: £0.1m).

Group Prospects

We have a flexible business model, an experienced management team, a strong balance sheet and excellent cash flow and have delivered good results in a range of circumstances for many years. The Board believes RPS is well equipped to meet the current economic challenges; both by managing our existing activities to maintain our high level of efficiency and cost management and also by identifying opportunities for future growth in which we may invest.

We are leaders in many of the markets in which we operate and have valuable long term client and project relationships with a significant number of substantial organisations. Our strategy of continuing to build a multi-disciplinary RPS on an international basis remains both appropriate and achievable and we expect the Group to perform well in 2009.

Operations

Key Business Drivers

- 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 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.

The world is beginning to take 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 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.

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. Equally at a time of financial and economic uncertainty as the world is currently experiencing our attention to detail and focus on cost management will enable us to operate the Group efficiently.

The Group provides support to the marketing functions of its activities 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 2008 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 and 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, age, race, religion, ethnic origin, disability, marital status, colour and nationality. 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.

RPS' policy on equal opportunities covers all areas of discrimination.

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 is named as one of Britain's Top Employers 2009 by the Corporate Research Foundation. The CRF report, published in April 2009 by Guardian Books, gives RPS top rating with five stars for 'Company Culture'; 'Training and Development' and 'Pay Benefits'. RPS received four and a half stars for 'Career Development' and 'Working Conditions'. These high scores place RPS in the UK's top 10 employers of choice.

Divisional Directors, 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 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.

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.

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.

	Group	
Average number of employees	**2008**	**2007**
Number of employees	4,478	4,093
Days absent (%)	1.7	1.1
Average length of service (years)	5.0	3.7
Working part time (%)	7.5	8.7
Retention Rate (%)	89.6	86.0
Age profile		
Employees aged under 25 (%)	11.2	12.4
Employees aged 25-29 (%)	19.1	21.5
Employees aged 30-49 (%)	52.1	48.6
Employees aged 50+ (%)	17.6	17.5
Pensions		
Active members	2,430	1,978

Academic Bursaries

For the sixth consecutive year, RPS in the UK continued its practice of awarding academic bursaries to students studying at university. In 2008, this included students attending courses at twenty four UK universities:

- University of Cambridge Christ's College, MEng in Civil Engineering & MEng in Structural Engineering
- Oxford Brookes University MSc in Environmental Assessment and Management
- University of St Andrews, MSc in Bat Conservation in the Planning System
- University of Heriot Watt, MSc in Water Engineering
- Imperial College (University of London), MSc in Geotechnical Engineering
- University College London (UCL), one MSc student in Urban Design and another MSc student in Spatial Planning
- South Bank University, one MSc student in Transport Engineering and another MSc student in Urban Planning
- University of the West of England, MSc in Transport Planning
- Anglia Ruskin University, BSc in Environmental Planning
- Brunel University, School of Engineering & Design EngD in Infrared and Thermal Imaging of Nocturnal Bird Movements
- De Montfort University, MSc in Energy and Sustainable Buildings
- 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

- Leeds Metropolitan University, one BLA student in Landscape Architecture
- University of York, MSc in Risk Management
- University of Newcastle Upon Tyne, one MSc student in Hydrogeology and another MSc student in Mechanical Engineering
- Open University, Diploma in Environmental Science
- Edinburgh College of Art, two BA(Hons) students studying Landscape Architecture
- University of Glamorgan, Diploma in Occupational Health

RPS' scholarship programme in Ireland involved a partnership with leading universities and three institutes of technology. The Irish universities included:

- University College, Cork
- University College, Dublin
- Trinity College, Dublin
- University College, Galway
- Queens University, Belfast
- University of Ulster

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.

In 2008 the RPS North South Scholarships in Sustainable Development were launched with further sponsorship from the Irish Business and Employers Confederation (IBEC) and the Confederation of British Industry (CBI) and support from Universities Ireland. Two equivalent RPS bursaries were open to graduates with a primary degree from one jurisdiction proposing to do a Masters degree in the other jurisdiction. These scholarships are designed to promote all-island co-operation and assist the economic development of the North South Business Corridor as part of the implementation of the structures set up under the Good Friday Agreement.

Property

The Group occupies 118 commercial office premises. In respect of 10 of these we own the freehold. These had an aggregate net book value of £10.0m at December 2008. The remaining properties are occupied under a range of lease agreements. The total rent paid in 2008 was £6.0m.

Growth and Funding

Despite current economic circumstances 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. This approach has proved valuable as economic recession took hold around the world during 2008.

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 £28.6 million (Note 25). 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 £125 million, will enable it to maintain its strategy throughout 2009.

Dividend Policy

For a number of years our dividend per share 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.

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 proven strategy successfully.

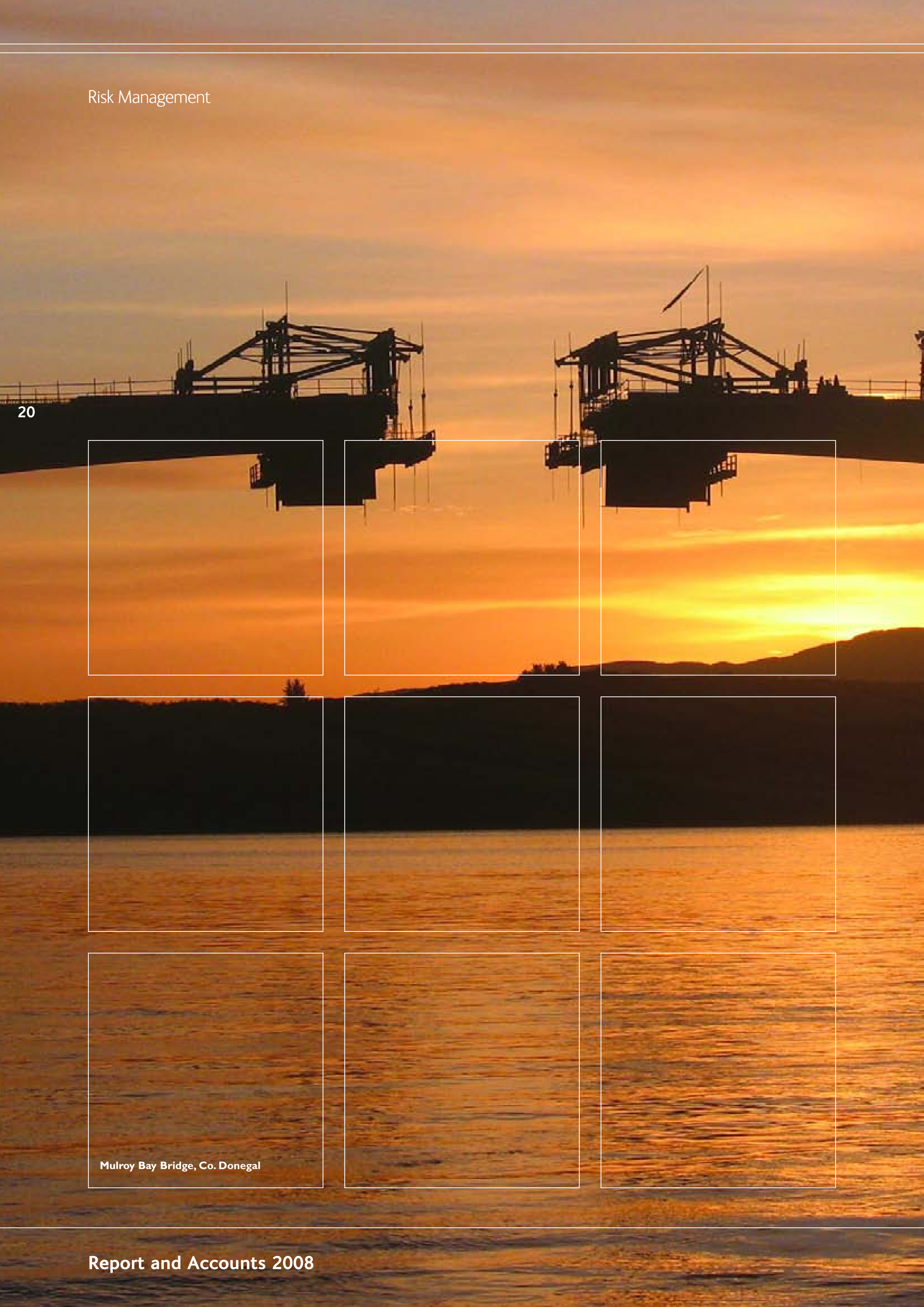
As a result of our acquisition strategy the Group had goodwill carried at £243 million in the balance sheet at the end of 2008. The Group undertakes a rigorous impairment test of such goodwill as part of the preparation of its accounts each year.

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 45 to 56. The Board believes that its long-term shareholders understand that RPS operates the highest governance standards.

Coastal dyke in the Netherlands

The Tate Modern, London



Mulroy Bay Bridge, Co. Donegal

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. In current economic circumstances the full Group Board is being kept informed about all potential acquisitions.

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

Each year the value of goodwill associated with acquisitions carried in the Group balance sheet is reviewed. Reduction and volatility in the Group's share price increases our WACC (weighted average cost of capital) and, therefore, requires a higher return from acquisitions to justify the goodwill carried. In such circumstances a significant economic downturn as seems likely in 2009 could require impairment charges to be made against certain acquisitions depending upon both their current trading and medium term prospects.

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.

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 Chief Executive reports verbally on the conduct and state of business on a frequent basis.

The RPS Board monitors the Group's financial performance on a monthly basis using detailed budgets as the benchmark. 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 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.

RPS is a multi-disciplinary Group operating across international boundaries with a broad base of clients and skilled professional employees. Correspondingly and consistent with its size and complexity the Group has a large number of contractual relationships. In the directors' view, there is no single contract which is essential to the Group's business.

Compliance, Litigation and Insurance

It is essential 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

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

Australia have quality systems that are based on formal procedures that have been developed in line with ISO 9001 guidelines.

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 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 boards 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 oversees implementation of the health and safety 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 affected by the Group's activities.

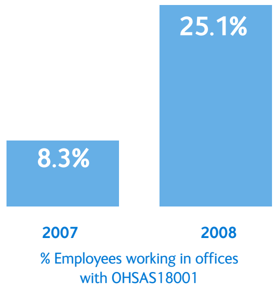
Compliance with legislation in all the countries where activities are carried out is a mandatory requirement. Systems are in place to ensure that this is carried out. Wherever possible the Group aims to surpass minimum standards and develop best-practice within the industry.

Each business in the Group has appointed health and safety professionals to implement appropriate management systems. During 2008 RPS Water and the Consulting Engineers offices in Dublin, Cork and Galway successfully achieved certification to OHSAS 18001, the internationally recognised standard for health and safety management. 25.1% (up from 8.3%) of employees across the

The University of Manchester, Student Centre

Alkmaar waste to energy plant, Netherlands

Group work in offices that have had 3rd party certification to OHSAS 18001.



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.

Accident incident rates

Group

	2008	2007
Reportable Injuries	17	26
Reportable injuries incident rate per 1,000 employees	3.78	6.35

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.

The reportable accident rate has reduced by 40% in 2008 to 3.78 incidents per 1,000 employees. The large majority of accidents arise from manual handling incidents, although this has reduced considerably in 2008 through the introduction of targeted training.

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.


Plymstock Quarry, Regeneration of a quarry site and new housing development in Plymouth, UK


Stansted Airport

Winter Gardens, Sunderland
RPS advised on the award winning project to replace the original Winter Gardens in Sunderland, UK

Corporate Responsibility

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.

RPS is committed to minimising its carbon footprint by reducing energy consumption in its offices and in transportation. RPS has set itself the task of reducing individual energy consumption by 5% each year using 2007 as the base. This will halve our (per capita) energy use by 2020.

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 Group. 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 Group 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 Group and its staff gave or raised £420,822 in charitable contributions during 2008. Taking into account the £168,121 spent on academic bursaries and educational initiatives, the Group's total contribution to the communities in which it operates was £588,943 (0.125% of total revenue). This was an increase of 60.1% on social contributions made in 2007.

Our Planning and Development businesses in the UK and Ireland made charitable contributions and raised funds for community projects worth £133,986 and gave £125,286 in academic bursaries to undergraduate and postgraduate students studying at universities on both sides of the Irish Sea. The Planning and Development businesses donated £45,000 to establish an Urban Design Scholarship working in partnership with the publishers of the Architects Journal and in association with Design for London (now part of the London Development Agency). The award winning work of the top three scholars will be exhibited in May 2009.

Our Energy businesses in the UK, North America and Australia made charitable donations and raised funds for community projects worth in total £234,100 and contributed £13,380 for academic bursaries to students studying at universities in the UK and Australia. The largest single charitable donation by the Energy businesses, £16,000 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 2008, the Group 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 £15,500 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.

Environmental Management
RPS contributes to environmental management through 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 are 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 required to put in place systems to ensure that they identify and reduce potential environmental liabilities.

