RPS

Report and Accounts **2009**

RPS

Our profile

RPS is an international consultancy providing advice upon:

the development of land, property and infrastructure

the management of the environment

the exploration and production of oil and gas and other natural resources

the health and safety of people

We trade in the UK, Ireland, the Netherlands, the United States, Canada, Australia and Asia Pacific and undertake projects in many other parts of the world.

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

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

RPS

Integrated services...

We deliver services internationally across a broad range of disciplines and sectors. As such, we are uniquely placed to provide a fully integrated response to our clients' needs, whether this is to develop projects, deal with regulation and legislation or manage risk. We have the knowledge and experience to ensure projects are developed in ways which are sensitive to their environmental impacts.

Energy

RPS delivers global, multi-disciplinary energy consultancy from offices in Europe, North and South America, Australia and Asia. We provide integrated technical, commercial and project management support services in the fields of geoscience, engineering and HS&E.

Our aim is to help clients develop their energy resources across the complete asset life-cycle, combining our technical and commercial skills with an extensive knowledge of environmental and safety issues. We have an annual portfolio of well over 500 projects, in over 100 countries, for more than 300 clients.

Planning & Development

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

Local and national government and developers set increasingly challenging sustainability targets. Our environmental roots mean we have a unique ability to deliver schemes that meet these standards. RPS is one of the world's most experienced providers of environmental assessment.

Environmental Management

During the course of 40 years' involvement in environmental management, we have gained deep insight into the commercial challenges as well as the political, ethical and legal risks facing our clients. Professional advice in this sector has to be technically excellent and commercially appropriate, but also politically aware and culturally sensitive.

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

…a source of difference and strength

local allies with **international** reach

Our global reach

RPS employs more than 4,000 people in the UK, Ireland, the Netherlands, the United States of America, Canada, Australia and Asia Pacific. We undertake projects in many other parts of the world.

For many years our strategy has been to broaden our range of services and our geographic footprint. This provides our clients with better and broader quality advice. It also enables our staff to enjoy interesting and rewarding careers and our shareholders to receive good returns.

Our unique blend of skills helps clients understand and respond to issues fundamental to them and their place in the environment.

RPS awarded by The Urban Development Institute of Australia for work at Burns Beach

New RPS office opens in Abu Dhabi

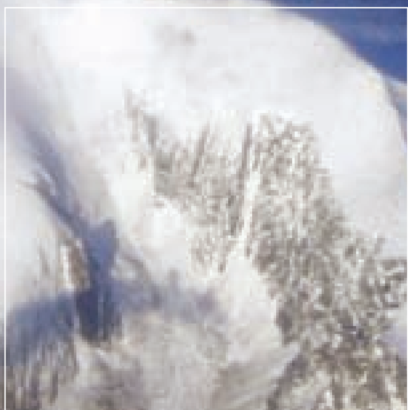
RPS wellsite geologists contracted for ultra-deepwater drilling operations in the Gulf of Mexico

2009 Results

Key Performance Indicators	2009	2008
Revenue (£m)	**443.9**	470.5
Fee income (£m)	**374.4**	392.1
Profit before taxation* (£m)	**52.5**	57.5
Earnings per share* (basic) (p)	**17.08**	18.92
Operating cash flow (£m)	**70.6**	67.4
Net bank borrowings (£m)	**32.8**	28.6

*Adjusted to add back the amortisation of acquired intangible assets arising on business combinations (including tax effects) (2009: £3.9m; 2008: £2.7m).

- diversity of skills and geography enabled the Group to produce results in line with expectations
- excellent conversion of profit to cash
- balance sheet remains strong with year end net bank borrowings at £33m (2008: £29m)
- bank facilities of £125m available until 2013
- dividend increased 15% for sixteenth consecutive year
- Conics, a strategic acquisition in Australia, performing well



Offshore Development Evaluation - Greenland

Evaluation on behalf of Dong/Nunaoil of potential development options for offshore oil reserves.

Results and Cash Flow

Profit (before tax and amortisation of acquired intangibles) was £52.5 million (2008: £57.5 million). Basic earnings per share (before amortisation) were 17.08 pence (2008: 18.92 pence).

This resilient performance was achieved after taking a charge for redundancy and other reorganisation costs of £3.5 million (2008: £1.0 million). Economic and financial circumstances affected our trading in the UK. However, these factors also caused sterling to weaken against the currencies in other countries in which we trade. In consequence, and as we have anticipated for some months, we benefitted by £3.7 million from foreign exchange translation of overseas results compared with 2008. Bonus systems within the Group have been largely driven by sharing profit growth; total bonuses paid in respect of 2009 were, in consequence, reduced significantly to £1.6 million (2008: £5.4 million). No bonuses were paid to Group directors.

The conversion of profit into cash continued at a high level; operating cash flow was £70.6 million (2008: £67.4 million). We suffered bad debts during the year in the order of £3.8 million. Our trade debtor and accrued income provisions were increased in 2008 in anticipation of this eventuality. These and other provisions have now been reduced by a similar amount.

Funding and Dividend

Our balance sheet remains strong. We have bank facilities of £125 million available until 2013. The cost of these facilities remains at historically low levels. Net bank borrowings at the year end were £32.8 million (2008: £28.6 million) after funding acquisitions to the value of £44.2 million in the year (2008: £31.2 million). Our cash generation, in conjunction with these facilities, means that we are well positioned to continue to develop the Group.

The Board continues to be confident about the Group's financial strength and is recommending a final dividend of 2.19 pence per share payable on 27 May 2010 to shareholders on the register on 16 April 2010. The total dividend for the full year will be 4.20 pence, an increase of 15% (2008: 3.66 pence). Our dividend has risen at about this rate for 16 consecutive years.

Acquisitions

The acquisition of Conics in July 2009 represented a significant step forward in the development of RPS's strategy and our business in Australia. Conics generated revenue of £15.6 million, fees of £14.2 million and made a contribution of £2.6 million during the time it was part of the Group. Our existing strength in Western Australia has been complemented by a business with considerable presence in Queensland and which will also assist us create strong market positions in New South Wales and Victoria. We continue to find our combination of energy and environmental skills is well suited to the Australian market. For example, in Queensland, where Conics is primarily based, the opportunity exists to be at the forefront of the development of coal bed methane, which is likely to be a significant new source of energy in the future.

The main element of the Conics integration is currently underway; our enlarged Australian business is being re-presented to the market with a single brand, at the same time as our Perth businesses are being co-located to a new, purpose built office.

The Australian economy remains strong relative to those of other developed nations around the world and has excellent links with many parts of Asia. Against this background, the combination of our existing businesses with Conics gives us a considerable platform from which to deliver future growth.

The ten acquisitions made in 2008 have been successfully integrated. Interesting new opportunities continue to present themselves. Our strategy of continuing to build a multi-disciplinary RPS on an international basis remains appropriate and achievable and we believe further progress can be made this year.

Energy

We provide internationally recognised consultancy services to the oil and gas industries from bases in the UK, USA, Canada, Australia and Asia Pacific. Projects are undertaken in many other countries including China, India and Brazil. In the UK we are market leaders in the provision of environmental and engineering advice to the offshore wind energy industry.

RPS is one of the world's leading suppliers of independent oil and gas evaluations encompassing all aspects of geoscience, engineering and commercial advice. Our projects include reserve valuations for IPO and pre-IPO fund raising, M & A due diligence and support and Expert Services to a wide range of clients including major financial institutions and oil companies alike.

Energy

We continued to benefit from our clients' investment in major oil and gas exploration and production programmes. National Oil Companies were increasingly active and have become a more important part of our portfolio of clients. 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.

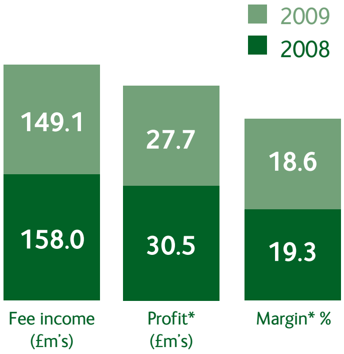
Global investment in exploration and production slowed significantly during the second quarter and remained at a subdued level for the rest of the year. This was apparently in response to continuing uncertainty in economic outlook and short term energy demand, as well as oil price volatility. It had a material impact on our trading, although this was counterbalanced, in part, by the strength of our business which advises our energy clients on environmental matters.

Carbon capture and storage

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 continuing to develop. Towards the end of the year we saw signs of increased levels of investment being considered by our clients, but it currently appears that market conditions in the first part of 2010 will show little improvement over the later parts of 2009. In consequence, pricing pressure is also likely to be a continuing feature of the commercial landscape. Conditions could improve in the second half.

A number of clients we assisted in 2009 to bid for Round 3 licences from the Crown Estate to develop wind farms off the UK coast have recently learnt they were successful. In consequence, we are well positioned to remain involved at a significant level in this aspect of the development of UK energy capacity. Such projects require multi-disciplinary input and a number of parts of the Group are involved in wind energy projects.



Average number of employees	Energy 2009	Energy 2008
Number of employees	619	621
Days absent (%)	1.1	1.9
Average length of service (years)	4.9	5.5
Working part time (%)	10	8
Retention rate (%)	84	87
Age profile		
Employees aged under 25 (%)	4	4
Employees aged 25-29 (%)	13	13
Employees aged 30-49 (%)	49	50
Employees aged 50+ (%)	34	33

* before amortisation of acquired intangible assets of £1.8m (2008: £1.1m) and after re-organisation costs of £0.3m (2008: £nil).

Planning & Development

Within these businesses 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. The acquisition of Conics gives us a strong presence on the east coast of Australia.

Perth Waterfront

RPS is the lead environmental consultancy for a major project to revitalise Perth's Swan River shoreline; this 'city-defining' initiative will connect the city to the river and deliver strong economic and social benefits.

Planning & Development

The economic downturn began to be felt in these businesses in the last part of 2008. We moved quickly to reduce capacity and costs, a process which continued throughout 2009, although the bulk of the cost reduction was in the first half. Our private sector clients, affected by market uncertainties and a reduced ability to access credit, significantly reduced activity levels and, in consequence, the support needed from consultants. The private sector market remained affected by both these characteristics throughout 2009, although in the second half conditions in Australia began to improve and in Britain began to stabilise.

Our exposure to the public sector in Britain is relatively limited, although we are involved in a number of private sector infrastructure projects and are increasing our involvement in this market, as it seems relatively robust, particularly in relation to energy related projects. Our businesses in both the Republic of Ireland and Northern Ireland depend significantly on public sector projects. The state of public finances in the Republic put pressures on our business, requiring significant cost cutting throughout the year. In Northern Ireland our business progressed well until the effects of UK public finance constraints began to appear in the last part of the year.

Australian government finances remain relatively good; as a result stimulus expenditure was real and beneficial to us. Conics undertakes a significant number of projects for the public sector.

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. We remain optimistic about our activities in Australia, which will remain underpinned by public and private sector investment in infrastructure, particularly related to energy projects. However, until our private sector clients elsewhere, particularly in Britain, experience less economic uncertainty and have better access to credit, organic growth is likely to be constrained.

The economy in the Republic of Ireland contracted significantly over the last year, but is now showing signs of stabilising. The Government budget in December indicated it still has infrastructure development as a top priority. How this translates into specific expenditure has yet to be seen fully, although the early signs give some encouragement. In the meantime we continue to reduce our cost base and focus even more closely on working capital management. Business in Northern Ireland is exposed to possible expenditure cuts by the UK Government.

However, amidst these difficulties, new opportunities are arising. We have recently been commissioned by the governments of the Republic of Ireland, Northern Ireland and Scotland to examine the feasibility of creating an offshore renewable energy grid in the Irish Sea.

This is a reflection of our broad range of skills and strong market position in all three countries.

2009	Fee income* (£m's)	Profit** (£m's)	Margin %
GB	64.5	10.6	16.5
Ireland	63.5	5.0	7.9
Australia	33.2	8.3	24.9
Total	**160.9**	**23.9**	**14.9**

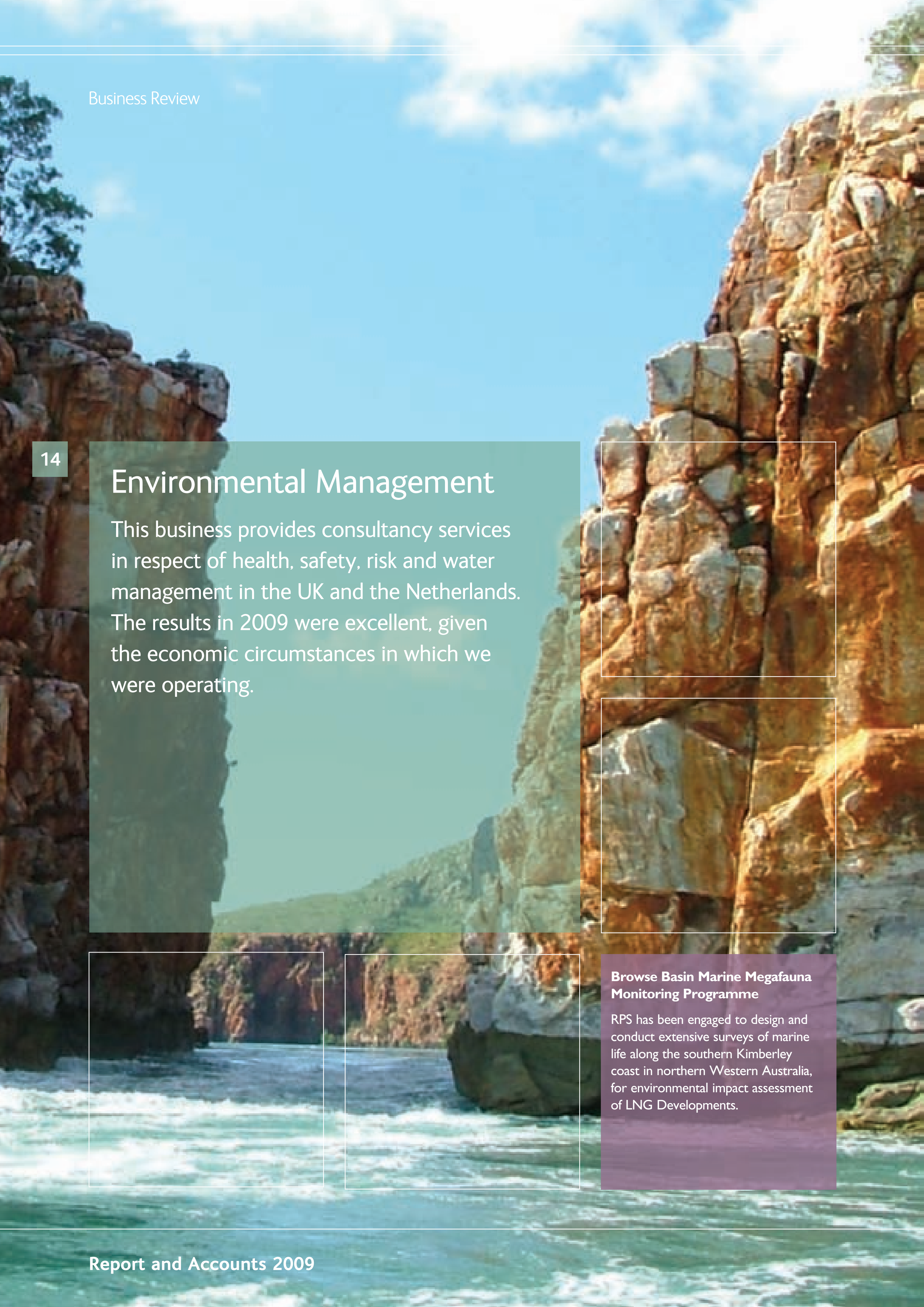
2008	Fee income* (£m's)	Profit** (£m's)	Margin* %
GB	82.0	16.7	20.3
Ireland	69.6	7.7	11.1
Australia	15.8	5.2	32.7
Total	**166.9**	**29.5**	**17.7**

Planning & Development

Average number of employees	2009	2008
Number of employees	2,277	2,381
Days absent (%)	1.4	1.5
Average length of service (years)	4.5	3.8
Working part time (%)	11	6
Retention Rate (%)	77	90
Age profile		
Employees aged under 25 (%)	10	12
Employees aged 25-29 (%)	21	21
Employees aged 30-49 (%)	55	53
Employees aged 50+ (%)	14	14

* fee income total is after intra segment eliminations of £0.3m (2008: £0.5m).

** before amortisation of acquired intangibles assets of £1.7m (2008: £1.1m) and after re-organisation costs of £2.8m (2008: £1.0m).



Environmental Management

This business provides consultancy services in respect of health, safety, risk and water management in the UK and the Netherlands. The results in 2009 were excellent, given the economic circumstances in which we were operating.

Browse Basin Marine Megafauna Monitoring Programme

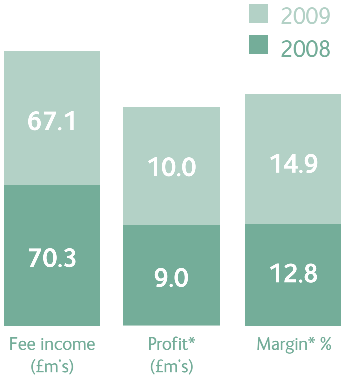
RPS has been engaged to design and conduct extensive surveys of marine life along the southern Kimberley coast in northern Western Australia, for environmental impact assessment of LNG Developments.

Environmental Management

Our business in the Netherlands has continued to trade successfully. The Dutch economy suffered a serious recession, but we were well positioned to benefit from increased Government expenditure related to water and transport infrastructure. Our health and safety activities in the UK are largely in regulated markets; this protects volume to a degree, but we came under pricing pressure. As expected, our UK water activities became subdued in the second half as the attention and activity of our clients shifted to the new investment cycle which begins in April 2010. Our nuclear safety activities continued to trade well, as demand held up in a highly regulated market, short of the specialist skills we provide.

Outlook

Much of the work we do in these markets is regulatory driven and to a degree non-discretionary enabling us to maintain our levels of activity, although we expect pricing pressure to continue. We are well positioned in relation to the new round of investment in the UK water industry which begins in April, although until the current round of contract negotiations is complete we will not know our exact position.



Environmental Management

Average number of employees	2009	2008
Number of employees	1,262	1,323
Days absent (%)	2.8	2.3
Average length of service (years)	5.6	5.1
Working part time (%)	12	10
Retention rate (%)	77	87
Age profile		
Employees aged under 25 (%)	12	14
Employees aged 25-29 (%)	16	18
Employees aged 30-49 (%)	51	50
Employees aged 50+ (%)	21	18

* before amortisation of acquired intangible assets of £0.3m (2008: £0.6m) and after re-organisation costs of £0.4m (2008: nil)

Coastal Awards for Excellence in Port Hedland

Falkland Islands Site Investigation

RPS supported BHP Billiton with their geophysical and geotechnical site surveys that were conducted in the deep waters off the Falkland Islands during the first quarter. RPS supplied field technical QC personnel, HSE field representatives and marine mammal observers to the client.

Group Prospects

We have come through the exceptionally challenging circumstances of last year in good shape. However, the economies of the UK and Ireland remain fragile; even if growth returns in 2010 it seems likely, at best, to be modest. Against such a background our clients are likely to remain cautious and cost conscious. We remain focussed, therefore, on continuing to improve the efficiency of our businesses.

The Australian economy and public finances are in much better shape, probably leading the developed world. We anticipate our Australian businesses will benefit from this and are looking at further investments to take advantage of our market leading position. Prospects in the Dutch public sector are also reasonably encouraging as sound public finances enable continued investment in the type of projects with which we can become involved. The prospects for our private sector clients in the Netherlands are less clear.