Using these management techniques, RPS endeavours to:

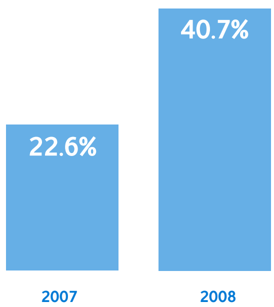
- comply with all relevant national and regional legislation as a minimum standard;
- comply with codes of practice and other requirements such as those specified by regulators and our clients;
- utilise suppliers that offer products which are sustainable, recyclable or environmentally sensitive wherever practicable and economic;
- promote practical energy efficiency and waste minimisation measures; and
- provide 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.

A growing proportion of the Group has achieved ISO14001, the internationally recognised environmental management system standard. By the end of 2008 40.7% (up from 22.6%) of our employees work in offices that have had third party certification to the standard.

ISO 14001



% Employees working in offices with ISO14001

RPS has only a small impact on waste as there are comprehensive recycling facilities at most of our offices.

Climate Change

RPS has extensive skills that enable us to understand and advise upon the causes and effects of climate change. RPS undertakes projects that involve developing strategies to reduce our client's carbon emissions and adapt buildings and infrastructure to cope with anticipated climatic changes. We anticipate the workload in this area will increase materially in coming years.

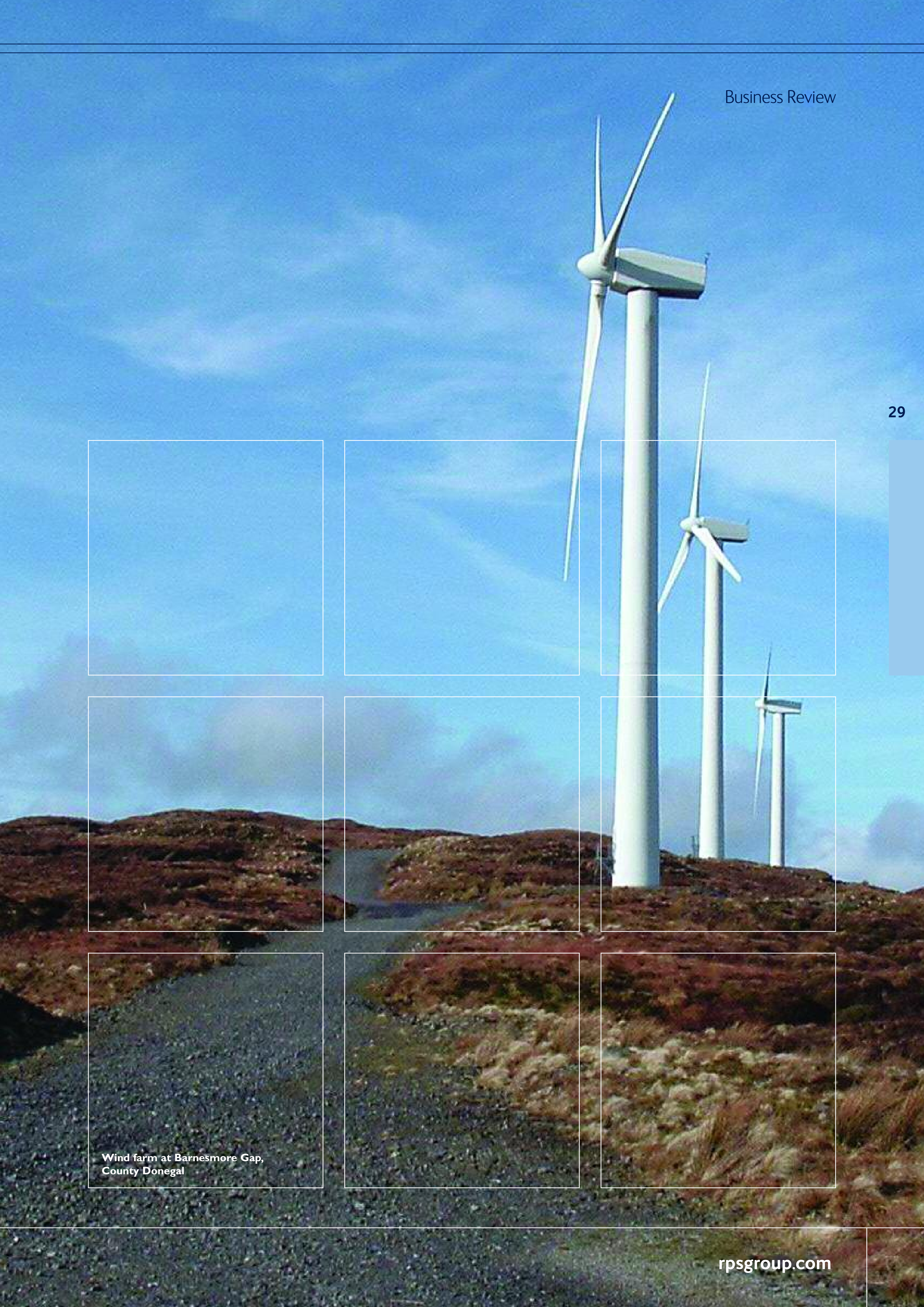
RPS has undertaken to measure the carbon footprint of its own activities and has set itself the challenge of reducing the (per capita) energy use by 5% each year. RPS successfully achieved its goal in 2008 with an estimated carbon footprint of about 9,400 tonnes, equivalent to 2.1 tonnes for each employee.

Energy Management

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

Over 70% of electricity purchased in the UK is bought of a 'Green Tariff'. This is from 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.

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.



Wind farm at Barnesmore Gap,
County Donegal

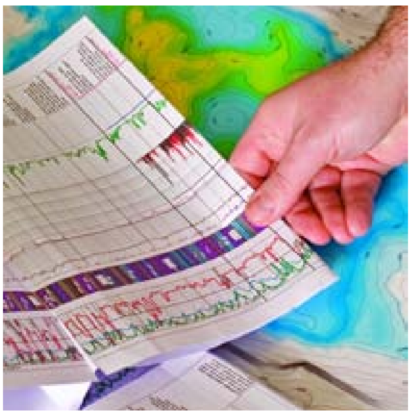
Shareholders

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, insofar 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.

Dublin Airport



Transport and Vehicle Management

Travel is an essential requirement in most RPS projects. Video conferencing and other IT initiatives have helped reduce the need to travel. Employees are encouraged to use public transport and some offices have adopted formalised transport plans.

A new company car policy was published in 2008 based on vehicle whole life costs. This includes the environmental costs as well as the leasing charges so that cars with a low emission are favoured over less efficient vehicles. CO_2 limits have been set for each band. The average CO_2 emission from the UK company car fleet has already reduced by 2.5% to 150g/km saving approximately 25 tonnes of CO_2.

RPS operates 478 vans in the UK. New vans with a CO_2 emission of 119g/km will be used in 2009 that are 13% more efficient than the existing fleet. This is projected to save 400 tonnes of CO_2 per year and will reduce fuel costs significantly.

RPS carries out extensive work around the world, especially in the Energy business. In consequence, there is a requirement for international air travel. A monitoring programme was established in 2008 to determine the carbon impact of these flights. It is estimated that flights booked in the UK accounted for 1,250 tonnes of CO_2.

Management & Governance

The Board

Board Responsibilities

As indicated in the Corporate Governance report the Board has defined responsibilities which are as follows:

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 it 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 five Non-Executive Directors including 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 £20 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 appointment of the current Chairman is subject to annual re-election.

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 activities of the Environmental and Social Responsibility Committee have now been incorporated into those of the Corporate Governance Committee. 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 48 to 53. The current members of the Remuneration Committee are identified on page 44. 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 59. Brook Land was formerly a partner of and is now a consultant to Nabarro. He is a director of a number of private companies. Until June 2008 he was Senior Independent Director of Signet Group plc. He was appointed to the Board in 1997, 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 2008	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	2008 £000s	2007 £000s	2008 £000s	2007 £000s
–	–	87	–	87	87	–	–

Beneficial interests

Number of shares at 31 December 2008 and at 13 February 2009	Number of shares at 31 December 2007 and at 13 February 2008
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 56. 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 2008	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	2008 £000s	2007 £000s	2008 £000s	2007 £000s
395	325	—	19	739	696	***	***

Share options

1 Jan 2008 Number	Exercised Number	31 Dec 2008 Number	Exercise price	Market value at date of exercise	Date from which exercisable	Expiry date
62,500	–	62,500	111.0p	N/A	20/3/2008	20/3/2015
28,157	–	28,157	146.5p	N/A	12/8/2008	12/8/2015

LTIP award

	1 Jan 2008 number	Granted number	Released	31 Dec 2008	Market value of shares at grant	Market value at date of release
2005	178,417	–	178,417	–	139p	341.75p
2006	145,652	–	–	145,652	184p	–
2007	124,893	–	–	124,893	292.3p	–
2008	–	127,419	–	127,419	310p	–
Total	**448,962**	**127,419**	**178,417**	**397,964**		

Share Incentive Plan

	Beneficial interest at 31 December 2008	Beneficial interest at 31 December 2007
Partnership shares	1,611	922
Matching shares	1,611	921
Total	3,222	1,843

Beneficial interests

	Number of shares at 31 December 2008 and at 13 February 2009	Number of shares at 31 December 2007 and at 13 February 2008
Total	482,030	732,030

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 49. 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 2008	Notice period
September 2000	12 months	12 months

Emoluments and compensation

Basic salary £000s	Bonus £000s	Fees £000s	Benefits £000s	Emoluments excluding pensions 2008 £000s	Emoluments excluding pensions 2007 £000s	Pension (paid and provided) 2008 £000s	Pension (paid and provided) 2007 £000s
200	132	–	10	342	301	30	27

Share options

1 Jan 2008 Number	Exercised Number	31 Dec 2008 Number	Exercise price	Market value at date of exercise	Date from which exercisable	Expiry date
27,500	27,500	–	111.0p	336.75p	20/3/2008	–
13,720	–	13,720	146.5p	N/A	12/8/2008	12/8/2015

LTIP award

	1 Jan 2008 number	Granted number	Released	31 Dec 2008	Market value of shares at grant	Market value at date of release
2005	66,906	–	66,906	–	139p	341.75p
2006	55,434	–	–	55,434	184p	–
2007	49,272	–	–	49,272	292.3p	–
2008	–	51,612	–	51,612	310p	–
Total	**171,612**	**51,612**	**66,906**	**156,318**		

Share Incentive Plan

	Beneficial Interest at 31 December 2008	Beneficial Interest at 31 December 2007
Partnership Shares	3,041	2,386
Matching Shares	3,041	2,385
Total	6,082	4,771

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 2008 and at 13 February 2009	Number of shares at 31 December 2007 and at 13 February 2008
Total	27,500	–

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 50. 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 2008	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	2008 £000s	2007 £000s	2008 £000s	2007 £000s
	200	99	—	10	309	232	30	29

Share options

1 Jan 2008 Number	Exercised Number	31 Dec 2008 Number	Exercise price	Market value at date of exercise	Date from which exercisable	Expiry date
24,123	24,123	_	171.0p	305.5p	6/3/2004	–
24,123	24,123	_	171.0p	305.5p	6/3/2006	–
35,000	35,000	_	149.0p	305.5p	14/3/2005	–
35,000	35,000	_	149.0p	305.5p	14/3/2007	–
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 2008 number	Granted number	Released	31 Dec 2008	Market value of shares at grant	Market value at date of release
2005	75,540	–	75,540	–	139p	341.75p
2006	60,326	–	–	60,326	184p	–
2007	53,378	–	–	53,378	292.3p	–
2008	–	38,709	–	38,709	310p	–
Total	**189,244**	**38,709**	**75,540**	**152,413**		

Share Incentive Plan

	Beneficial Interest at 31 December 2008	Beneficial Interest at 31 December 2007
Partnership Shares	1,675	955
Matching Shares	1,675	955
Total	3,350	1,910

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 2008 and at 13 February 2009	Number of shares at 31 December 2007 and at 13 February 2008
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 60. 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 2008	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	2008 £000s	2007 £000s	2008 £000s	2007 £000s
	228	85	—	10	323	343	34	33

Share options

1 Jan 2008 Number	Exercised Number	31 Dec 2008 Number	Exercise price	Market value at date of exercise	Date from which exercisable	Expiry date
32,500	–	32,500	111.0p	N/A	20/3/2008	20/3/2015
15,051	–	15,051	146.5p	N/A	12/8/2008	12/8/2015

LTIP award

	1 Jan 2008 number	Granted number	Released	31 Dec 2008	Market value of shares at grant	Market value at date of release
2005	86,331	–	86,331	–	139p	341.75p
2006	68,478	–	–	68,478	184p	–
2007	60,022	–	–	60,022	292.3p	–
2008	–	44,129	–	44,129	310p	–
Total	**214,831**	**44,129**	**86,331**	**172,629**		

Beneficial interests

	Number of shares at 31 December 2008 and at 13 February 2009	Number of shares at 31 December 2007 and at 13 February 2008
Total	575,910	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	8	-	-	-	*

* meets at least once a month

Dr Phil Williams

Executive Director

Aged 55. 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 2008	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	2008 £000s	2007 £000s	2008 £000s	2007 £000s
260	154	–	15	429	382	39	33

LTIP award

	1 Jan 2008 number	Granted number	31 Dec 2008	Market value of shares at grant
2006	57,065	–	57,065	184p
2007	60,222	–	60,222	292.3p
2008	–	61,935	61,935	310p
Total	**117,287**	**61,935**	**179,222**	

Share Incentive Plan

	Beneficial Interest at 31 December 2008	Beneficial Interest at 31 December 2007
Partnership Shares	1,181	–
Matching Shares	1,181	–
Total	2,362	–

Beneficial interests

	Number of shares at 31 December 2008 and at 13 February 2009	Number of shares at 31 December 2007 and at 13 February 2008
Total	350,000	350,000

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	9	–	–	–	*

* meets at least once a month

Roger Devlin

Senior Independent Non-Executive Director

Aged 51. Roger Devlin chairs three private equity companies - Principal Hotels (on behalf of Permira), Traveljigsaw 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 third three-year term.

Contract

Date of contract	Unexpired term at 31 December 2008	Notice period
April 2002	28 months	N/A

Emoluments and compensation

		Emoluments excluding pensions				Pension (paid and provided)	
Basic salary £000s	Bonus £000s	Fees £000s	Benefits £000s	2008 £000s	2007 £000s	2008 £000s	2007 £000s
–	–	32	–	32	32	–	–

Beneficial interests

Number of shares at 31 December 2008 and at 13 February 2009	Number of shares at 31 December 2007 and at 13 February 2008
30,000	–

Committee membership – Board and Committee

	Full Board	Audit Committee	Remuneration Committee	Nomination Committee
Number of Board and Committee meetings attended	8	3	–	2

Karen McPherson

Independent Non-Executive Director

Aged 57. 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 a second three-year term.

Contract

Date of contract	Unexpired term at 31 December 2008	Notice period
June 2005	29 months	N/A

Emoluments and compensation

		Emoluments excluding pensions				Pension (paid and provided)	
Basic salary £000s	Bonus £000s	Fees £000s	Benefits £000s	2008 £000s	2007 £000s	2008 £000s	2007 £000s
–	–	35	–	35	32	–	–

Beneficial interests

Number of shares at 31 December 2008 and at 13 February 2009	Number of shares at 31 December 2007 and at 13 February 2008
–	–

Committee membership – Board and Committee

	Full Board	Audit Committee	Remuneration Committee*	Nomination Committee
Number of Board and Committee meetings attended	8	–	4	2

* Chairman

John Bennett

Independent Non-Executive Director

Aged 61. 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. Since the year-end John's appointment has been extended for a second three year term.

Contract

Date of contract	Unexpired term at 31 December 2008	Notice period
June 2006	6 months	N/A

Emoluments and compensation

	Emoluments excluding pensions						Pension (paid and provided)	
	Basic salary £000s	Bonus £000s	Fees £000s	Benefits £000s	2008 £000s	2007 £000s	2008 £000s	2007 £000s
	–	–	32	–	32	32	–	–

Beneficial interests

	Number of shares at 31 December 2008 and at 13 February 2009	Number of shares at 31 December 2007 and at 13 February 2008
	–	–

Committee membership – Board and Committee

	Full Board	Audit Committee*	Remuneration Committee	Nomination Committee
Number of Board and Committee meetings attended	8	3	4	–

* Chairman

Louise Charlton

Independent Non-Executive Director

Aged 48. Louise was appointed to the Board on 22 May 2008. She is Group Senior Partner of Brunswick Group LLP, the international corporate communications group of which she is a co-founder. Louise is a Director and Trustee of the Natural History Museum. She is serving an initial three year term.

Contract

Date of contract	Unexpired term at 31 December 2008	Notice period
May 2008	29 months	N/A

Emoluments and compensation

	Emoluments excluding pensions						Pension (paid and provided)	
	Basic salary £000s	Bonus £000s	Fees £000s	Benefits £000s	2008 £000s	2007 £000s	2008 £000s	2007 £000s
	–	–	20	–	20	–	–	–

Beneficial interests

Number of shares at 31 December 2008 and at 13 February 2009	Number of shares on appointment
–	–

Committee membership – Board and Committee

	Full Board	Audit Committee	Remuneration Committee	Nomination Committee
Number of Board and Committee meetings attended	6	–	–	–

Committees

Committee membership

Audit Committee

John Bennett (Chairman)

Roger Devlin

Remuneration Committee

Karen McPherson (Chairman)

John Bennett

Roger Devlin*

Nomination Committee

Brook Land (Chairman)

Louise Charlton**

Karen McPherson

Executive Committee

Alan Hearne (Chairman)

Peter Dowen

Andrew Troup

Phil Williams

Gary Young

Nicholas Rowe (Secretary)

Corporate Governance

Alan Hearne (Chairman)

Brook Land

Nicholas Rowe (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	8	–	–	–	–
Phil Williams	9	–	–	–	–
Roger Devlin	8	3	–	2	–
Karen McPherson	8	–	4	2	–
John Bennett	8	3	4	–	–
Louise Charlton	6	–	–	–	–
Total number of meetings	**9**	**3**	**4**	**2**	**2**

* Roger Devlin joined the Renumeration Committeee after the year-end.

** Louise Charlton joined the Nomination Committee in place of Roger Devlin after the year-end.

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 27 to 30).

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 2006 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	32/33
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	44
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	33
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	33
The Company should arrange appropriate insurance cover in respect of legal action against Directors.	A.1.5	Compliant	33
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	33
The Chairman on appointment should be independent.	A.2.2	Compliant	32
The Board should identify in the annual report each Non-Executive Director it considers to be independent.	A.3.1	Compliant	34-44
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	*

* A further Non-Executive Director was appointed during 2008. The Chairman and the Nomination Committee believe that at present further enlargement of the Board would not assist efficient decision making and are satisfied that the current Non-Executive Directors and Chairman exercise suffcient oversight and control over the Board and the business as a whole. In consequence there are no plans to appoint further Non-Executive Directors.

	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 or for which such contact is inappropriate.	A.3.3	Compliant	33 & 40
There should be a Nomination Committee. A majority of the members should be independent Non-Executive Directors. 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	55-56
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	55-56
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	55-56
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	55
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	55-56
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	33
All Directors should have access to independent professional advice. Committees should be provided with sufficient resources to undertake their duties.	A.5.2	Compliant	33
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	33
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	33
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	33
Performance-related elements of remuneration should form a significant proportion of the total remuneration package of the Executive Directors.	B.1.1	Compliant	48
Share options should not be offered at a discount.	B.1.2	Compliant	51
Remuneration for Non-Executive Directors should reflect the time commitment and responsibilities of the role and should not include share options.	B.1.3	Compliant	52
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	52
Notice or contract periods of Executive Directors should be one year or less.	B.1.6	Compliant	52
A Remuneration Committee should be established with at least three Independent Non-Executives.	B.2.1	Non Compliant	**
The Remuneration Committee should make available its terms of reference.			48-49

** For the year under review the Board has been satisfied that the two members of the Committee had sufficient expertise to ensure that the affairs of the Committee were conducted in an efficient and professional manner. Since the year end, however, a third independent Non-Executive Director has joined the Committee.

	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	48-53
The Board should determine the remuneration of the Non-Executive Directors.	B.2.3	Compliant	52
Shareholders should be invited specifically to approve all new long-term incentive schemes and significant changes to existing schemes.	B.2.4	Compliant	50
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	61-63
The Directors should report that the business is a going concern.	C.1.2	Compliant	61
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	48 & 55
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	54-55
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	54
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	55
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	54
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	54
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	30
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	30
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	30
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 Board is satisfied that the two current members of the Audit Committee have sufficient expertise to ensure that the affairs of that Committee are conducted in a professional and effective manner.

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 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 61-63 and the statement of the Directors in respect of going concern appears on page 61.

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 21-25.

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 55) 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.

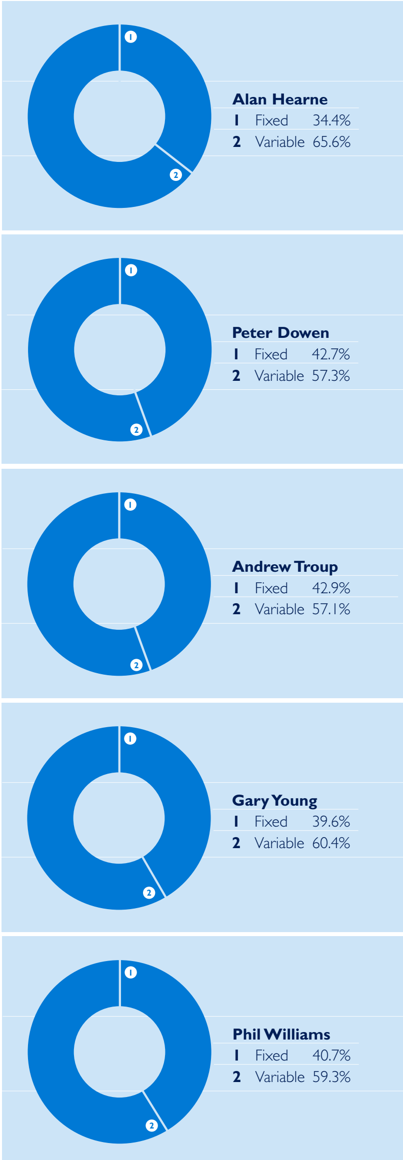
Remuneration Report

The Directors who were members of the Remuneration Committee throughout the year were: Karen McPherson and John Bennett. Roger Devlin has joined the Committee since the year end.

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 2008

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, and long-term incentive allocations;

- the quorum necessary for the transaction of business is two members. 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 44).

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 50 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 2008 Review were as follows:

Aggreko Plc	Intertek Group PLC
Alfred Mcalpine Plc	John Menzies Plc
Amec Plc	Lavendon Group Plc
Ashtead Group Plc	Michael Page
Atkins WS PLC	International Plc
Babock International Group	Mitie Group
BPP Holdings PLC	Mouchel Group PLC
BSS Group PLC	PayPoint PLC
Bunzl PLC	Premier Farnell PLC
Connaught Plc	Regus PLC
Davis Service Group PLC	Scott Wilson Group Plc
De La Rue Plc	Serco Group Plc
Diploma Plc	Shanks Group Plc
Electrocomponents Plc	SIG PLC
Filtrona PLC	Speedy Hire PLC
Galiform Plc	SThree PLC
Hays PLC	Travis Perkins PLC
Homeserve PLC	White Young Green PLC
Interserve PLC	WSP Group PLC

The Remuneration Committee accepted a recommendation from the Executive Directors that base salaries of the latter would not be increased as at 1 January 2009.

Performance bonus

The tables set out:

- maximum Bonus Potential for Executive Directors for 2008.
- bonus targets which applied for 2008.

The earnings per share growth targets that applied in 2008 are set out below:

% 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

EPS figures are based upon the Company's adjusted figures under IFRS. In respect of 2008 the EPS growth shown in the audited accounts was 25% giving rise to Executives being entitled to 82.25% of the maximum potential bonus subject to the target.

The table below shows the maximum bonus potential that applied for Executive Directors in 2008:

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

In view of the exceptional financial circumstances which currently prevail and which seem likely to affect economic prospects for some time, all divisional bonus schemes in the Group are currently being reviewed. The Remuneration Committee believes it is essential that any scheme for the Group executives is compatible with and reflects the schemes for other employees and so will not finalise the 2009 scheme for executives until it is clear what principles are appropriate throughout the Group. The Committee will, as it has done in previous years, provide an explanation of the 2009 bonus targets, their level of satisfaction and the resulting bonus payments (if any) in the 2009 Remuneration Committee Report. The maximum bonus potential for 2009 will not exceed the current maximum of 100% of salary per annum.

Long-term Incentives

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

Executive	2005 Grant % of Salary/ Condition	2006 Grant % of Salary/ Condition	2007 Grant % of Salary/ Condition	2008 Grant % of Salary/ Condition
Maximum Annual Grant	100	100	100	100
Chief Executive	80	80	100	100
Finance Director	60	60	80	80
Executive Directors	60	60	80	60-80
Performance Condition	EPS Growth (see table below)	EPS Growth (see table below)	EPS Growth (see table below)	EPS Growth (see table below)
Status	Released on 18 May 2008 in full as the EPS performance condition was satisfied (see table below)	Based on current performance it is anticipated that the grant will be released in full on 30 March 2009	Release Date 14 March 2010	Release Date 8 April 2011

100% of the shares subject to the second grant were released on 18 May 2008. The following shares were awarded at the grant price of £1.39:

Name	Number of ordinary shares
Alan Hearne	178,417
Gary Young	66,906
Andrew Troup	75,540
Peter Dowen	86,331

The market price of the shares on release was £3.4175.

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.