The contraction in oil and gas exploration and production investment by many of our clients in 2009 was in stark contrast to the strong growth of previous years. Only modest growth in investment seems likely in 2010, although our increased exposure to National Oil Companies and high profile areas such as Australia, the Gulf of Mexico, Brazil and Iraq may magnify the consequent benefit of that. It seems likely that the pricing pressure we experienced in the second half of 2009 will continue until volumes increase significantly. Our businesses in North America are currently operating largely in the oil and gas market. We see opportunities as these economies recover to make progress with our strategy of broadening the base of our activities.

Our profits in the first decade of the 21st Century grew almost eight fold, from £6.65 million to £52.5 million. Although the economic crisis stalled our growth last year and looks likely to constrain growth this year as well, the Board remains confident that RPS is well positioned, internationally, in markets of fundamental importance to the reshaping of the world economy and will experience another extended period of good growth when conditions allow.

Arctic offshore exploration

Ormonde gas and wind co-generation project, UK

Development of athlete village and infrastructure ahead of 2012 Olympics, London

Key Business Drivers

- The commercial advantage our clients can achieve from sustainable development of land and buildings;
- The sustainable provision of infrastructure including airports, roads, water, waste, public transport and power;
- Society's need to secure, in a safe way, adequate supplies of energy from environmentally acceptable sources;
- The need to manage environmental and health & safety risks as well as their related legislation/regulation and the arising staff, customer and governance pressures;
- Society's need to deal with climate change and global warming.

Operations

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 current and future needs. 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 appropriate human resource structures and systems managed by personnel professionals throughout the businesses and countries in which we operate.

The Company operates a Share Incentive Plan in the United Kingdom and similar plans overseas. These plans, which are open to the majority of the Group's employees, enable employees to purchase RPS shares with the Company providing a matching share contribution. The Company also operates a Performance Share Plan in which more senior employees participate and which offers the potential to build a significant equity interest over a number of years.

Operating Structure

Our operating structure has developed as the Group has grown in size and complexity driven by the need to achieve the correct balance between the autonomy that enables our businesses to operate in a flexible and responsive fashion, whilst ensuring transparency and accountability throughout the Group. The Group is split into a number of operating divisions and companies, which focus on the principal markets that we serve both by sector and geography. Our smaller business units focus on specialised areas but are accountable to the relevant divisional or operating company Board. Underpinning this structure is a set of clear obligations in terms of reporting and authorities that operates throughout the Group and as is described on pages 26 and 27. Our principal businesses in both the UK and overseas employ appropriately qualified accounting, human resource and other support staff. In the recent period of economic uncertainty this structure has enabled the extra attention to detail that is vital to ensure operational efficiency and careful cost management.

In addition to retaining appropriate control, the Group provides support to the sales and marketing activities of our businesses through its business information unit which is also responsible for the maintenance and development of the Group's intranet and website. We have continued to invest in information technology to facilitate better communication and flow of information both internally and externally.

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 all aspects of employment including the advertisement of jobs, recruitment and appointment, training, conditions of work and pay.

Planning advisors for the largest healthcare PFI in Europe at St Bartholomew and Royal London Hospitals

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 came third in Britain's Top Employers 2009, a book researched and published by the Corporate Research Foundation. This organisation has been given special recognition by the EU Commission for its outstanding contribution to employer best practice in several EU countries.


Radioactive waste retrieval and treatment at Sellafield


Expert witness to the Appeal Court of the Hague

Divisional Directors, their appointed project managers and 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.

Externally advertised posts are initially published on the JoinRPS.com careers website and promoted internally via the Group's Intranet. Central to identifying our training and educational needs is staff appraisal. This activity is concerned with developing staff by identifying and meeting performance and training needs as well as developing individual potential.

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 their 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.

	Group 2009	Group 2008
Average number of employees		
Number of employees	4,254	4,438
Days absent (%)	1.8	1.7
Average length of service (years)	5.4	5.0
Working part time (%)	11	7
Retention rate (%)	78	90
Age profile		
Employees aged under 25 (%)	9	11
Employees aged 25-29 (%)	19	19
Employees aged 30-49 (%)	53	52
Employees aged 50+ (%)	19	18

Academic Bursaries

For the seventh consecutive year, RPS in the UK continued its practice of awarding academic bursaries to students studying at university. In 2009, this included students attending courses at twenty four UK universities:

- Christ's College, University of Cambridge, MEng in Civil Engineering and MEng in Structural Engineering
- Birmingham City University, BA (Hons) in Architecture, MA in Urban Design & PG Dip in Architecture
- South Birmingham College, HNC in Building Construction, HNC BSE HVAC
- University of Central England, MA in Planning
- Coventry University, BEng in Building Services
- Stourbridge College, BTEC National Certificate in Building Service Engineering in Electrics
- University of Southampton, BSc in Acoustics
- Anglia Ruskin University, BSc in Environmental Planning
- University College Cardiff, MSc in Town Planning
- St Andrews University, MSc in Ecology
- Stirling University, M.Phil in Ecology
- De Montfort University, MSc in Energy and Sustainable Buildings, Post Graduate MSc in Energy and Sustainable Building
- London Southbank University, HNC in Civil Engineering
- University of Nottingham, MEng in Civil Engineering
- Loughborough University, MEng in Civil Engineering
- Nottingham Trent University, BEng in Civil Engineering
- University of Newcastle, MEng in Mechanical Engineering
- Wolverhampton University, BSc in Architectural Design Technology and BTEC in Civil Engineering
- University of Nottingham, MSc in Engineering Surveying and Geodesy
- University of Wales, Newport, BA (Hons) in Business Studies and HNC in Business Studies Course
- University of York, MSc in Risk Management
- University of Bristol, HNC in Water Management
- Birbeck College, BSc in Computing Science

BioFuels production facility in Houston, Texas

Principal designer and landscape architect for Brisbane Airport Link

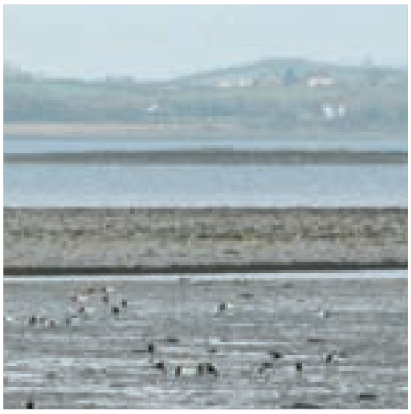
- Queens University Belfast, MEng in Civil Engineering and a Masters in Sustainable Development

Ireland

- University College, Dublin, CEng in Civil Engineering

Spain

- University of Valencia, MBA studies in Building Services Engineering



Wetlands translocation project, Waterford, Ireland

Australia

- Curtin University, diploma in Accountancy
- Edith Cowan University, BA in Accountancy
- Swinburne University of Technology in New South Wales

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 Ireland, RPS North South Scholarships in Sustainable Development continued in 2009. Launched in 2008, 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. 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.

Growth and Funding

Despite current economic circumstances RPS operates in markets which are generally attractive and expanding with good long-term prospects, but which are 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.

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. This has included the creation of a substantial 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 will 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 bank borrowings of £32.8 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 of £125 million are adequate for current purposes, but would be prepared to increase them in order to make appropriate investments.

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 the scale of earnings growth, 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. Current economic circumstances make the achievement of this balance even more challenging.

Corporate Governance

RPS operates to a strong system of governance in order to safeguard the interests of its shareholders. The structures and policies that are in place to achieve this are set out on pages 49 to 60.

Cross border power grid, Ireland

Northshore Riverside Park: award-winning landscape design by Conics

With our unique energy and environmental experience we can offer broad support in developing carbon capture and storage (CCS) projects.

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 separated from the business, but is treated as an integral part of the way we operate. A key role of the Executive Directors is to assess the risks to which the Group may be exposed, to report material risks to the Board and to recommend measures for their mitigation.

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 personnel, 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 policies relating to 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 and Commercial - the risk of performance falling short of expectations including the reputational risk linked to quality of work.
- Legal and Compliance - the risk of failing to comply with all relevant legislation and regulations and liabilities arising from trading activities which are not covered by professional indemnity insurance.
- 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, full Group Board approval is required prior to any binding commitment being made. In the current economic climate the full Group Board is being kept informed about all potential acquisitions.

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

Despite the economic downturn seen in 2009 the goodwill impairment review carried out at the year end concluded that no impairment was necessary. The business in Ireland was that most affected by the downturn and is potentially susceptible to goodwill impairment (see note 10 on page 86).

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 a recruitment and retention strategy that is appropriate to the markets in which they operate. 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.

Phosphogypsum Stack Complex - Houston

Heyco Energy Group, acreage evaluation

Waha Land Masterplan industrial park outside Abu Dhabi

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 includes measures designed to ensure the reliability and resilience of 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, cause equipment malfunction or result from theft.

Financial and Commercial Management

The financial management of the Group is undertaken within the framework of the operating structure that is described on page 19. The operating companies and divisions as well as the business units within them are treated as separate entities for the purposes of budgeting and accounting.

Each business unit prepares a Business Plan which defines the activities and scope of business to be conducted. 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. Our overseas businesses have their own accounting and personnel functions. RPS has a detailed financial reporting management system, which incorporates 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. Segregation of duties within the finance team itself and between the offices and the accounting function ensures accountability and sound financial practice at every level.

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

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

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

The RPS Board monitors the Group's financial performance on a monthly basis using detailed budgets as the benchmark. 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 but has operations in Australia, Ireland, USA, Canada, Malaysia and Singapore that have functional currencies other than sterling. As a result the Group's balance sheet, income statement and statement of comprehensive income can be affected by movement in the exchange rate between sterling and the functional currencies of the overseas operations. The Group does not hedge such translation exposures.

Where operations have part of their trade in currencies other than their functional currency they endeavour where possible to match the currency of revenues and cost of sales. The Group uses foreign exchange contracts and loans to manage transactional risks for commercial but not accounting purposes.

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 regular 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 at present required. 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.

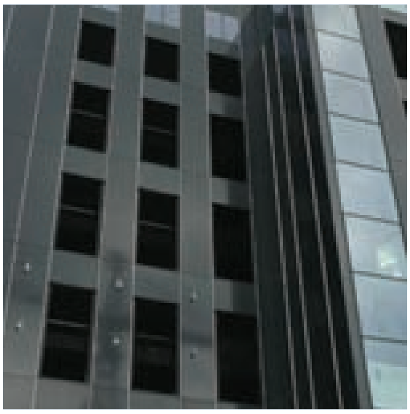
RPS is a multi-disciplinary Group operating across international boundaries with a broad base of clients and skilled professional employees. Correspondingly and consistent with its size and complexity, the Group has a large number of contractual relationships. In the Directors' view, there is no single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

Compliance, Litigation and Insurance

It is essential that 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;



Internal space and facilities planning - Deloitte

We act for parts of the air travel industry in the emissions debate

- 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

Western Newfoundland exploration program

RPS provides consultancy in relation to the prevention and control of Major Accident Hazards

- monitoring the quality management system in operation at each office at regular intervals in order to ensure its continuing and improving effectiveness.

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

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 insurance cover in place to ensure against such losses and potential losses. A range of policies are in place, the principal of which relate to professional indemnity, employers, public and third party liability.

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. An analysis of accidents and incidents is presented and discussed at every Board meeting.

The Board requires that each business provides and maintains 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 although 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. OHSAS 18001 is an internationally recognised standard for health and safety management that is aligned with the ISO 9000 (Quality Management) and ISO 14000

(Environmental Management) standards. 29.3% of employees across the Group work in offices that now have third party accreditation to the OHSAS 18001 standard (2008: 25.1%).

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.

Each Group business has a system for reporting and investigating accidents, dangerous occurrences and near misses. All incidents are investigated to determine the root cause. Any significant incidents are reported throughout the organisation and brought to the attention of the Board.

In 2009, the reportable accident rate was 4.6 accidents per 1,000 employees (2008: 3.8). This increase followed a substantial reduction in 2008, the reportable accident rate in 2007 having been 6.3 accidents per 1,000 employees. The Group continues to develop its health and safety management systems in order to establish an improving trend in its performance. Typically the accidents that occurred are related to manual handling activities, however, slips and falls also account for a significant proportion of the accidents.

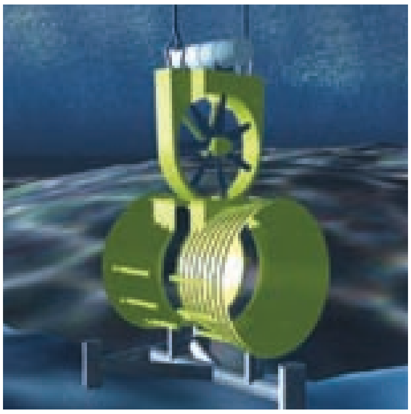
RPS offers clients a range of health and safety consultancy services including process safety, asbestos management, fire safety, occupational health and hygiene, safety auditing and safety engineering. RPS employees include highly qualified specialists who work on safety critical systems in the defence,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

Accident incident rates

Group

	2009	2008
Reportable injuries	**19**	**17**
Reportable injuries incident rate per 1,000 employees	**4.6**	**3.8**

Carbon Sequestration Analysis – Western Canada



We have developed assessment techniques for many forms of renewable energy

RPS has supported TreeAid for over four years with charitable contributions for some of Africa's poorest rural communities to help in the fight against poverty and the effects of climate change.

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 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 has set itself the task of reducing per capita energy consumption by 5% each year using 2007 as the base. This would, if acheived, 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 meet and anticipate 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. In 2009 the Group and its staff gave or raised £480,000 in charitable contributions (2008: £421,000). Taking into account the £105,000 spent on academic bursaries and educational initiatives (2008: £168,000), the Group's total contribution to the communities in which it operates was £585,000 (2008: £589,000). While the value of social contributions decreased slightly by 0.7% on the previous year, this represents a small increase as a proportion of Group turnover: 0.130% (2008: 0.125%). The continuing efforts of our staff in contributing to this are greatly appreciated.

Across our businesses we have contributed to a wide range of charities and initiatives. At Group level we made a donation of £25,500 to Tree Aid in support of its educational, tree planting and woodland conservation programmes in Sub-Saharan Africa. RPS has supported Tree Aid for several years with charitable contributions, fund raising and gifts in kind. In 2009 RPS was acknowledged as the leading corporate sponsor of Tree Aid. We are proud to be associated with their award winning work that assists some of Africa's poorest rural communities to succeed in the fight against poverty and the effects of climate change.

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 significant proportion of the Group has achieved ISO14001, the internationally recognised environmental management system standard.

Waste recycling facilities are in place 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 clients' carbon emissions and adapt buildings and infrastructure to cope with anticipated climatic changes. We expect the workload in this area to increase.

The carbon footprint for RPS in 2008, recalculated in accordance with Greenhouse Gas Protocol and current Defra guidance amounted to 14,258 tonnes, which was equivalent to 3.2 tonnes for each employee. In 2009 the total footprint increased to 14,695 tonnes. In a year that saw a significant reduction in overall headcount, this was equivalent to 3.7 tonnes for each employee. Despite the reduction in headcount, office space occupied showed a small increase with a corresponding impact on both the overall and per capita numbers. In addition numbers were affected by the expansion in the Australian business and its related impact on travel patterns.

The specific target set by the Board is to reduce energy consumption by 5% per annum on a per capita basis. This target was not achieved in 2009 with overall energy consumption increasing by 8.5% over the prior year. This increase was roughly proportionate to the increase in office space occupied as noted above.

Despite the challenging economic climate RPS will continue in efforts to reduce energy consumption and its related impact on carbon emissions. Over 80% of electricity purchased in the UK during 2009 was on Green tariffs, which compared with 70% in 2008. 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. Due to the ongoing debate over the integrity of using green tariffs in carbon footprint calculations and in accordance with government guidance the green tariff element was not included within the above calculations.

Cardiff Waterfront

RPS is shaping major regeneration schemes across the UK, including landmark urban renewal projects in Belfast, Bristol, Cardiff, Edinburgh, Glasgow, London, Leeds, Liverpool, Manchester, Nottingham, Plymouth and Sheffield.

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.

Investor Relations is discussed at every Board meeting which enables the Board to keep abreast of and develop an understanding of the views expressed by major shareholders.

Liveability Volunteers Day, London

RPS sponsor Galaxy Under 14's Girls football team

Management & Governance

Management & Governance

RPS Offices in Perth, Australia

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 the 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 and 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 four Executive and five Non-Executive Directors including the Chairman. Mr A Troup resigned as a director on 5 November 2009. 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 meetings 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 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 any concerns expressed are provided, in a written statement, to the Chairman for circulation to the Board.

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

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.

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.

The Board undertakes an annual appraisal of its performance. Directors are asked to complete a detailed review relating to the general operation of the Board and its Committees as well as performance against group strategy. The results are discussed with the Chairman and a summary of the principal findings is presented to and discussed by the Board. Where appropriate the Board agrees changes to process and structure that are necessary to address the issues arising.

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 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 the 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, led by the Senior Non-Executive Director, meet on an annual basis to appraise the Chairman's performance. The Executive Directors have their performance individually reviewed by the Chief Executive against annually set objectives. The Chief Executive has his performance reviewed by the Chairman and Senior Independent Non-Executive Director. The Board's annual appraisal process incorporates a review of the performance of Non-Executive Directors.

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

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

The Board is assisted by five committees - Audit, Remuneration, Nomination, Corporate Governance and Executive.

The Board agenda gives significant 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 52 to 57. The current members of the Remuneration Committee are identified on page 48. Executive Directors abstain 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 60. 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 and is being put forward for re-election on an annual basis.

Contract

Date of contract	Unexpired term at 31 December 2009	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	2009 £000s	2008 £000s	2009 £000s	2008 £000s
–	–	95	–	95	87	–	–

Beneficial interests

Number of shares at 31 December 2009 and at 3 March 2010	Number of shares at 31 December 2008 and at 13 February 2009
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	8	–	–	2	2

* Chairman

Dr Alan Hearne

Chief Executive

Aged 57. 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 2009	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	2009 £000s	2008 £000s	2009 £000s	2008 £000s
	395	–	–	19	414	739	–	**

Share options

1 Jan 2009 Number	Exercised Number	31 Dec 2009 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 2009 number	Granted number	Released	31 Dec 2009	Market value of shares at grant	Market value at date of release
2006	145,652	–	145,652	–	184p	146.59p
2007	124,893	–	–	124,893	292.3p	–
2008	127,419	–	–	127,419	310p	–
2009	–	275,261	–	275,261	143.5p	–
Total	**397,964**	**275,261**	**145,652**	**527,573**	–	–

Share Incentive Plan

	Beneficial interest at 31 December 2009	Beneficial interest at 31 December 2008
Partnership shares	2,437	1,611
Matching shares	2,437	1,611
Total	4,874	3,222

Beneficial interests

	Number of shares at 31 December 2009 and at 3 March 2010	Number of shares at 31 December 2008 and at 13 February 2009
Total	482,030	482,030

Committee membership – Board and Committee

	Full Board	Audit Committee	Remuneration Committee	Nomination Committee	Corporate Governance	Executive Committee
Number of Board and Committee meetings attended	8	–	–	–	2	*

* meets at least once a month

** 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 50. 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 2009	Notice period
September 2000	12 months	12 months

Emoluments and compensation

				Emoluments excluding pensions		Pension (paid and provided)	
Basic salary £000s	Bonus £000s	Fees £000s	Benefits £000s	2009 £000s	2008 £000s	2009 £000s	2008 £000s
200	–	–	10	210	342	30	30

Share options

1 Jan 2009 Number	Exercised Number	31 Dec 2009 Number	Exercise price	Market value at date of exercise	Date from which exercisable	Expiry date
13,720	–	13,720	146.5p	N/A	12/8/2008	12/8/2015

LTIP award

	1 Jan 2009 number	Granted number	Released	31 Dec 2009	Market value of shares at grant	Market value at date of release
2006	55,434	–	55,434	–	184p	146.59p
2007	49,272	–	–	49,272	292.3p	–
2008	51,612	–	–	51,612	310p	–
2009	–	111,498	–	111,498	143.5p	–
Total	**156,318**	**111,498**	**55,434**	**212,382**		