In this context it should be noted that the current shareholder approval for the Company LTIP will expire at the 2009 AGM. The Remuneration Committee is reviewing the future provision of equity-based incentives for Executive Directors and may make proposals to shareholders in due course.

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 grant of awards for 2008 is set out in the following table:

Name	Shares Granted	Market value of shares
Alan Hearne	127,419	£3.10
Gary Young	51,612	£3.10
Andrew Troup	38,709	£3.10
Peter Dowen	44,129	£3.10
Phil Williams	61,935	£3.10

Full details of the Directors LTIP awards are set out on page 60.

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.

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 and five 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.

During the year the Directors exercised share options as follows:

Name	Options exercised
Andrew Troup	118,246
Gary Young	27,500

At date of exercise market price was 305.5p in respect of Mr Troup and 336.75p in respect of Mr Young. The total gain at dates of exercise was £236,764.

The Directors' individual share options are detailed in the Directors' report on page 59. No further options have been granted to the Executive Directors following the adoption of the LTIP.

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 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 2008, 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 of 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 and the Senior Independent Director receive an additional payment. The fees paid to the Chairman and each Non-Executive Director are detailed on page 34 and pages 40-43.

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

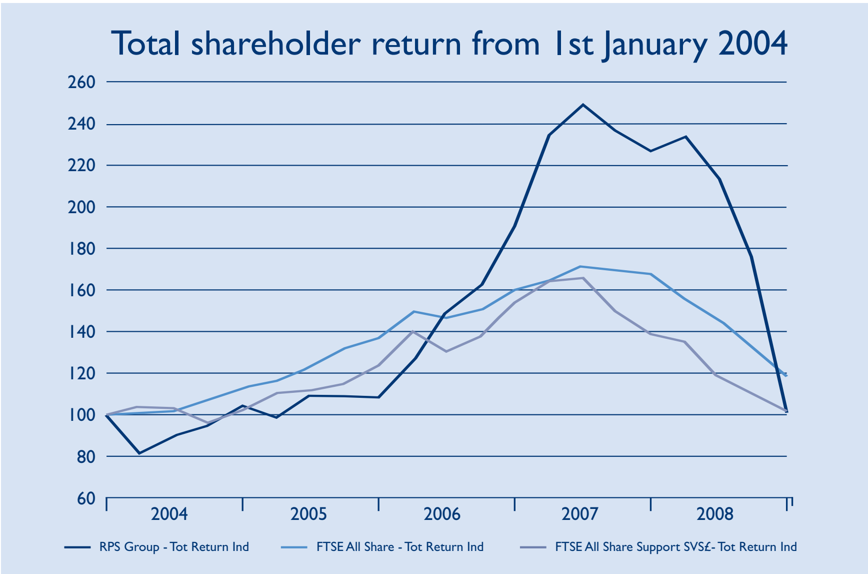
Name	Initial Contract date	Unexpired term of contract as at 31 Dec 2008 (months)
Brook Land	September 1997	Annual Review
Roger Devlin	April 2002	28
Karen McPherson	June 2005	29
John Bennett	June 2006	6
Louise Charlton	May 2008	29

Since the year end John Bennett's contract has been extended for a further three year term.

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.



	Basic salary £000s	Bonus £000s	Fees £000s	Benefits £000s	Emoluments excluding pensions 2008 £000s	2007 £000s	Pension (paid and provided) 2008 £000s	2007 £000s
Executive:								
Alan Hearne	395	325	–	19	**739**	696	**–**	–
Gary Young	200	132	–	10	**342**	301	**30**	27
Andrew Troup	200	99	–	10	**309**	232	**30**	29
Peter Dowen	228	85	–	10	**323**	343	**34**	33
Phil Williams	260	154	–	15	**429**	382	**39**	33
Non-Executive:								
Brook Land	–	–	87	–	**87**	87	**–**	–
Roger Devlin	–	–	32	–	**32**	32	**–**	–
Karen McPherson	–	–	35	–	**35**	32	**–**	–
John Bennett	–	–	32	–	**32**	32	**–**	–
Louise Charlton (appointed 22/05/08)	–	–	20	–	**20**	–	**–**	–
Total 2008	1,283	795	206	64	**2,348**	–	**133**	–
Total 2007	1,180	713	183	61	**–**	2,137	**–**	122

The total Directors' emoluments were £2,348,000 (2007: £2,137,000) excluding pension contributions.

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 table above sets out details of the emoluments and compensation received during the year by each Director.

Share awards

The tables on pages 59 and 60 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 50-51.

The Company operates its share schemes within the dilution limits specified by the ABI.

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.

An Ordinary Resolution to approve this report will be proposed at the Company's Annual General Meeting on 1 May 2009.

This report was approved by the Board on 4 March 2009.

Signed on behalf of the Board
Karen McPherson
Chairman of the Remuneration Committee
4 March 2009

Audit Committee

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 has maintained a policy that 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 74.

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, Nicholas Rowe;
- 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.

Audit Committee - Terms of Reference

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. An external search consultancy was used in recruiting the Non-Executive Director who joined the Board during the year.

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), Louise Charlton 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.

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Report of the Directors

The Directors present their report together with the audited financial statements for the year ended 31 December 2008.

Results and dividend

The income statement is set out on page 64 and shows the profit for the year. The Directors recommend a final dividend of 1.91p (2007: 1.66p) per share.

This together with the interim dividend of 1.75p (2007: 1.52p) per share paid on 23 October 2008 gives a total dividend of 3.66p (2007: 3.18p) per share for the year ended 31 December 2008.

Principal activities and business review

Business review information can be found within the Business Review (pages 7 to 19) 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 4 to 5. 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.

The Business Review contains certain forward looking statements with respect to the financial condition, results of operations and businesses of RPS. These statements involve risk and uncertainty because they relate to events and depend upon circumstances that may occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward looking statements. The current uncertainty in global economic outlook inevitably increases the risks to which the Group is exposed. Nothing in the Business Review should be construed as a profit forecast.

Principal risks and uncertainties

The principal risks and uncertainties are reported on page 21 in the Risk Management section of the Operating and Financial Review.

Substantial shareholdings

The Company is aware of the following interests in excess of 3% of the ordinary share capital of the Company as at 24 February 2009:

	No. of shares	Percentage
Co-operative Asset Management	16,590,856	7.77
Threadneedle Investments	12,282,283	5.76
Legal & General Investment Management	9,538,976	4.47
Neuberger Berman	7,245,901	3.40
Bank of America Corporation	7,208,251	3.38
Aegon Asset Management	6,978,244	3.27
Impax Asset Management	6,612,780	3.10

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 31/12/08 and at 04/03/09	No. of shares at 31/12/07 and at 06/03/08
Brook Land	**30,000**	30,000
Roger Devlin	**30,000**	–
Karen McPherson	**–**	–
John Bennett	**–**	–
Louise Charlton (appointed 22 May 2008)	**–**	–
Alan Hearne	**482,030**	732,030
Peter Dowen	**575,910**	750,910
Andrew Troup	**269,266**	269,266
Phil Williams	**350,000**	350,000
Gary Young	**27,500**	–

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

Director	1 Jan 2008 number	Exercised number	31 Dec 2008 number	Exercise price	Market value at date of exercise	Date from which exercisable	Expiry date
Alan Hearne	62,500	–	62,500	111.0p	–	20/3/2008	20/3/2015
	28,157	–	28,157	146.5p	–	12/8/2008	12/8/2015
Peter Dowen	32,500	–	32,500	111.0p	–	20/3/2008	20/3/2015
	15,051	–	15,051	146.5p	–	12/8/2008	12/8/2015
Andrew Troup	24,123	24,123	–	171.0p	305.5p	6/3/2004	–
	24,123	24,123	–	171.0p	305.5p	6/3/2006	–
	35,000	35,000	–	149.0p	305.5p	14/3/2005	–
	35,000	35,000	–	149.0p	305.5p	14/3/2007	–
	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
Gary Young	27,500	27,500	–	111.0p	336.75p	20/3/2008	–
	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 2008 number	Value of grant at date of grant £000s	Granted number	Released	31 Dec 2008 number	Market Value of Shares at Grant	Market Value at date of release	Market Value of release £000s
Alan Hearne	2005	178,417	248	–	178,417	–	139.0p	341.75p	610
	2006	145,652	268	–	–	145,652	184.0p	–	–
	2007	124,893	365	–	–	124,893	292.3p	–	–
	2008	–	395	127,419	–	127,419	310p	–	–
Peter Dowen	2005	86,331	120	–	86,331	–	139.0p	341.75p	295
	2006	68,478	126	–	–	68,478	184.0p	–	–
	2007	60,222	176	–	–	60,222	292.3p	–	–
	2008	–	137	44,129	–	44,129	310p	–	–
Andrew Troup	2005	75,540	105	–	75,540	–	139.0p	341.75p	258
	2006	60,326	111	–	–	60,326	184.0p	–	–
	2007	53,378	156	–	–	53,378	292.3p	–	–
	2008	–	120	38,709	–	38,709	310p	–	–
Phil Williams	2006	57,065	105	–	–	57,065	184.0p	–	–
	2007	60,222	176	–	–	60,222	292.3p	–	–
	2008	–	192	61,935	–	61,935	310p	–	–
Gary Young	2005	66,906	93	–	66,906	–	139.0p	341.75p	229
	2006	55,434	102	–	–	55,434	184.0p	–	–
	2007	49,272	144	–	–	49,272	292.3p	–	–
	2008	–	160	51,612	–	51,612	310p	–	–

The total value of LTIP awards released in 2008 was £1,392,000 (2007: £2,046,000).

The market price of the shares at 31 December 2008 was 140p and the range during the financial year was 103.25p to 344.75p.

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 15 to 17.

Charitable and community donations

During the year the Group made charitable donations of £420,822 to non-political organisations. Total contributions including contributions in kind amounted to £588,943.

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 36 days' purchases outstanding in respect of payments to suppliers and sub-contractors (2007: 31 days). At the year end the Company had 26 days' purchases outstanding in respect of payments to suppliers and sub-contractors (2007: 39 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' responsibilities 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.

Directors' responsibility statement pursuant to DTR 4

The Directors confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with International Financial Reporting standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the 'Business Review' includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, and that the 'Risk Management' report includes a description of the principal risks and uncertainties that they face.

Financial instruments

Information about the Group's management of financial risk can be found in notes 28 to 31 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 14 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 19 to 21.

Post balance sheet events

There are no significant post balance sheet events to report.

Additional information

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

As at 31 December 2008 the Company's issued share capital consisted of 213,286,497 ordinary shares of 3p each. On a show of hands at a general meeting of the Company every holder of ordinary shares present in person is entitled to vote on a show of hands and on a poll every member present in person or by proxy and entitled to vote has one vote for every ordinary share held. There are no shares in issue which carry special rights with regard to control of the Company. There are no restrictions on the transfer of ordinary shares in the Company other than those that may be imposed by law or regulation from time to time.

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

The Directors have power to manage the Company's business subject to the provision of the Company's Articles of Association, law and applicable regulations. The Directors have power to issue and buyback shares in the Company pursuant to the terms and limitations of resolutions passed by shareholders at each annual general meeting of the Company.

New Articles are being proposed at this year's Annual General Meeting which have some impact on the rights attaching to the Company's shares. Explanatory notes relating to these changes are included in the notice of this meeting which accompanies this report.

Directors' interests in the share capital of the Company are shown in the table on page 58. Substantial shareholder interests of which the Company is aware are shown on page 58.

The Company is party to a number of commercial agreements which, in line with normal practice in the industry, may be affected by a change of control following a takeover bid. None of these agreements are, however, considered to be of material significance. There are no agreements between the Company and its directors or employees providing for compensation for loss of office of employment that occurs because of a takeover bid.

Annual General Meeting

The Annual General Meeting will be held on 1 May 2009. The Notice of Annual General Meeting circulated with this Report and Accounts contains a full explanation of the business to be conducted at that meeting. This includes a resolution to re-appoint BDO Stoy Hayward LLP as the Company's Auditors.

By order of the Board

Nicholas Rowe

Secretary

4 March 2009

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 2008 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 directors' remuneration report that is described as having been audited.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and for preparing the parent company financial statements and directors' 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 directors' 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 directors' 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. We also report to you whether, in our opinion, the information given in the directors' report is consistent with the financial statements. In addition we 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 2006 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. This other information comprises only the Report of the Directors, the Five Year Summary and the Business Review and Management and Governance sections, 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 directors' 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 directors' 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 directors' remuneration report to be audited.