Share Incentive Plan

	Beneficial Interest at 31 December 2009	Beneficial Interest at 31 December 2008
Partnership Shares	3,868	3,041
Matching Shares	3,868	3,041
Total	7,736	6,082

Beneficial interests

	Number of shares at 31 December 2009 and at 3 March 2010	Number of shares at 31 December 2008 and at 13 February 2009
Total	59,409	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	8	–	–	–	*

* meets at least once a month

Peter Dowen

Executive Director

Aged 61. 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 2009	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	2009 £000s	2008 £000s	2009 £000s	2008 £000s
	228	–	–	10	238	323	34	34

Share options

1 Jan 2009 Number	Exercised Number	31 Dec 2009 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 2009 number	Granted number	Released	31 Dec 2009	Market value of shares at grant	Market value at date of release
2006	68,478	–	68,478	–	184p	146.59p
2007	60,022	–	–	60,022	292.3p	–
2008	44,129	–	–	44,129	310p	–
2009	–	95,331	–	95,331	143.5p	–
Total	**172,629**	**95,331**	**68,478**	**199,482**	–	–

Beneficial interests

	Number of shares at 31 December 2009 and at 3 March 2010	Number of shares at 31 December 2008 and at 13 February 2009
Total	575,910	575,910

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	8	–	–	–	*

* meets at least once a month

Dr Phil Williams

Executive Director

Aged 56. 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 2009	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	2009 £000s	2008 £000s	2009 £000s	2008 £000s
280	–	–	13	293	429	42	39

LTIP award

	1 Jan 2009 number	Granted number	Released	31 Dec 2009	Market value of shares at grant	Market value at date of release
2006	57,065	–	57,065	–	184p	146.59p
2007	60,222	–	–	60,222	292.3p	–
2008	61,935	–	–	61,935	310p	–
2009	–	156,098	–	156,098	143.5P	–
Total	**179,222**	**156,098**	**57,065**	**278,255**	–	–

Share Incentive Plan

	Beneficial Interest at 31 December 2009	Beneficial Interest at 31 December 2008
Partnership Shares	1,360	1,181
Matching Shares	1,360	1,181
Total	2,720	2,362

Beneficial interests

	Number of shares at 31 December 2009 and at 3 March 2010	Number of shares at 31 December 2008 and at 13 February 2009
Total	382,987	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	8	–	–	–	*

* meets at least once a month

Roger Devlin

Senior Independent Non-Executive Director

Aged 52. Roger Devlin chairs four private companies - Principal Hotels (on behalf of Permira), Traveljigsaw, Gamesys and Satellite Information Services. He is also a non-executive director of National Express Group Plc. 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 2009	Notice period
April 2002	16 months	N/A

Emoluments and compensation

	Emoluments excluding pensions						Pension (paid and provided)	
	Basic salary £000s	Bonus £000s	Fees £000s	Benefits £000s	2009 £000s	2008 £000s	2009 £000s	2008 £000s
	–	–	35	–	35	32	–	–

Beneficial interests

	Number of shares at 31 December 2009 and at 3 March 2010	Number of shares at 31 December 2008 and at 13 February 2009
	30,000	30,000

Committee membership – Board and Committee

	Full Board	Audit Committee	Remuneration Committee	Nomination Committee
Number of Board and Committee meetings attended	7	3	5	–

Karen McPherson

Independent Non-Executive Director

Aged 58. 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 2009	Notice period
June 2005	17 months	N/A

Emoluments and compensation

		Emoluments excluding pensions				Pension (paid and provided)	
Basic salary £000s	Bonus £000s	Fees £000s	Benefits £000s	2009 £000s	2008 £000s	2009 £000s	2008 £000s
–	–	40	–	40	35	–	–

Beneficial interests

Number of shares at 31 December 2009 and at 3 March 2010	Number of shares at 31 December 2008 and at 13 February 2009
–	–

Committee membership – Board and Committee

	Full Board	Audit Committee	Remuneration Committee*	Nomination Committee
Number of Board and Committee meetings attended	8	–	5	2

* Chairman

John Bennett

Independent Non-Executive Director

Aged 62. John was appointed to the Board on 1 June 2006. He is a Chartered Accountant with 30 years experience in the house building industry. He was Finance Director of Westbury plc, until it was acquired early in 2006. He has wide experience of financial management, capital and debt raising, acquisitions and investor relations and he played a leading role in the strategic development of Westbury into a top ten volume house builder in the UK.

Contract

Date of contract	Unexpired term at 31 December 2009	Notice period
June 2006	29 months	N/A

Emoluments and compensation

	Emoluments excluding pensions						Pension (paid and provided)	
	Basic salary £000s	Bonus £000s	Fees £000s	Benefits £000s	2009 £000s	2008 £000s	2009 £000s	2008 £000s
	–	–	35	–	35	32	–	–

Beneficial interests

	Number of shares at 31 December 2009 and at 3 March 2010	Number of shares at 31 December 2008 and at 13 February 2009
	–	–

Committee membership – Board and Committee

	Full Board	Audit Committee*	Remuneration Committee	Nomination Committee
Number of Board and Committee meetings attended	7	3	4	–

* Chairman

Louise Charlton

Independent Non-Executive Director

Aged 49. 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 2009	Notice period
May 2008	17 months	N/A

Emoluments and compensation

		Emoluments excluding pensions				Pension (paid and provided)	
Basic salary £000s	Bonus £000s	Fees £000s	Benefits £000s	2009 £000s	2008 £000s	2009 £000s	2008 £000s
–	–	30	–	30	20		–

Beneficial interests

Number of shares at 31 December 2009 and at 3 March 2010	Number of shares at 31 December 2008 and at 13 February 2009
–	–

Committee membership – Board and Committee

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

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

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	8	–	–	2	2
Alan Hearne	8	–	–	–	2
Gary Young	8	–	–	–	–
Peter Dowen	8	–	–	–	–
Andrew Troup***	7	–	–	–	–
Phil Williams	8	–	–	–	–
Roger Devlin	7	3	5	–	–
Karen McPherson	8	–	5	2	–
John Bennett	7	3	4	–	–
Louise Charlton	8	–	–	2	–
Number of meetings held	8	3	5	2	2

* Roger Devlin joined the Remuneration Committeee during the year.

** Louise Charlton joined the Nomination Committee during the year.

*** Andrew Troup resigned during the year.

Corporate Governance

Committee

To ensure the effective management of the Group's structure and organisation during a time when expectations about the nature and standards of Corporate Governance have been evolving 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 and its committees appraised about the implications of changes to the Combined Code and other developments in the field of corporate governance. The work of the Corporate Governance Committee is, therefore, reflected in the activities of the Audit, Nomination and Remuneration Committees as well as the structure, composition and operation of the Group Board. This includes the production of the policies described in the Corporate Responsibility Report (pages 31 to 34).

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 2008 already referred to above are applied by the Company. The Corporate Governance Committee has reviewed RPS' performance against the recommendations in the Code. In summary the position is as follows:

	Combined Code paragraph	Comment	Page
The Board should meet regularly to discharge its duties. There should be a formal schedule of matters specifically reserved for its decision. The annual report should include a statement of how the Board operates, including a high level statement of which types of decisions are to be taken by the Board and which are delegated to management.	A.1.1	Compliant	36-37
The Annual Report should identify the Chairman, Chief Executive, Senior Director and Chairman and Independent Non-Executive members of Nomination, Audit and Remuneration Committees. It should also set out the number of meetings held and individual attendance.	A.1.2	Compliant	39-48
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	38
Where Directors have concerns which cannot be resolved about the running of the Company or a proposed action these concerns should be recorded in the Board minutes. On resignation these concerns should be provided in a written statement to the Chairman for circulation to the Board.	A.1.4	Compliant	37
The Company should arrange appropriate insurance cover in respect of legal action against Directors.	A.1.5	Compliant	37
The roles of the Chairman and Chief Executive should be split. The division of responsibilities between the Chairman and Chief Executive should be clearly established, set out in writing and agreed by the Board.	A.2.1	Compliant	37
The Chairman on appointment should be independent.	A.2.2	Compliant	36
The Board should identify in the annual report each Non-Executive Director it considers to be independent.	A.3.1	Compliant	39-48
At least half the board, excluding the Chairman, should comprise Non-Executive Directors determined by the board to be independent.	A.3.2	Compliant*	36

* Since the resignation of A. Troup in November 2009 the Board has been compliant with this provision.

	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	37-38
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	59-60
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	59-60
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	59-60
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	56
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	59-60
New Directors should receive a full, formal and tailored induction on joining the Board. Shareholders should be offered the opportunity to meet the new Non-Executive.	A.5.1	Compliant	37
All Directors should have access to independent professional advice. Committees should be provided with sufficient resources to undertake their duties.	A.5.2	Compliant	37
All Directors should have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are complied with.	A.5.3	Compliant	37
The Board should state in the Annual Report how it evaluates the performance of the Board, its committees and its individual Directors. The Non-Executive Directors led by the Senior Independent Director should be responsible for performance evaluation of the Chairman.	A.6.1	Compliant	37-38
All Directors should be subject to election by shareholders at the first Annual General Meeting after their appointment, and to re-election thereafter at intervals of no more than three years. The names of Directors submitted for election or re-election should be accompanied by sufficient biographical details and any other relevant information.	A.7.1	Compliant	Notice of Meeting
The Non-Executive Directors should be appointed for specified terms subject to re-election. Any term beyond six years for a Non-Executive should be subject to particularly rigorous review, and take into account the need for progressive refreshing of the Board.	A.7.2	Compliant	37
Performance-related elements of remuneration should form a significant proportion of the total remuneration package of the Executive Directors.	B.1.1	Compliant	52
Share options should not be offered at a discount.	B.1.2	Compliant	55
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	56
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	56
Notice or contract periods of Executive Directors should be one year or less.	B.1.6	Compliant	56
A Remuneration Committee should be established with at least three Independent Non-Executives.	B.2.1	Compliant*	52
The Remuneration Committee should make available its terms of reference.	B.2.1	Compliant	53

* Following the appointment of an additional Non-Executive Director in January 2009 the Committee has been compliant with this provision.