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 31 December 2008 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 2008;
- the parent company financial statements and the part of the directors' 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

4 March 2009

Consolidated Income Statement

	Notes	Year ended 31 Dec 2008 £000s	Year ended 31 Dec 2007 £000s
Revenue	2	**470,465**	362,674
Recharged expenses	2	**(78,369)**	(57,566)
Fee income	2	**392,096**	305,108
Operating profit	2, 3	**58,862**	47,975
Finance costs	4	**(4,424)**	(3,792)
Finance income	4	**384**	296
Profit before tax and amortisation of acquired intangibles		**57,512**	45,010
Amortisation of acquired intangibles		**(2,690)**	(531)
Profit before tax		**54,822**	44,479
Tax expense	7	**(16,933)**	(13,569)
Profit for the year attributable to equity holders of the parent		**37,889**	30,910
Basic earnings per share (pence)	8	**18.00**	14.99
Diluted earnings per share (pence)	8	**17.75**	14.78
Basic earnings per share before amortisation of acquired intangibles (pence)	8	**18.92**	15.17
Diluted earnings per share before amortisation of acquired intangibles (pence)	8	**18.66**	14.95

Consolidated Statement of Recognised Income and Expense

	Year ended 31 Dec 2008 £000s	Year ended 31 Dec 2007 £000s
Exchange differences	**23,811**	5,787
Tax recognised directly in equity	**(573)**	743
Income and (expense) recognised directly in equity	**23,238**	6,530
Profit for the year	**37,889**	30,910
Total recognised income for the year attributable to equity holders of the parent	**61,127**	37,440

Consolidated Balance Sheet

	Notes	**As at 31 Dec 2008 £000s**	As at 31 Dec 2007 £000s
Assets			
Non-current assets			
Intangible assets	9	**264,733**	210,839
Property, plant and equipment	10	**24,575**	21,706
Deferred tax assets	18	**–**	114
		289,308	232,659
Current assets			
Trade and other receivables	12	**157,607**	119,504
Cash at bank		**17,088**	10,884
		174,695	130,388
Liabilities			
Current liabilities			
Borrowings	14	**456**	174
Deferred consideration	16	**16,585**	8,939
Trade and other payables	13	**87,868**	62,750
Corporation tax liabilities		**2,688**	3,434
Provisions	17	**1,417**	595
		109,014	75,892
Net current assets		**65,681**	54,496
Non-current liabilities			
Borrowings	14	**45,187**	43,340
Deferred consideration	16	**11,463**	10,453
Other creditors		**417**	1,320
Deferred tax liabilities	18	**6,746**	–
Provisions	17	**3,569**	4,508
		67,382	59,621
Net assets		**287,607**	227,534
Equity			
Share capital	20	**6,399**	6,319
Share premium	20	**95,531**	93,225
Other reserves	20, 21	**43,551**	17,516
Retained earnings	20	**142,126**	110,474
Total shareholders' equity	20	**287,607**	227,534

These financial statements were approved and authorised for issue by the Board on 4 March 2009.

The notes on pages 67 to 110 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 2008 £000s	Year ended 31 Dec 2007 £000s
Cash generated from operations	25	**67,386**	45,393
Interest paid		**(3,770)**	(3,967)
Interest received		**384**	296
Income taxes paid		**(15,574)**	(12,925)
Net cash from operating activities		**48,426**	28,797
Cash flows from investing activities			
Purchases of subsidiaries net of cash acquired		**(22,332)**	(15,758)
Deferred consideration		**(8,854)**	(10,846)
Purchase of property, plant and equipment	10	**(5,935)**	(5,811)
Sale of property, plant and equipment		**1,094**	4,239
Net cash used in investing activities		**(36,027)**	(28,176)
Cash flows from financing activities			
Proceeds from issue of share capital		**464**	1,730
Proceeds from sale of own shares		**–**	1,293
(Repayments)/proceeds from bank borrowings		**(2,174)**	3,001
Payment of finance lease liabilities		**(117)**	(149)
Dividends paid	22	**(7,211)**	(6,144)
Payment of pre-acquisition dividend		**(1,471)**	–
Net cash used in financing activities		**(10,509)**	(269)
Net increase in cash and cash equivalents		**1,890**	352
Cash and cash equivalents at beginning of year		**10,884**	9,805
Effect of exchange rate fluctuations		**3,933**	727
Cash and cash equivalents at end of year	25	**16,707**	10,884
Cash and cash equivalents comprise:			
Cash at bank		**17,088**	10,884
Bank overdraft		**(381)**	–
Cash and cash equivalents at end of year		**16,707**	10,884

The notes on pages 67 to 110 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 2008 comprises the Company and its subsidiaries (together referred to as the "Group").

The consolidated financial statements were authorised for issuance on 4 March 2009.

(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.

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

1. Significant accounting policies continued

(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 15 years.

(f) Trade and other receivables

Trade and other receivables are stated at their amortised 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. Cash is a loan and receivable and is carried at amortised cost.

(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 2007 and 31 December 2008.

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 recognised on inception at fair value and then carried at amortised 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.

1. Significant accounting policies continued

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 they are paid. 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 9.

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 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:

- Amended IAS 1 "Presentation of financial statements: a revised presentation"
- Amended IFRS 2 "Share based payment: vesting conditions and cancellations"
- Revised IFRS 3 "Business combinations"
- IFRS 8 "Operating segments"
- IFRIC 11 "Group and treasury share transactions"

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

2. 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, Australia and US 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.

Segment results for the year ended 31 December 2008

	Planning & Development £000s	Environmental Management £000s	Energy £000s	Eliminations £000s	Consolidated £000s
Revenue	206,521	107,967	161,388	(5,411)	470,465
Recharged expenses	(41,341)	(15,226)	(21,802)	–	(78,369)
Fee income	165,180	92,741	139,586	(5,411)	392,096
Underlying profit	30,316	13,841	25,842	–	69,999
Redundancy cost	(1,013)	–	–	–	(1,013)
Amortisation of acquired intangibles	(1,057)	(970)	(663)	–	(2,690)
Segment result	28,246	12,871	25,179	–	66,296
Unallocated expenses					(7,434)
Operating profit					58,862

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
Underlying profit	26,209	9,174	18,662	–	54,045
Amortisation of acquired intangibles	(296)	(80)	(155)	–	(531)
Segment result	25,913	9,094	18,507	–	53,514
Unallocated expenses					(5,539)
Operating profit					47,975

2. Business and geographical segments continued

Segmental balance sheet as at 31 December 2008

	Planning & Development £000s	Environmental Management £000s	Energy £000s	Unallocated Corporate £000s	Consolidated £000s
Segment assets	245,096	95,612	115,927	7,368	464,003
Segment liabilities	52,178	31,259	31,315	61,644	176,396
Other information					
Capital additions	2,239	2,326	930	449	5,944
Depreciation and amortisation	3,496	3,305	1,452	549	8,802

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

Revenue by Geographical Market

	2008 £000s	2007 £000s
UK	**178,835**	154,365
Eurozone	**132,136**	94,395
Rest of the World	**159,494**	113,914
	470,465	362,674

	Carrying amount of segment assets		Additions to property, plant and equipment and intangible assets	
	31 Dec 2008 £000s	31 Dec 2007 £000s	**Year ended 31 Dec 2008 £000s**	Year ended 31 Dec 2007 £000s
UK	**249,046**	222,949	**32,703**	9,393
Eurozone	**128,811**	90,939	**7,966**	1,305
Rest of the World	**86,146**	49,159	**5,518**	21,949
	464,003	363,047	**46,187**	32,647

3. Operating profit - by nature of expense

	Year ended 31 Dec 2008 £000s	Year ended 31 Dec 2007 £000s
Revenue	**470,465**	362,674
Recharged Expenses	**(78,369)**	(57,566)
Fee Income	**392,096**	305,108
Staff costs	**(187,280)**	(143,353)
Depreciation and amortisation	**(8,802)**	(5,289)
Other operating costs	**(137,152)**	(108,491)
Operating profit	**58,862**	47,975

	Year ended 31 Dec 2008 £000s	Year ended 31 Dec 2007 £000s
The following items have been included in arriving at profit:		
Depreciation of property plant and equipment		
– owned assets	**6,076**	4,493
– under finance leases	**36**	265
Amortisation of intangible assets	**2,690**	531
Profit on disposal of fixed assets	**179**	3,224
Redundancy costs	**1,013**	–
Provision for dilapidations	**–**	2,514
Operating lease provision	**–**	585
Other operating lease rentals payable		
– property	**5,969**	5,711
– equipment and motor vehicles	**3,367**	2,764
Operating sublease income receivable	**111**	199

4. Net financing costs

	Year ended 31 Dec 2008 £000s	Year ended 31 Dec 2007 £000s
Finance costs		
Interest on loans, overdraft and finance leases	**(3,121)**	(2,838)
Interest imputed on deferred consideration	**(793)**	(655)
Interest payable on deferred consideration	**(510)**	(299)
	(4,424)	(3,792)
Finance income		
Deposit interest receivable	**384**	296
Net financing costs	**(4,040)**	(3,496)

5. Employee benefit expense

	Year ended 31 Dec 2008 £000s	Year ended 31 Dec 2007 £000s
Staff costs (including Directors' emoluments) consist of:		
Wages and salaries	**161,676**	123,078
Social security costs	**15,983**	12,794
Pension costs - defined benefit plan	**–**	21
Pension costs - defined contribution plans	**6,827**	5,318
Share based payment expense - equity settled	**2,794**	2,142
	187,280	143,353

	Year ended 31 Dec 2008	Year ended 31 Dec 2007
Average monthly number of employees (including Executive Directors) was:		
Professional	**3,609**	3,386
Support	**829**	707
	4,438	4,093

Details of directors' remuneration are included on page 53.

6. 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 2008 £000s	Year ended 31 Dec 2007 £000s
Principal auditors			
	Audit services		
	Statutory audit of the Group's annual accounts	**92**	83
	Statutory audit of the Group's subsidiaries	**103**	92
	Other services	**25**	26
Network firms of principal auditors			
	Audit services		
	Statutory audit of the Group's subsidiaries	**162**	116
	Corporate finance	**193**	160
	Tax services		
	Compliance services	**–**	30
	Other services	**3**	4
Other auditors			
	Audit services		
	Statutory audit	**36**	34
	Tax services	**30**	41
		644	586

7. Income taxes

Analysis of charge in the year

	2008 £000s	2007 £000s
Current tax		
UK Corporation tax	**7,046**	7,817
Foreign tax	**7,465**	5,394
	14,511	13,211
Deferred tax expense	**2,422**	358
Tax expense for the year	**16,933**	13,569

Analysis of charge/(credit) to equity

	2008 £000s	2007 £000s
Current tax on share based payments	**(398)**	(1,437)
Deferred tax on share based payments	**971**	694
Tax expense in equity for the year	**573**	(743)

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

	2008 £000s	2007 £000s
Profit before tax	**54,822**	44,479
Tax at the UK effective rate of 28.5% (2007: 30%)	**15,624**	13,344
Expenses not deductible for tax purposes	**924**	505
Different tax rates applied in overseas jurisdictions	**424**	(407)
Utilisation of previously unrecognised tax losses	**–**	(7)
Effect of change in tax rates	**(4)**	153
Prior year adjustments	**(35)**	(19)
Total tax expense for the year	**16,933**	13,569

8. 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 2008 £000s	Year ended 31 Dec 2007 £000s
Profit attributable to ordinary shareholders	**37,889**	30,910
	000s	000s
Weighted average number of ordinary shares for the purposes of basic earnings per share	**210,546**	206,256
Effect of shares to be issued as deferred consideration	**886**	92
Effect of employee share schemes	**2,049**	2,827
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**213,481**	209,175
Basic earnings per share (pence)	**18.00**	14.99
Diluted earnings per share (pence)	**17.75**	14.78

The directors consider that earnings per share before amortisation of acquired intangibles 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:

	Year ended 31 Dec 2008 £000s	Year ended 31 Dec 2007 £000s
Profit attributable to ordinary shareholders	**37,889**	30,910
Amortisation of acquired intangibles	**2,690**	531
Tax on amortisation of acquired intangibles	**(752)**	(159)
Adjusted profit attributable to shareholders	**39,827**	31,282
Basic earnings per share before amortisation (pence)	**18.92**	15.17
Diluted earnings per share before amortisation (pence)	**18.66**	14.95

9. Intangible assets

	Intellectual Property Rights £000s	Customer Relationships £000s	Order backlog £000s	Trade names £000s	Goodwill £000s	Total £000s
Cost						
At 1 January 2008	201	4,872	–	–	218,860	223,933
Additions	–	12,727	1,682	1,206	24,628	40,243
Adjustment to prior year estimates	–	2,508	–	–	(2,488)	20
Foreign exchange differences	–	2,248	–	121	14,146	16,515
At 31 December 2008	201	22,355	1,682	1,327	255,146	280,711
Aggregate amortisation and impairment losses						
At 1 January 2008	201	672	–	–	12,221	13,094
Amortisation	–	1,607	469	614	–	2,690
Foreign exchange differences	–	108	–	86	–	194
At 31 December 2008	201	2,387	469	700	12,221	15,978
Net book value at 31 December 2008	–	19,968	1,213	627	242,925	264,733

	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

9. Intangible assets continued

Adjustment to prior year estimates

Acquisitions in 2007 were originally stated at provisional fair values. These fair values have now been finalised. The main adjustment to prior year estimates was the recognition of a customer relationship intangible of £2,508,000 in respect of JD Consulting. The corresponding entry was a reduction in goodwill. These adjustments have not been adjusted in the prior year balance sheet on grounds of immateriality in accordance with IAS 8.