	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	52-56
The Board should determine the remuneration of the Non-Executive Directors.	B.2.3	Compliant	56
Shareholders should be invited specifically to approve all new long-term incentive schemes (as defined in the Listing Rules) and significant changes to existing schemes.	B.2.4	Compliant	55
The Directors should explain in the annual report their responsibility for preparing accounts and there should be a statement by the auditors about their reporting responsibilities.	C.1.1	Compliant	65-67
The Directors should report that the business is a going concern.	C.1.2	Compliant	65
The Board should conduct at least annually, a review of the effectiveness of the Group's system of internal controls and should report to shareholders that they have done so.	C.2.1	Compliant	52 & 59
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	58-59
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	58
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	59
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	59
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	59
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	34
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	34
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	34
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	Notice of Meeting

*** The Board has been 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. Notwithstanding this a process is in train to recruit a new Non-Executive Director who will serve as an additional member of this Committee.

Communication

The Company attaches great importance to communication with its shareholders and other stakeholders. The full report and accounts is made available to all shareholders and to other parties who have an interest in the Group's performance on the Group's website. In addition the Company's website provides up-to-date information about its organisation, the services it offers and newsworthy subjects. The Company also responds to numerous letters and enquiries from shareholders and others with an interest in the Group.

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

Audit and internal controls

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

The Board has procedures in place as recommended in the guidance in "The Combined Code on Corporate Governance" and "Turnbull: Guidance on Internal Controls". 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 25-29.

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 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.

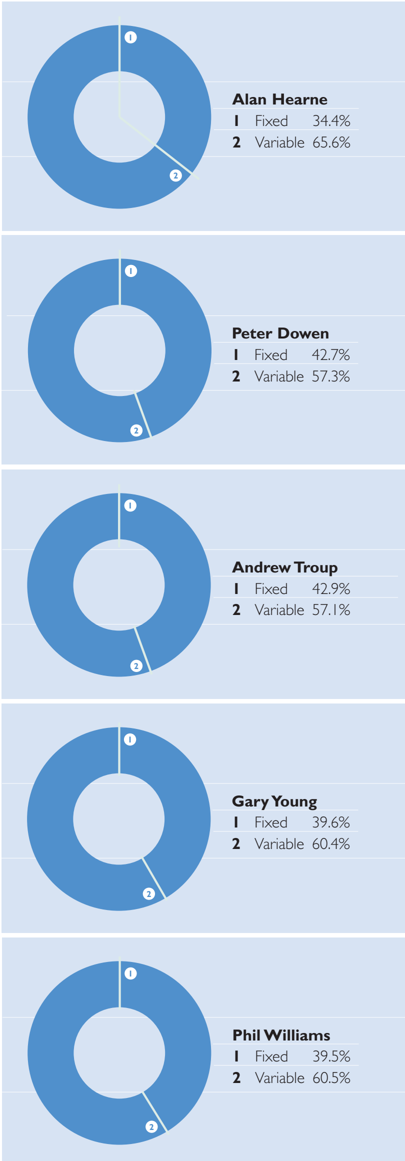
Remuneration Report

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

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.

The Remuneration Committee indicated in its 2008 Report that it was reviewing the operation of the Company's executive annual bonus arrangements and long-term incentives upon the expiry of the shareholder approval for the RPS Group Plc Long-Term Incentive Plan (the "LTIP") in the context of its whole remuneration policy in line with best practice.

The Remuneration Committee started the consultation process with the Company's major shareholders in November 2009 on new proposals. It is intended that the consultation will be completed in the first quarter of 2010.



Analysis of fixed versus performance related pay for Executive Directors 2009

Notes:

Fixed compensation comprises:
Basic salary
Benefits

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

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;
- 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 48).

Remuneration policy

The Remuneration Committee's policy for 2009 was 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 52 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 from PricewaterhouseCoopers ('PwC').

Base salary

When determining the salary of the Executive Directors the Remuneration Committee takes 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 are then benchmarked against an independently established group of listed companies.

This group is identified independently by PwC.

The basis of selection of the group is:

- 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 last review were as follows:

Aggreko Plc
Alfred McAlpine Plc
Amec Plc
Ashtead Group Plc
Atkins WS PLC
Babock International Group
BPP Holdings PLC
BSS Group PLC
Bunzl PLC
Connaught Plc
Davis Service Group PLC
De La Rue Plc
Diploma Plc
Electrocomponents Plc
Filtrona PLC
Galiform Plc
Hays PLC
Homeserve PLC
Interserve PLC
Intertek Group PLC
John Menzies Plc
Lavendon Group Plc
Michael Page International Plc
Mitie Group
Mouchel Group PLC
PayPoint PLC
Premier Farnell PLC
Regus PLC
Scott Wilson Group Plc
Serco Group Plc
Shanks Group Plc
SIG PLC
Speedy Hire PLC
SThree PLC
Travis Perkins PLC
White Young Green 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 2009.
- bonus targets which applied for 2009.

The earnings per share growth targets that applied in 2009 are set out below:

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

EPS figures are based upon the Company's adjusted figures under IAS 33. The EPS performance targets were not satisfied in 2009 and therefore no bonuses were payable in respect of this element of the annual bonus.

The table below shows the maximum bonus potential that applied for Executive Directors in 2009:

Executive	% Maximum Bonus Potential 2009	% of Maximum Bonus subject to each Target 2008: EPS Target 2009	% of Maximum Bonus subject to each Target 2008: Divisional & Individual Targets 2009
Chief Executive	100	100	–
Finance Director	80	50	50
Executive Directors	80	50	50

No bonuses were earned under the Divisional and Individual target elements of the 2009 bonus. Therefore no bonuses were payable to Executive Directors in respect of 2009 under any elements of the bonus plan.

As stated earlier in the Report the Company is in active dialogue with its major shareholders about new incentive arrangements for 2010.

Long-term Incentives

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

Executive	2006 Grant % of Salary/ Condition	2007 Grant % of Salary/ Condition	2008 Grant % of Salary/ Condition	2009 Grant % of Salary/ Condition
Maximum Annual Grant	100	100	100	100
Chief Executive	80	100	100	100
Finance Director	60	80	80	80
Executive Directors	60	80	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 in full on 30 March 2009 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 14 March 2010	Release Date 8 April 2011	Release Date 31 March 2012

100% of the shares subject to the third grant were released on 30 March 2009. The following shares were awarded at the grant price of £1.84:

Name	Number of ordinary shares
Alan Hearne	145,652
Gary Young	55,434
Andrew Troup	60,326
Peter Dowen	68,478
Phil Williams	57,065

The market price of the shares on release was £1.4659.

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 2009 is set out in the following table:

Name	Shares Granted	Market value of shares
Alan Hearne	275,261	143.5p
Gary Young	111,498	143.5p
Andrew Troup	83,624	143.5p
Peter Dowen	95,331	143.5p
Phil Williams	156,098	143.5p

Full details of the Directors LTIP awards are set out on page 64. The LTIP was approved by shareholders in 2004 for a period of five years.

For 2003 and earlier years long-term incentives consisted 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.

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

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. Total participation in the SIP scheme across the Group is 35% 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. Therefore, three years ago the Remuneration Committee introduced 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 Company's long term incentive plans.

Name	Recommended shareholding requirement as percentage of salary
Alan Hearne	150%
Gary Young	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.

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

The table below confirms 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

All Directors are required to seek re-election at least once in 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 39 and pages 44-47.

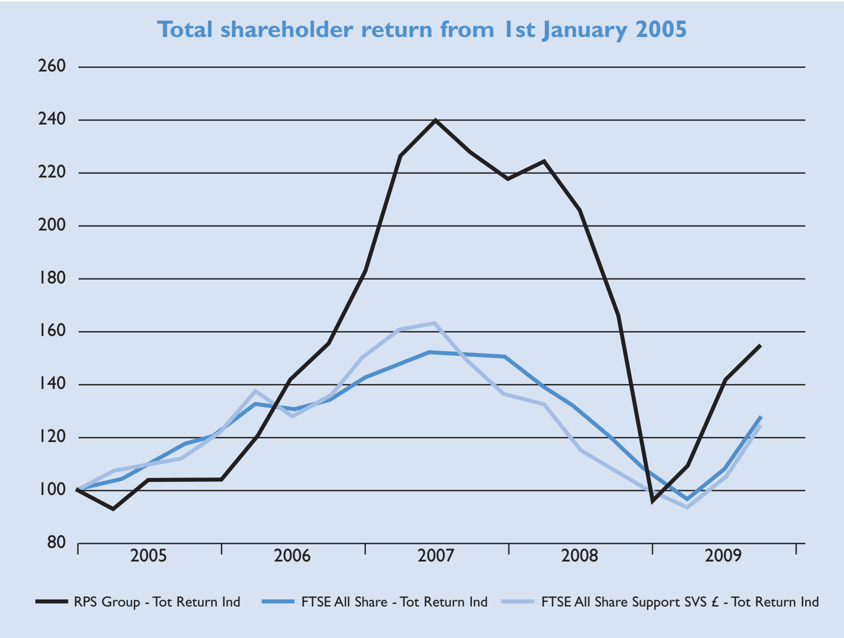
Details of the terms of appointment of the serving Non-Executive Directors are set out in the table below:

Name	Initial Contract date	Unexpired term of contract as at 31 Dec 2009 (months)
Brook Land	September 1997	Annual Review
Roger Devlin	April 2002	16
Karen McPherson	June 2005	17
John Bennett	June 2006	29
Louise Charlton	May 2008	17

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.