Of the adjustment to 2007 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.

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 2008 £000s	31 Dec 2007 £000s
Planning & Development		
Great Britain	**74,177**	69,465
Ireland (Southern)	**43,336**	33,902
Ireland (Northern)	**7,856**	7,856
Other	**13,502**	5,594
	138,871	116,817
Environmental Management		
Great Britain	**25,529**	20,785
Netherlands	**10,533**	6,838
Other	**12,753**	10,256
	48,815	37,879
Energy	**55,239**	51,943
	242,925	206,639

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 post-tax rates that reflect current market assessments of the time value of money and the risks specific to the cash generating units. The Group used a discount rate of 9.8% based on its WACC. Growth rates are based on management's expectations of future business volumes and range from 2% to 5% 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 four years and assumes a perpetuity based terminal value.

10. 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 2008	11,042	1,211	1,276	43,155	56,684
Additions through acquisition	–	57	68	729	854
Additions	–	403	106	5,435	5,944
Disposals	(1,080)	(109)	(170)	(5,802)	(7,161)
Foreign exchange differences	2,180	74	127	3,691	6,072
At 31 December 2008	12,142	1,636	1,407	47,208	62,393
Depreciation					
At 1 January 2008	1,839	557	733	31,849	34,978
Provided for the year	207	228	229	5,448	6,112
Disposals	(170)	(109)	(124)	(5,812)	(6,215)
Foreign exchange differences	272	49	88	2,534	2,943
At 31 December 2008	2,148	725	926	34,019	37,818
Net book value at 31 December 2008	9,994	911	481	13,189	24,575

At 31 December 2008 the Group had motor vehicles and office equipment held under finance lease contracts with net book values of £111,000 and £2,000 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 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
Net book value at 31 December 2006	9,567	506	544	7,727	18,344

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.

11. 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 106.

12. Trade and other receivables

	31 Dec 2008 £000s	31 Dec 2007 £000s
Trade receivables	**117,433**	84,593
Less provision for impairment of trade receivables	**(6,143)**	(2,695)
Trade receivables net	**111,290**	81,898
Accrued income	**41,536**	30,581
Less provision for impairment of accrued income	**(4,136)**	(2,383)
Accrued income net	**37,400**	28,198
Prepayments	**6,555**	6,150
Other debtors	**2,362**	3,258
	157,607	119,504

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 £6,143,000 (2007: £2,695,000) has been recorded accordingly. Certain accrued income balances have been found to be impaired and a provision of £4,136,000 (2007: £2,383,000) has been recorded against them.

The individually impaired balances mainly relate to items under discussion with customers.

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

Ageing	**2008 £000s**	2007 £000s
Not more than three months	**15,375**	9,811
More than three months	**16,906**	10,350
	32,281	20,161

Movements in impairment	Trade Receivables £000s	Accrued income £000s	Total £000s
As at 1 January 2008	2,695	2,383	5,078
Income statement charge	3,098	2,398	5,496
Receivables written off during the year as uncollectible	(164)	(1,220)	(1,384)
Additions through acquisition	117	0	117
Foreign exchange	397	575	972
As at 31 December 2008	6,143	4,136	10,279
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

12. Trade and other receivables continued

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

	31 Dec 2008 £000s	31 Dec 2007 £000s
UK Pound Sterling	**63,045**	62,238
Euro	**51,058**	35,330
US Dollar	**24,899**	10,516
Canadian Dollar	**5,887**	2,867
Australian Dollar	**10,794**	8,248
Other	**1,924**	305
	157,607	119,504

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

13. Trade and other payables

	Year ended 31 Dec 2008 £000s	Year ended 31 Dec 2007 £000s
Trade creditors	**23,042**	17,446
Creditors for taxation and social security	**13,555**	11,638
Other creditors	**3,476**	2,154
Deferred income	**14,408**	6,142
Accruals	**33,387**	25,370
	87,868	62,750

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.

14. Borrowings

	31 Dec 2008 £000s	31 Dec 2007 £000s
Bank loans	**45,174**	43,346
Bank overdraft	**381**	–
Finance lease creditor	**88**	168
	45,643	43,514

	Bank loans 2008 £000s	**Other loans 2008 £000s**	**Total 2008 £000s**	Bank loans 2007 £000s	Other loans 2007 £000s	Total 2007 £000s
The borrowings are repayable as follows:						
On demand or in not more than one year	**407**	**49**	**456**	62	112	174
In the second year	**–**	**27**	**27**	57	31	88
In the third to fifth years inclusive	**45,148**	**12**	**45,160**	43,227	25	43,252
	45,555	**88**	**45,643**	43,346	168	43,514
Less amount due for settlement within 12 months	**407**	**49**	**456**	62	112	174
Amount due for settlement after 12 months	**45,148**	**39**	**45,187**	43,284	56	43,340

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 one principal bank facility which is a revolving credit facility of £100,000,000, incorporating a bonding facility, with Lloyds TSB Bank plc, the Group's principal bank, expiring in 2013. Loans carry interest equal to LIBOR plus a margin determined by reference to the total bank borrowing of the Group. Since the year end the facility has been increased to £125,000,000.

There were loans drawn totalling £45,148,000 (2007: £43,227,000) and bonding facility utilisation of £6,316,000 (2007: £3,926,000) at 31 December 2008.

The facility is guaranteed by the Company and certain subsidiaries but no security over the Group's assets exists.

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.

Loan liquidity risk profile

	2008	2007
< 1 year	**1,303,839**	2,614,346
2 years	**1,303,839**	2,614,346
3-5 years	**48,459,132**	47,252,061
	51,066,810	52,480,753

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.

15. Obligations under finance leases

Amounts payable under finance leases:

	Minimum lease payments 2008 £000s	Less future interest charges 2008 £000s	Present value of minimum lease payments 2008 £000s	Minimum lease payments 2007 £000s	Less future interest charges 2007 £000s	Present value of minimum lease payments 2007 £000s
Within one year	**54**	**(5)**	**49**	121	(9)	112
In two to five years	**42**	**(3)**	**39**	61	(5)	56
	96	**(8)**	**88**	182	(14)	168

For the year ended 31 December 2008, the average effective borrowing rate was 7%. 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.

16. Deferred consideration

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

	31 Dec 2008 £000s	31 Dec 2007 £000s
Cash due within one year:		
Interest bearing	**7,525**	2,366
Non-interest bearing	**8,440**	6,573
Shares due within one year	**620**	–
	16,585	8,939
Cash due between one and two years:		
Interest bearing	**4,517**	2,666
Non-interest bearing	**4,386**	5,583
Shares due between one and two years	**620**	–
	9,523	8,249
Cash due between two and five years:		
Interest bearing	**1,940**	–
Non-interest bearing	**–**	2,204
	1,940	2,204
Total deferred consideration payable	**28,048**	19,392
Less amount due for settlement within 12 months	**16,585**	8,939
Amount due for settlement after 12 months	**11,463**	10,453

Deferred consideration is recorded at present value calculated with reference to the local LIBOR rates of the acquisitions concerned. The movement in fair value is taken through the profit and loss in the financing costs line.

17. Provisions

Property
The provision for property costs relates to operating lease rentals and related costs on vacated property and will be utilised within 6 years.

Warranty
This provision is in respect of the pre-acquisition contractual obligations of acquired entities and contractual obligations of existing entities and will be utilised within 8 years.

Dilapidations
This provision is in respect of reinstatement obligations related to leasehold properties and will be utilised within 17 years.

	Property £000s	Warranty £000s	Dilapidations £000s	Total £000s
As at 1 January 2008	1,764	641	2,698	5,103
Additional provision in the year	27	423	176	626
Utilised in year	(657)	(139)	(711)	(1,507)
On acquisition of subsidiary	–	–	346	346
Exchange difference	203	26	189	418
At 31 December 2008	1,337	951	2,698	4,986

	2008 £000s	2007 £000s
Due as follows:		
Within one year	**1,417**	595
After more than one year	**3,569**	4,508
	4,986	5,103

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

18. Deferred taxation

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

	2008 £000s	2007 £000s
At 1 January	**114**	2,465
Charge to income for the year	**(2,421)**	(336)
Charge to equity for the year	**(971)**	(694)
Effect of change in tax rate	**–**	(22)
Asset acquired on acquisition of subsidiary	**(3,380)**	(621)
Fair value adjustments to prior year acquisitions	**–**	(644)
Exchange differences	**(88)**	(34)
At 31 December	**(6,746)**	114

18. Deferred taxation continued

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 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
Reclassifications	426	–	–	211	–	637
Charge to income for the year	(194)	5	(35)	(286)	(364)	(874)
Charge to equity for the year	–	–	–		(971)	(971)
Asset acquired on acquisition of subsidiary	5	62	–	179	–	246
Exchange differences	28	44	–	28	–	100
At 31 December 2008	752	916	28	476	57	2,229

Deferred tax liabilities

	Foreign exchange on investments £000s	Revaluation of properties £000s	Tax deductible goodwill £000s	Other £000s	Total £000s
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)
Reclassifications	(211)	–	(417)	(9)	(637)
Charge to income for the year	(1,416)	–	(56)	(75)	(1,547)
Asset acquired on acquisition of subsidiary	–	–	(3,775)	149	(3,626)
Exchange differences	–	(87)	(34)	(67)	(188)
At 31 December 2008	(1,627)	(361)	(6,774)	(213)	(8,975)

19. Share capital

	Authorised 2008 Number	**Authorised 2008 £000s**	Authorised 2007 Number	Authorised 2007 £000s
Ordinary shares of 3p each	**240,000,000**	**7,200**	240,000,000	7,200

	Issued and fully paid 2008 Number	**2008 £000s**	Issued and fully paid 2007 Number	2007 £000s
Ordinary shares of 3p each				
At 1 January	**210,632,004**	**6,319**	205,445,957	6,163
Issued under share option schemes	**283,011**	**8**	1,327,059	40
Issued under save as you earn schemes	**56,148**	**2**	16,392	1
Issued under the Share Incentive Plan	**317,623**	**10**	148,064	5
Issued in respect of the Performance Share Plan	**409,940**	**12**	745,737	22
Issued in respect of the Long Term Incentive Plan	**407,194**	**12**	571,862	17
Issued in consideration for acquisitions during the year	**1,088,665**	**33**	1,412,581	42
Issued in respect of deferred consideration related to acquisitions in prior years	**91,912**	**3**	964,352	29
At 31 December	**213,286,497**	**6,399**	210,632,004	6,319

	2008 Number	2007 Number
Ordinary shares held by the ESOP Trust	**668,111**	689,421
Ordinary shares held by the SIP Trust	**2,442,526**	1,581,755

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

The table below shows options outstanding at 31 December 2008.

There are options over 15,000 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)
2002 - 2009	19,500	72 - 83
2003 - 2010	119,600	125 - 143
2004 - 2011	69,000	136 - 154
2005 - 2012	173,404	125 - 149
2006 - 2013	331,808	111 - 171
2007 - 2014	89,693	149
2008 - 2015	391,436	111 - 147
2011 - 2018	315,000	295
	1,509,441	

Please see page 62 in the Report of the Directors for details of the Group's capital management procedures.

20. Statement of changes in equity

	Share capital £000s	Share premium £000s	Retained earnings £000s	Other reserves £000s	Total equity £000s
At 1 January 2007	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 payments	–	–	(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
Changes in equity during 2008					
Tax recognised directly in equity	–	–	(573)	–	(573)
Exchange differences	–	–	–	23,811	23,811
Net income recognised directly in equity	–	–	(573)	23,811	23,238
Profit for the year	–	–	37,889	–	37,889
Total recognised income and expense for the year	–	–	37,316	23,811	61,127
Issue of new ordinary shares	80	2,306	(1,247)	2,224	3,363
Share based payment expense	–	–	2,794	–	2,794
Dividends	–	–	(7,211)	–	(7,211)
At 31 December 2008	6,399	95,531	142,126	43,551	287,607

21. Other reserves

	Merger reserve £000s	Employee trust £000s	Share scheme £000s	Shares to be issued £000s	Translation reserve £000s	Total other £000s
At 1 January 2007	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
Changes in equity during 2008						
Exchange differences	–	–	–	–	23,811	23,811
Issue of new shares	3,086	(640)	–	(222)	–	2,224
At 31 December 2008	20,079	(3,583)	–	–	27,055	43,551

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.

22. Dividends

	Year ended 31 Dec 2008 £000s	Year ended 31 Dec 2007 £000s
Amounts recognised as distributions to equity holders during the period:		
Final dividend for the year ended 31 December 2007 of 1.66p (2006: 1.44p) per share	**3,498**	2,967
Interim dividend for the year ended 31 December 2008 of 1.75p (2007: 1.52p) per share	**3,713**	3,177
	7,211	6,144
Proposed final dividend for the year ended 31 December 2008 of 1.91p (2007: 1.66p) per share	**4,088**	3,496

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.

23. Operating lease arrangements

At 31 December 2008, 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 2008 £000s	Property 2007 £000s	Other 2008 £000s	Other 2007 £000s
Within one year	**6,815**	5,761	**2,961**	2,474
In two to five years	**19,914**	15,724	**3,677**	3,166
After five years	**22,876**	18,905	**–**	–
	49,605	40,390	**6,638**	5,640

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 sub lease rental income during the year ended 31 December 2008 was £111,000 (2007: £199,000).

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

Receivables	2008 £000s	2007 £000s
Within one year	**127**	189
In two to five years	**260**	473
After five years	**36**	58
	423	720

24. 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.

25. Notes to the Consolidated Cash Flow Statement

	Year ended 31 Dec 2008 £000s	Year ended 31 Dec 2007 £000s
Profit before tax	**54,822**	44,479
Adjustments for:		
Interest payable and similar charges	**4,424**	3,792
Interest receivable	**(384)**	(296)
Depreciation	**6,112**	4,758
Amortisation of acquired intangibles	**2,690**	531
Share based payment expense	**2,794**	2,142
Profit on sale of property, plant and equipment	**(179)**	(3,224)
Provision for dilapidations	**–**	2,514
Provision for onerous lease	**–**	585
Increase in trade and other receivables	**(8,175)**	(14,018)
Increase in trade and other payables	**5,282**	4,130
Cash generated from operations	**67,386**	45,393

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 2008.

	At 31 Dec 2007 £000s	Cash flow £000s	Other £000s	Foreign Exchange £000s	**At 31 Dec 2008 £000s**
Cash and cash equivalents	10,884	1,890	–	3,933	**16,707**
Bank loans	(43,346)	2,174	–	(4,002)	**(45,174)**
Finance lease creditor	(168)	117	(38)	1	**(88)**
Net borrowings	(32,630)	4,181	(38)	(68)	**(28,555)**

26. 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 27

27. Acquisitions

The Group completed the acquisition of ten companies during 2008. Each purchase has been accounted for as an acquisition. Prior to completion of the transactions each acquired business kept its own management accounts. Adding the results shown in these accounts to the Group results produces Group revenue for the period of £478,306,000 and Group operating profit after amortisation of acquired intangibles of £56,081,000.

All intangible assets were recognised at their respective fair values. The residual excess over the net assets acquired, including intangible assets, is recognised as goodwill in the financial statements.

	Date of acquisition	Place of incorporation	Percentage of entity acquired	Nature of business acquired
Kraan Consulting Holding BV	6 Feb 2008	The Netherlands	100%	Urban planning consultancy
RW Gregory LLP	12 Mar 2008	UK	Assets and certain liabilities	Engineering consultancy
WTW and Associates Ltd	17 Mar 2008	UK	100%	Oil and gas consultancy
Oceanfix International Ltd	19 Mar 2008	UK	100%	Oil and gas consultancy
Land Management Unit Trust ("Koltasz Smith")	27 Mar 2008	Australia	Assets and certain liabilities	Urban planning consultancy
Rudall Blanchard Associates Group Ltd	30 Mar 2008	UK	100%	Health and safety consultancy
The GeoCet Group LLC	16 Apr 2008	USA	100%	Environmental consultancy
Mountainheath Services Ltd	18 Sep 2008	UK	100%	Specialist laboratory
Paras Ltd	9 Oct 2008	UK	100%	Oil and gas consultancy
Business and Environmental Communications Ltd	12 Dec 2008	Ireland	100%	Communications consultancy

These businesses have been integrated with other parts of the Group and are no longer managed separately. They share resources, revenues, costs and market opportunities with other parts of the Group and should no longer be considered individual businesses. The contributions to the revenue and operating profit after amortisation of acquired intangibles to the Group's results for the year of those entities where it is practicable to separately identify their results are given below:

	Revenue £000s	Operating profit before amortisation £000s	Operating profit £000s
Kraan Consulting Holding BV	6,046	728	188
Mountainheath Services Ltd	373	111	87
Business and Environmental Communications Ltd	39	4	4

It is impracticable to separately identify the revenue and operating profit contribution of the other acquisitions for the period since acquisition as these entities have been fully integrated into existing Group operations.

27. Acquisitions during the period continued

The Group has allotted the net assets of its acquisitions provisional fair values as it did not have complete information at the balance sheet date. Details of the carrying values of the acquired net assets and the provisional fair values assigned to them by the Group are as follows:

	Intangible assets								
	Customer relationships £000s	Order backlog £000s	Trade names £000s	Other intangibles £000s	Property, plant & equipment £000s	Cash £000s	Other assets £000s	Other liabilities £000s	Net assets acquired £000s
Pre acquisition carrying values									
Kraan	–	–	–	119	146	(248)	1,695	(955)	757
RWG	–	–	–	–	252	2,002	4,147	(4,900)	1,501
WTW	–	–	–	–	20	(3)	1,007	(455)	569
Oceanfix	–	–	–	–	81	533	2,454	(978)	2,090
LMT	–	–	–	–	191	–	701	(335)	557
RBA	–	–	–	–	87	928	1,604	(943)	1,676
Geocet	–	–	–	–	–	337	611	(774)	174
Mountainheath	–	–	–	–	144	230	288	(389)	273
Paras	–	–	–	–	9	760	849	(554)	1,064
BEC	–	–	–	–	3	322	321	(208)	438
	–	–	–	119	933	4,861	13,677	(10,491)	9,099
Provisional fair values									
Kraan	2,714	–	374	–	124	(248)	1,654	(1,849)	2,769
RWG	2,960	1,080	200	–	252	2,002	4,055	(4,900)	5,649
WTW	–	190	–	–	19	(3)	1,007	(510)	703
Oceanfix	3,121	147	–	–	25	533	2,454	(1,892)	4,388
LMT	550	–	632	–	191	–	701	(691)	1,383
RBA	1,207	107	–	–	87	928	1,604	(1,311)	2,622
Geocet	–	–	–	–	–	337	611	(774)	174
Mountainheath	818	–	–	–	144	230	288	(620)	860
Paras	1,357	158	–	–	9	760	849	(976)	2,157
BEC	–	–	–	–	3	322	321	(208)	438
	12,727	1,682	1,206	–	854	4,861	13,544	(13,731)	21,143

The fair value adjustments made to the pre acquisition carrying values to determine provisional fair values relate to the alignment of depreciation accounting policies, the identification of intangibles and the deferred tax recognised on the fair value adjustments.

	Initial consideration			Fair value of deferred consideration				
	Cash £000s	Shares £000s	Acquisition expenses £000s	Cash £000s	Shares £000s	Total consideration £000s	Net assets acquired £000s	Goodwill acquired £000s
Consideration								
Kraan	3,009	–	344	1,720	–	5,073	2,769	2,304
RWG	5,200	1,700	217	3,238	–	10,355	5,649	4,706
WTW	1,344	–	118	468	–	1,930	703	1,227
Oceanfix	4,491	–	163	2,445	–	7,099	4,388	2,711
LMT	1,857	–	290	1,238	–	3,385	1,383	2,002
RBA	3,460	–	162	1,340	1,240	6,202	2,622	3,580
Geocet	590	–	106	554	–	1,250	174	1,076
Mountainheath	1,176	–	123	722	–	2,021	860	1,161
Paras	3,524	1,200	173	1,706	–	6,603	2,157	4,446
BEC	1,075	–	112	666	–	1,853	438	1,415
	25,726	2,900	1,808	14,097	1,240	45,771	21,143	24,628

As part of the consideration for RWG, 572,970 ordinary shares of RPS Group PLC were allotted to the vendors.

As part of the deferred consideration for RBA £1,240,000 of ordinary shares in RPS Group Plc will be allotted to the vendors.

Goodwill represents the value of the assembled professional workforce acquired with these businesses.

Prior period acquisitions

In 2007 the group acquired APA Petroleum Engineering Inc. and the Scotia Group Inc. The group has finalised the provisional fair values of the net assets of these acquisitions. The effect has been a credit to net assets on acquisition of these entities by £20,000 relating to adjustments to the fair value of the opening tax, receivables and PPE balances. On JD Consulting a customer relationship intangible of £2,508,000 has been recognised. There have been no changes to the fair values of the net assets acquired with the remainder of the 2007 acquisitions.

28. Derivatives and other financial instruments

Set out below are the narrative disclosures relating to financial instruments. The numerical disclosures are set out in Notes 29, 30 and 31.

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 loan interest rate. The Group occasionally uses forward foreign currency 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 14 for further detail of the Group's bank facilities.

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.

Classification of financial instruments

	2008 £000s	2007 £000s
Cash	**17,088**	10,884
Trade and other receivables	**157,607**	119,504
Loans and other recievables	**174,695**	130,388
Bank loans	**45,555**	43,346
Trade and other payables	**87,868**	62,750
Other financial liabilities	**133,423**	106,096

29. 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 statement of the Group companies during the year.

Net foreign currency monetary assets/(liabilities) at 31 December 2008

	Sterling £000s	Euro £000s	US Dollar £000s	Norwegian Krone £000s	Australian Dollar £000s	Canadian Dollar £000s	Danish Krone £000s	Russian Rouble £000s	Other £000s	Total £000s
Functional currency of Group operation										
Sterling	–	(641)	1,376	325	183	162	131	310	30	1,876
Euro	224	–	(32)	–	–	–	–	–	–	192
Australian Dollar	111	59	(138)	–	–	(3)	–	–	88	117
Canadian Dollar	143	–	(279)	–	–	–	–	–	–	(136)
Malaysian Ringitt	–	–	(91)	–	–	–	–	–	–	(91)
At 31 December 2008	478	(582)	836	325	183	159	131	310	118	1,958

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

Foreign currency sensitivity

The Group considers the volatility of currency markets over the year to be representative of the foreign currency risk it is exposed to. The main exposures the Group had at year end were Euros and USD, and over the year Sterling weakened relative to them by approximately 30%.

If Sterling strengthened against these currencies by 30%, the impact in respect of the revaluation of net foreign currency monetary assets, would be to reduce Group profit by £59,000.

If Sterling had weakened against these currencies the impact would have been to increase Group profit by £109,000.

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

In 2007, the Euro was the key currency the Group was exposed to. Management considered a 10% movement in foreign exchange rates possible, which would have resulted in Group profit for 2007 decreasing by £124,000 (if Sterling strengthened against Euro) or increasing by £151,000 (if Sterling weakened).

30. 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 2008 comprised deferred consideration, finance lease obligations and bank loans, were as follows:

Currency	Floating rate financial liabilities 2008 £000s	Floating rate financial liabilities 2007 £000s	Fixed rate financial liabilities 2008 £000s	Fixed rate financial liabilities 2007 £000s	Total 2008 £000s	Total 2007 £000s
Sterling	**–**	–	**37,803**	38,781	**37,803**	38,781
Euro	**257**	–	**6,047**	120	**6,304**	120
Australian Dollar	**–**	–	**11,725**	11,711	**11,725**	11,711
Canadian Dollar	**124**	–	**842**	2,764	**966**	2,764
US Dollar	**–**	–	**16,893**	9,530	**16,893**	9,530
At 31 December	**381**	–	**73,310**	62,906	**73,691**	62,906

The maturity profile of financial liabilities is as follows:

	Floating rate financial liabilities 2008 £000s	Floating rate financial liabilities 2007 £000s	Fixed rate financial liabilities 2008 £000s	Fixed rate financial liabilities 2007 £000s	Total 2008 £000s	Total 2007 £000s
Within one year	**381**	–	**16,660**	9,114	**17,041**	9,114
In one to two years	**–**	–	**9,325**	8,337	**9,325**	8,337
In two to five years	**–**	–	**47,325**	45,455	**47,325**	45,455
	381	–	**73,310**	62,906	**73,691**	62,906

Currency	Weighted average interest rate % 2008	Weighted average interest rate % 2007	Fixed rate financial liabilities: Weighted average period for which rate is fixed – months 2008	Fixed rate financial liabilities: Weighted average period for which rate is fixed – months 2007
Sterling	**3.6**	6.2	**5**	4
Euro	**3.8**	3.2	**5**	23
Australian Dollar	**5.9**	6.8	**6**	10
Canadian Dollar	**3.7**	4.8	**1**	4
US Dollar	**2.2**	5.4	**2**	3
	3.7	6.1	**5**	5

30. Interest rate risk continued

Cash balances at year end

Currency	2008 £000s	2007 £000s
Sterling	**(1,153)**	1,075
Euro	**11,004**	4,053
US Dollar	**3,569**	4,413
Australian Dollar	**2,399**	432
Canadian Dollar	**409**	242
Other	**860**	669
At 31 December	**17,088**	10,884

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 2008, the Group had an overdraft facility expiring within one year, carrying floating rate interest.

	31 Dec 2008 £000s	31 Dec 2007 £000s
Expiring in more than 2 years but not more than 5 years	**48,536**	20,602

Interest rate sensitivity

The Group considers the volatility of interest rates over the year to be representative of the potential interest rate risk it is exposed to. Over 2008, the weighted average interest rates the Group pays have reduced by 2.4%. A 2.4% increase in interest rates would decrease Group profit by £1,040,000. Since base rates are unlikely to reduce to less than 0% the Group does not consider a movement of more than minus 0.5% possible. If this had occurred, it would increase Group profit by £215,000.