					Emoluments excluding pensions		Pension (paid and provided)	
	Basic salary £000s	Bonus £000s	Fees £000s	Benefits £000s	**2009 £000s**	2008 £000s	**2009 £000s**	2008 £000s
Executive:								
Alan Hearne	395	–	–	19	**414**	739	**–**	–
Gary Young	200	–	–	10	**210**	342	**30**	30
Andrew Troup*	169	–	–	9	**178**	309	**27**	30
Peter Dowen	228	–	–	10	**238**	323	**34**	34
Phil Williams	280	–	–	13	**293**	429	**42**	39
Non-Executive:								
Brook Land	–	–	95	–	**95**	87	**–**	–
Roger Devlin	–	–	35	–	**35**	32	**–**	–
Karen McPherson	–	–	40	–	**40**	35	**–**	–
John Bennett	–	–	35	–	**35**	32	**–**	–
Louise Charlton	–	–	30	–	**30**	20	**–**	–
Total 2009	1,272	–	235	61	**1,568**	–	**133**	–
Total 2008	1,283	795	206	61	**–**	2,348	**–**	133

The total Directors' emoluments were £1,568,000 (2008: £2,348,000) excluding pension contributions.

*Remuneration for Mr Troup in 2009 is that covered up to his resignation from the Board on 5 November 2009. Following the resignation of Mr Troup as a director and the cessation of his employment on 20 November 2009 it was agreed that the Company would, subject to an appropriate provision for mitigation, continue to pay him an amount which represents his net salary for the period which would otherwise have been his notice period being 12 months.

Directors' emoluments and compensation

The following disclosures on Directors' remuneration and share incentives have been audited as required by Part 3 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. The table above sets out details of the emoluments and compensation received during the year by each Director.

Share awards

The tables on pages 63 and 64 set out details of the audited share options and LTIPs held by each Director during the year. A description of the terms and conditions of the scheme is on on pages 54-55.

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 4 May 2010.

This report was approved by the Board on 3 March 2010.

Signed on behalf of the Board
Karen McPherson
Chairman of the Remuneration Committee 3 March 2010

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. The Committee takes seriously its responsibility to put in place safeguards to ensure auditor objectivity and independence. It has therefore adopted a policy to determine the circumstances in which Auditors may be permitted to undertake non-audit work for the Group. Under the terms of this policy the provision of certain services are prohibited and include those listed below:

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

Certain other services are approved up to agreed financial limits with the provision of such services beyond those limits requiring approval of the Committee. The following fall within this category:

- taxation services
- transaction support including due diligence
- advice relating to risk management and controls
- accountancy advice and training

The provision of any service at any level that does not fall within the above categories requires the approval of the Committee.

The split between audit and non-audit fees for the year under review appears on page 82.

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. If their identity is disclosed this 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. Although no directors were recruited during the year where there is such recruitment this is undertaken through a formal, rigorous and transparent process.

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.

Takeover Directive

Disclosures required under the Takeover Directive are included on page 66 and form part of the Group's Corporate Governance report.

Accounts

Accounts

Report of the Directors

The Directors present their report together with the audited financial statements for the year ended 31 December 2009.

Results and dividend

The income statement is set out on page 68 and shows the profit for the year. The Directors recommend a final dividend of 2.19p (2008: 1.91p) per share.

This together with the interim dividend of 2.01p (2008: 1.75p) per share paid on 22 October 2009 gives a total dividend of 4.20p (2008: 3.66p) per share for the year ended 31 December 2009.

Principal activities and business review

Business review information can be found within the Business Review (pages 9 to 32) 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 page 8. 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 5 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 25 in the Risk Management section of the Operating and Financial Review.

Corporate Governance

The Directors report on corporate governance can be found on pages 49-60 and incorporates other parts of the Report and Accounts as detailed therein.

Substantial shareholdings

The Company is aware of the following interests in excess of 3% of the ordinary share capital of the Company as at 11 February 2010:

	No. of shares	Percentage
Co-operative Asset Management	18,126,453	8.42
William Blair & Company	12,201,232	5.67
Aberforth Partners	11,587,492	5.38
Legal & General Investment Management	9,009,918	4.18
Neuberger Berman	7,903,576	3.67
Threadneedle Investments	7,726,902	3.59
Aegon Asset Management	7,316,583	3.40
Impax Asset Management	6,791,950	3.15
Black Rock	6,576,769	3.05

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 31/12/09 and at 03/03/10	No. of shares at 31/12/08 and at 06/03/09
Brook Land	**30,000**	30,000
Roger Devlin	**30,000**	30,000
Karen McPherson	**–**	–
John Bennett	**–**	–
Louise Charlton	**–**	–
Alan Hearne	**482,030**	482,030
Peter Dowen	**575,910**	575,910
Andrew Troup (resigned 5 November 2009)	**269,266***	269,266
Phil Williams	**382,987**	350,000
Gary Young	**59,409**	27,500

* As at date of resignation

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

Director	1 Jan 2009 number	Exercised number	31 Dec 2009 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	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	13,720	–	13,720	146.5p	–	12/8/2008	12/8/2015

* Mr Troup's outstanding share options are as at his date of resignation. Following cessation of employment on 20 November 2009 and in accordance with the rules of the scheme Mr Troup had a period of six months within which to exercise his outstanding options. Mr Troup exercised all outstanding options within this period. At date of exercise the market price was 207.5p.

The LTIP awards of the Directors are set out below:

Director		1 Jan 2009 number	Value of grant at date of grant £000s	Granted number	Released	31 Dec 2009 number	Market Value of Shares at Grant	Market Value at date of release	Market Value of release £000s
Alan Hearne	2006	145,652	268	–	145,652	–	184.0p	146.59p	214
	2007	124,893	365	–	–	124,893	292.3p	–	–
	2008	127,419	395	–	–	127,419	310p	–	–
	2009	–	395	275,261	–	275,261	143.5p	–	–
Peter Dowen	2006	68,478	126	–	68,478	–	184.0p	146.59p	100
	2007	60,222	176	–	–	60,222	292.3p	–	–
	2008	44,129	137	–	–	44,129	310p	–	–
	2009	–	137	95,331	–	95,331	143.5p	–	–
Andrew Troup	2006	60,326	111	–	60,326	–	184.0p	146.59p	88
	2007	53,378	156	–	–	53,378*	292.3p	–	–
	2008	38,709	120	–	–	38,709*	310p	–	–
	2009	–	120	83,624	–	83,624*	143.5p	–	–
Phil Williams	2006	57,065	105	–	57,065	–	184.0p	146.59p	84
	2007	60,222	176	–	–	60,222	292.3p	–	–
	2008	61,935	192	–	–	61,935	310p	–	–
	2009	–	224	156,098	–	156,098	143.5p	–	–
Gary Young	2006	55,434	102	–	55,434	–	184.0p	146.59p	81
	2007	49,272	144	–	–	49,272	292.3p	–	–
	2008	51,612	160	–	–	51,612	310p	–	–
	2009	–	160	111,498	–	111,498	143.5p	–	–

The total value of LTIP awards released in 2009 was £567,000 (2008: £1,392,000).

* Mr Troup's outstanding awards are as at date of resignation. The LTIP award made to Mr Troup in 2007 will, subject to satisfaction of the normal performance conditions and in accordance with the original terms of the award, be released on 14 March 2010. The LTIP awards made to Mr Troup in 2008 and 2009 lapsed on cessation of employment on 20 November 2009.

The market price of the shares at 31 December 2009 was 217p and the range during the financial year was 121.25p to 250p.

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 19 and 20.

Charitable and community donations

During the year the Group made charitable donations of £480,000 to non-political organisations. Total contributions including contributions in kind amounted to £585,000.

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 (2008: 36 days). At the year end the Company had 16 days' purchases outstanding in respect of payments to suppliers and sub-contractors (2008: 36 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 2006.

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 2006.

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with the Companies Act 2006. 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.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and its profit or loss for that period.

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.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company for that period.

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

Directors' responsibilities 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 15 to the consolidated financial statements, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 20 to 22.

Post balance sheet events

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 2009 the Company's issued share capital consisted of 215,247,277 ordinary shares of 3p each. At a general meeting of the Company every holder of ordinary shares present in person is entitled to vote on a show of hands and on a poll every member present in person or by proxy and entitled to vote has one vote for every ordinary share held. There are no shares in issue 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 buy back shares in the Company pursuant to the terms and limitations of resolutions passed by shareholders at each annual general meeting of the Company.

Amendments to the Company's Articles of Association 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 63. Substantial shareholder interests of which the Company is aware are shown on page 62.

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 4 May 2010. 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 LLP as the Company's Auditors.

By order of the Board

Nicholas Rowe

Secretary

3 March 2010

Independent Auditors Report

To the members of RPS Group Plc

We have audited the financial statements of RPS Group Plc for the year ended 31 December 2009 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the Parent Company's affairs as at 31 December 2009 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 62, in relation to going concern; and
- the part of the corporate governance statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

Graham Clayworth (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
55 Baker Street
London
W1U 7EU
United Kingdom

3 March 2010

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Income Statement

	Notes	**Year ended 31 Dec 2009 £000s**	Year ended 31 Dec 2008 £000s
Revenue	3	**443,909**	470,465
Recharged expenses	3	**(69,558)**	(78,369)
Fee income	3	**374,351**	392,096
Operating profit	3, 4	**51,448**	58,862
Finance costs	5	**(3,113)**	(4,424)
Finance income	5	**268**	384
Profit before tax and amortisation of acquired intangibles		**52,472**	57,512
Amortisation of acquired intangibles		**(3,869)**	(2,690)
Profit before tax		**48,603**	54,822
Tax expense	8	**(14,997)**	(16,933)
Profit for the year attributable to equity holders of the parent		**33,606**	37,889
Basic earnings per share (pence)	9	**15.78**	18.00
Diluted earnings per share (pence)	9	**15.59**	17.75
Basic earnings per share before amortisation of acquired intangibles (pence)	9	**17.08**	18.92
Diluted earnings per share before amortisation of acquired intangibles (pence)	9	**16.87**	18.66

Consolidated Statement of Comprehensive Income

	Year ended 31 Dec 2009 £000s	Year ended 31 Dec 2008 £000s
Profit for the year	**33,606**	37,889
Other Comprehensive Income		
Exchange differences	**(3,804)**	23,811
Tax recognised directly in equity	**188**	(573)
Total recognised comprehensive income for the year attributable to equity holders of the parent	**29,990**	61,127

The notes on pages 72 to 115 form part of these financial statements.