31. 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	2008 £000s	2007 £000s
Cash and cash equivalents	**17,088**	10,884
Trade and other receivables	**148,690**	110,096
	165,778	120,980

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 12 for further detail on receivables that are past due.

None of the group's assets are secured by collateral.

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.

32. 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 2008 for the period ended 31 December 2008.

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. During the year, the Group made a further grant of options to employees under the ESOS. 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 2008:

32. Share-based payments continued

Share Options

Year of grant	Number outstanding 31 Dec 2007	New grants	Exercised	Lapsed	Grants replaced	Number outstanding 31 Dec 2008	Weighted average exercise price	Vesting conditions
1998	19,500	–	(9,000)	(10,500)	–	–	53p	3 or 5 years
1999	21,000	–	(1,500)	–	–	19,500	73p	3 or 5 years
2000	161,100	–	(21,000)	(1,000)	1,500	140,600	128p	3 or 5 years
2001	114,623	–	(57,996)	–	39,873	96,500	166p	3 or 5 years
2002	343,975	–	(90,921)	(13,957)	1,250	240,347	149p	3 or 5 years
2003	812,464	–	(102,594)	(14,376)	2,000	697,494	111p	3 or 5 years
2008	–	315,000	–	–	–	315,000		3 years
	1,472,662	315,000	(283,011)	(39,833)	44,623	1,509,441		
Weighted average exercise price	126p	295p	134p	109p	167p	162p		

The weighted average share price at the date of exercise during the period was £3.10.

Year of grant	Number outstanding 31 Dec 2006	New grants	Exercised	Lapsed	Grants replaced	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.

SAYE

Year of grant	Number outstanding 31 Dec 2007	Exercised	Lapsed	Number outstanding 31 Dec 2008	Exercise price	Vesting conditions
2003	98,656	(56,148)	–	42,508	147p	3 or 5 years
	98,656	(56,148)	–	42,508		

Year of grant	Number outstanding 31 Dec 06	Exercised	Lapsed	Number outstanding 31 Dec 07	Exercise price	Vesting conditions
2003	139,704	(16,392)	(24,656)	98,656	147p	3 or 5 years
	139,704	(16,392)	(24,656)	98,656		

LTIP

Year of grant	Number outstanding 31 Dec 2007	New grants	Releases	Number outstanding 31 Dec 2008	Vesting conditions
2005	407,194	–	(407,194)	–	3 years
2006	386,596	–	–	386,596	3 years
2007	347,987	–	–	347,987	3 years
2008	–	323,804	–	323,804	3 years
	1,141,777	323,804	(407,194)	1,058,387	

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	

32. Share-based payments continued

PSP

Year of grant	Number outstanding 31 Dec 2007	New grants	Releases	Lapses	Number outstanding 31 Dec 2008	Vesting conditions
2005	299,089	–	(288,335)	(885)	9,869	3 years
2006	443,719	–	(90,640)	(13,968)	339,111	3 years
2007	575,525	–	(30,848)	(25,516)	519,161	2 or 3 years
2008	–	111,058	(117)	(2,554)	108,387	1, 2 or 3 years
	1,318,333	111,058	(409,940)	(42,923)	976,528	

Year of grant	Number outstanding 31 Dec 2006	New grants	Releases	Lapses	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	

SIP

Year of grant	Number outstanding 31 Dec 2007	New grants	Releases	Forfeits	Number outstanding 31 Dec 2008	Vesting conditions
2004	57,382	–	(57,382)	–	–	3 years
2005	350,984	–	(328,884)	(18,561)	3,539	3 years
2006	354,522	–	(18,799)	(33,895)	301,828	3 years
2007	324,003	–	(15,652)	(36,110)	272,241	3 years
2008	–	666,448	(10,189)	(12,465)	643,794	
	1,086,891	666,448	(430,906)	(101,031)	1,221,402	

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	

Share Options and SAYE Options

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

	Share Options	SAYE
Share price on grant	111 - 295.25p	147p
Expected volatility	26.8% - 31.6%	26.3% - 28.5%
Expected life	3 or 5 years	3 or 5 years
Expected dividend yield	1.45% - 1.50%	1.45%
Risk-free interest rate	4.1% - 5.2%	4.1% - 4.5%
Fair value at measurement date	33.01p - 94.22p	43.51p - 54.83p
Weighted fair value	42.93p	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	133.12p - 301.25p
Weighted fair value	171.25p
Holding period	3 years
Expected dividend yield	0.88% - 1.40%

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	144.70p - 346.32p
Weighted fair value	190.70p
Holding period	1, 2 or 3 years
Expected dividend yield	0.76% - 1.21%

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 - 389.75p
Weighted fair value	214.89p
Holding period	3 years

During the year ended 31 December 2008, the Group recognised expense of £2,794,000 related to the fair value of the share based payment arrangements (year ended 31 December 2007: £2,142,000).

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	5%

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

33. Events after the balance sheet date

There were no material post balance sheet events.

34. Contingent liabilities

As at 31 December 2008 the Group had contingent liabilities in respect of contractual performance guarantees and other matters 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 2008 £000s**	As at 31 Dec 2007 £000s
Fixed assets			
Intangible assets	4	**910**	976
Tangible assets	5	**2,724**	3,494
Investments	6	**177,270**	174,300
		180,904	178,770
Current assets			
Debtors	7	**53,914**	34,559
Cash at bank and in hand		**2,465**	2,101
		56,379	36,660
Creditors: amounts falling due within one year	8	**51,059**	30,974
Net current assets		**5,320**	5,686
Total assets less current liabilities		**186,224**	184,456
Creditors: amounts falling due after more than one year	9	**45,635**	46,868
Provisions for liabilities	10	**52**	121
Net assets		**140,537**	137,467
Capital and reserves			
Called up share capital	12, 13	**6,399**	6,319
Share premium account	13	**95,531**	93,225
Profit and loss reserve	13	**22,079**	23,619
Other reserves	13	**16,528**	14,304
Shareholders' funds		**140,537**	137,467

These financial statements were approved and authorised for issue by the Board on 4 March 2009.

The notes on pages 103 to 110 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 113 (2007: 97). Details of Directors' remuneration are shown on page 53.

Staff costs (including Directors' emoluments) consist of:

	Year ended 31 Dec 2008 £000s	Year ended 31 Dec 2007 £000s
Wages and salaries	**5,049**	4,460
Social security costs	**619**	789
Pension costs	**334**	283
Share based payments	**995**	822
	6,997	6,354

Details of share-based payments are included in Note 32 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 2008 £000s	Year ended 31 Dec 2007 £000s
Profit for the year attributable to the shareholders of the Parent Company, dealt with in the accounts of the Parent Company	**4,124**	8,381

The remuneration of the auditors for the statutory audit of the Company was £40,000 (2007: £40,000)

4. Intangible Assets

	Goodwill £000s
Cost	
At 1 January 2008 and at 31 December 2008	2,134
Amortisation	
At 1 January 2008	1,158
Charge for the year	66
At 31 December 2008	1,224
NBV at 31 December 2008	910
NBV at 31 December 2007	976

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 2008	2,860	253	2,884	5,997
Additions	–	–	450	450
Disposals	(815)	–	–	(815)
At 31 December 2008	2,045	253	3,334	5,632
Depreciation				
At 1 January 2008	540	112	1,851	2,503
Provided for the year	46	2	503	551
Disposals	(146)	–	–	(146)
At 31 December 2008	440	114	2,354	2,908
NBV at 31 December 2008	1,605	139	980	2,724
NBV at 31 December 2007	2,320	141	1,033	3,494

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.

Subsidiary undertakings	£000s
Cost	
At 1 January 2008	175,138
Additions	2,970
At 31 December 2008	178,108
Provisions	
At 1 January 2008 and 31 December 2008	838
NBV at 31 December 2008	177,270
NBV at 31 December 2007	174,300

Additions in 2008 comprised capital contributions.

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 Energy Limited	England	100%
RPS Energy Consultants Limited	England	100%*
RPS Ireland Limited	Northern Ireland	100%
RPS Groep BV	Netherlands	100%
RPS Advies BV	Netherlands	100%*
RPS Analyse BV	Netherlands	100%*
RPS BCC BV	Netherlands	100%*
RPS Kraan Consulting BV	Netherlands	100%*
RPS Kraan Detachering 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 Energy Pty Limited	Australia	100%*
RPS Consultants Pty Limited	Australia	100%*
RPS Environment Pty Limited	Australia	100%*
Harper Somers O'Sullivan Pty Limited	Australia	100%*
MetOcean Engineers Pty Limited	Australia	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%*
Geoprojects Canada Limited	Canada	100%*

7. Debtors

	31 Dec 2008 £000s	31 Dec 2007 £000s
Trade debtors	**128**	318
Amounts due from subsidiary undertakings	**51,266**	30,771
Other debtors	**196**	111
Corporation tax	**–**	181
Deferred tax	**469**	644
Prepayments and accrued income	**1,855**	2,534
	53,914	34,559

All amounts shown under debtors fall due for payment within one year.

8. Creditors: amounts falling due within one year

	31 Dec 2008 £000s	31 Dec 2007 £000s
Amounts due to subsidiary undertakings	**43,722**	23,419
Deferred consideration	**3,153**	3,076
Trade creditors	**571**	961
Corporation tax	**99**	–
Other creditors	**633**	418
Accruals	**2,881**	3,100
	51,059	30,974

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 2008 £000s	31 Dec 2007 £000s
Bank loans	**45,148**	43,227
Deferred consideration	**487**	3,641
	45,635	46,868
Due as follows:		
After one year and within two years	**487**	3,154
After two years and within five years	**45,148**	43,714
	45,635	46,868

10. Provision for liabilities

	Dilapidations £000s
At 1 January 2008	121
Released during the year	(69)
At 31 December 2008	52

The provision booked during the year relates to dilapidations which have been identified on several buildings leased by the Company.

11. Deferred taxation

	31 Dec 2008 £000s	31 Dec 2007 £000s
Movement on deferred taxation:		
Net asset at beginning of year	**644**	267
Charge to income for the year	**(175)**	377
Net asset at year end	**469**	644

Deferred taxation balances comprise:

	31 Dec 2008 £000s	31 Dec 2007 £000s
Short term timing differences	**285**	407
Depreciation in excess of capital allowances	**184**	237
Deferred tax asset	**469**	644

12. Share capital

	Authorised		Allotted and fully paid	
	Number	Value £000s	Number	Value £000s
Ordinary shares of 3p each				
At 1 January 2008	240,000,000	7,200	210,632,004	6,319
At 31 December 2008	240,000,000	7,200	213,286,497	6,399

Full details of the share capital of the Company are detailed in Note 19 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 2007	6,163	89,836	10,642	1,997	32	(3,042)	4,053	16,245	125,926
Transfer of reserve 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
Issue of new shares	80	2,306	3,086	(222)	–	(640)	–	(1,247)	3,363
Share-based payment expense	–	–	–	–	–	–	–	2,794	2,794
Retained profit for the year	–	–	–	–	–	–	–	4,124	4,124
Dividend paid	–	–	–	–	–	–	–	(7,211)	(7,211)
At 31 December 2008	6,399	95,531	20,079	–	32	(3,583)	–	22,079	140,537

14. Dividends

Full details of dividends paid by the Company are disclosed in Note 22 of the Consolidated Financial Statements.

15. Commitments under operating leases

At 31 December 2008 the Company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings		Other	
	31 Dec 2008 £000s	31 Dec 2007 £000s	**31 Dec 2008 £000s**	31 Dec 2007 £000s
Operating leases which expire:				
Within one year	**20**	–	**8**	4
In two to five years	**192**	56	**89**	79
After five years	**48**	243	**–**	–
	260	299	**97**	83

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 did not make any acquisitions during the year.

Five Year Summary

	2008 IFRS £000s	2007 IFRS £000s	2006 IFRS £000s	2005 IFRS £000s	2004 IFRS £000s
Revenue	**470,465**	362,674	296,843	217,830	168,189
Fee income	**392,096**	305,108	246,011	183,520	144,992
Profit from operations before tax and amortisation	**57,512**	45,010	34,719	24,253	20,682
Net bank (debt)/cash	**(28,555)**	(32,630)	(30,129)	(25,940)	(16,219)
Net assets	**287,607**	227,534	186,934	161,871	138,799
Cash generated from operating activities	**67,386**	45,393	40,663	28,149	15,863
Average number of employees	**4,438**	4,093	3,438	3,158	2,525
Dividend per share	**3.66p**	3.18p	2.76p	2.40p	2.09p
Basic EPS before amortisation	**18.92p**	15.17p	12.01p	9.01p	7.12p
Diluted EPS before amortisation	**18.66p**	14.95p	11.74p	8.82p	7.05p

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

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