Consolidated Balance Sheet

	Notes	**As at 31 Dec 2009 £000s**	As at 31 Dec 2008 £000s
Assets			
Non-current assets			
Intangible assets	10	**293,943**	264,733
Property, plant and equipment	11	**28,226**	24,575
Investments in associates		**204**	–
		322,373	289,308
Current assets			
Trade and other receivables	13	**139,247**	157,607
Cash at bank		**13,691**	17,088
		152,938	174,695
Liabilities			
Current liabilities			
Borrowings	15	**1,802**	456
Deferred consideration	17	**15,652**	16,585
Trade and other payables	14	**68,678**	87,868
Corporation tax liabilities		**6,135**	2,688
Provisions	18	**1,324**	1,417
		93,591	109,014
Net current assets		**59,347**	65,681
Non-current liabilities			
Borrowings	15	**44,652**	45,187
Deferred consideration	17	**9,289**	11,463
Other creditors		**1,301**	417
Deferred tax liabilities	19	**9,791**	6,746
Provisions	18	**3,219**	3,569
		68,252	67,382
Net assets		**313,468**	287,607
Equity			
Share capital	20	**6,457**	6,399
Share premium		**98,238**	95,531
Other reserves	21	**39,519**	43,551
Retained earnings		**169,254**	142,126
Total shareholders' equity		**313,468**	287,607

These financial statements were approved and authorised for issue by the Board on 3 March 2010.

The notes on pages 72 to 115 form part of these financial statements.

Dr Alan Hearne, Director

Gary Young, Director

On behalf of the Board of RPS Group Plc.

Consolidated Cash Flow Statement

	Notes	**Year ended 31 Dec 2009 £000s**	Year ended 31 Dec 2008 £000s
Cash generated from operations	25	**70,583**	67,386
Interest paid		**(3,839)**	(3,770)
Interest received		**268**	384
Income taxes paid		**(12,550)**	(15,574)
Net cash from operating activities		**54,462**	48,426
Cash flows from investing activities			
Purchases of subsidiaries net of cash acquired		**(20,616)**	(22,332)
Deferred consideration		**(15,075)**	(8,854)
Purchase of property, plant and equipment	11	**(4,061)**	(5,935)
Sale of property, plant and equipment		**86**	1,094
Net cash used in investing activities		**(39,666)**	(36,027)
Cash flows from financing activities			
Proceeds from issue of share capital		**381**	464
Repayments of bank borrowings		**(9,023)**	(2,174)
Payment of finance lease liabilities		**(599)**	(117)
Dividends paid	22	**(8,410)**	(7,211)
Payment of pre-acquisition dividend		**(1,511)**	(1,471)
Net cash used in financing activities		**(19,162)**	(10,509)
Net (decrease)/increase in cash and cash equivalents		**(4,366)**	1,890
Cash and cash equivalents at beginning of year		**16,707**	10,884
Effect of exchange rate fluctuations		**1,350**	3,933
Cash and cash equivalents at end of year	25	**13,691**	16,707
Cash and cash equivalents comprise:			
Cash at bank		**13,691**	17,088
Bank overdraft		**–**	(381)
Cash and cash equivalents at end of year		**13,691**	16,707

The notes on pages 72 to 115 form part of these financial statements.

Consolidated Statement of Changes in Equity

	Share capital £000s	Share premium £000s	Retained earnings £000s	Other reserves £000s	Total equity £000s
At 1 January 2008	6,319	93,225	110,474	17,516	227,534
Changes in equity during 2008					
Total comprehensive income 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
Changes in equity during 2009					
Total comprehensive income for the year	–	–	33,794	(3,804)	29,990
Issue of new ordinary shares	58	2,707	(1,536)	(228)	1,001
Share based payment expense	–	–	3,280	–	3,280
Dividends	–	–	(8,410)	–	(8,410)
At 31 December 2009	6,457	98,238	169,254	39,519	313,468

The notes on pages 72 to 115 form part of these financial statements.

Notes to the Consolidated Financial Statements

1. Significant accounting policies

RPS Group Plc (the "Company") is a company domiciled in England. The consolidated financial statements of the Company for the year ended 31 December 2009 comprises the Company and its subsidiaries (together referred to as the "Group").

The consolidated financial statements were authorised for issuance on 3 March 2010.

(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 IASB has issued the following revised and updated standards that are applicable to the Group and that resulted in changes in presentation for this accounting period; IAS 1 (revised) "Presentation of financial statements", and IFRS 8 "Operating Segments".

IAS 1 (revised) updates the presentation of the key statements of performance and position for the Group.

IFRS 8 introduces new requirements for segmental reporting to be based on the information provided to the Chief Operating Decision Maker (CODM). It also introduces additional disclosure and reconciliation requirements.

In addition, the IASB has updated IFRS 7 "Financial Instruments: Disclosures" and issued a variety of IFRIC amendments. The only impact on the Group's reporting is in respect of disclosure.

Otherwise, these financial statements have been prepared using accounting policies set out in the Report and Accounts 2008.

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

(b) Basis of consolidation

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

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

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

(c) Foreign currency

i Foreign currency transactions

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

ii Financial statements of foreign operations

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

iii Net investment in foreign operations

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

iv Foreign currency forward contracts

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

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

(d) Property, plant and equipment

i Owned assets

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

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

ii Leased assets

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

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

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

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

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

iii Subsequent costs

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

iv Depreciation

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

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

(e) Intangible assets

i Goodwill

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

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

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

ii Other intangible assets

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

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

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

iii Subsequent expenditure

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

iv Amortisation

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

Customer relationships	3 to 15 years
Trade names	1 to 5 years
Order backlog	1 to 4 years

(f) Trade and other receivables

Trade and other receivables are recognised at inception at fair value and then carried 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 of non financial assets

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 2008 and 31 December 2009.

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

1. Significant accounting policies continued

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 has 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.

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 10.

iii Revenue recognition

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

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

(t) Accounting standards issued but not adopted

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

- Revised IFRS 3 "Business combinations";
- Improvements to IFRSs (2009);
- Amendments to IFRS 2 "Group cash settled share-based payment transactions"; and
- Revised IAS 24 "Related Party Disclosures".

2. Revised business segments

As announced on 4th February 2010, the Group reviewed the composition of its business segments as a result of the acquisition of Conics (see note 27) and the following two changes have been made.

1. In respect of Planning and Development the results of Britain, Ireland and Australia have been separated.

2. The results of those activities in Environmental Management which primarily supply services to Energy clients and projects have been moved to the Energy segment.

The effect of these changes to the 2008 results is shown below.

Revised segment results for the year ended 31st December 2008

	Planning & Development £000s	Energy £000s	Environmental Management £000s	Group eliminations £000s	Consolidated £000s
Fees					
Previously reported	165,180	139,586	92,741	(5,411)	392,096
Reallocation	1,670	18,404	(22,481)	2,407	–
Revised	166,850	157,990	70,260	(3,004)	392,096
Recharged expenses					
Previously reported	(41,341)	(21,802)	(15,226)	–	(78,369)
Reallocation	(2,113)	(2,532)	4,645	–	–
Revised	(43,454)	(24,334)	(10,581)	–	(78,369)
External revenue					
Previously reported	206,521	161,388	107,967	(5,411)	470,465
Reallocation	2,200	20,493	(28,104)	5,411	–
Revised	208,721	181,881	79,863	–	470,465
Underlying profit					
Previously reported	30,316	25,842	13,841	–	69,999
Reallocation	238	4,621	(4,859)	–	–
Revised	30,554	30,463	8,982	–	69,999
Reorganisation costs					
Previously reported	(1,013)	–	–	–	(1,013)
Reallocation	–	–	–	–	–
Revised	(1,013)	–	–	–	(1,013)
Amortisation of acquired intangibles					
Previously reported	(1,057)	(663)	(970)	–	(2,690)
Reallocation	–	(406)	406	–	–
Revised	(1,057)	(1,069)	(564)	–	(2,690)
Segment result					
Previously reported	28,246	25,179	12,871	–	66,296
Reallocation	238	4,215	(4,453)	–	–
Revised	28,484	29,394	8,418	–	66,296

2. Revised business segments continued

Revised segmental balance sheet disclosures for the year ended 31 December 2008

	Planning & Development £000s	Energy £000s	Environmental Management £000s	Unallocated Corporate £000s	Consolidated £000s
Assets					
Segment assets as previously reported	245,096	115,927	95,612	7,368	464,003
Reallocation	(6,932)	37,253	(30,321)	–	–
Revised segment assets	238,164	153,180	65,291	7,368	464,003
Depreciation and amortisation					
Depreciation and amortisation as previously reported	3,496	1,452	3,305	549	8,802
Reallocation	168	934	(1,102)	–	–
Revised depreciation and amortisation	3,664	2,386	2,203	549	8,802

3. Business and geographical segments

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

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

Business segments

The Group comprises the following business segments:

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

Environmental Management - consultancy services in the UK and the Netherlands, related to environmental science, the management of water resources and health, safety and risk management other than to the oil and gas sector.

Energy - the provision of a wide range of consultancy services including those relating to health, safety and risk management, on an international basis, to the upstream oil and gas and offshore renewable energy sectors.

Segment results for the year ended 31st December 2009

	Fees £000s	Recharged expenses £000s	Intersegment revenue £000s	External revenue £000s
Planning and Development:				
GB	64,511	8,090	(1,272)	71,329
Ireland	63,496	18,747	(167)	82,076
Australia	33,235	8,648	(544)	41,339
Intra P&D eliminations	(300)	(27)	327	–
Total Planning and Development	160,942	35,458	(1,656)	194,744
Energy	149,057	24,616	(601)	173,072
Environmental Management	67,106	9,771	(784)	76,093
Group eliminations	(2,754)	(287)	3,041	–
Total	374,351	69,558	–	443,909

	Underlying profit £000s	Reorganisation costs £000s	Amortisation of acquired intangibles £000s	Operating profit £000s
Planning and Development:				
GB	12,387	(1,770)	(887)	9,730
Ireland	5,990	(985)	–	5,005
Australia	8,287	(21)	(855)	7,411
Total Planning and Development	26,664	(2,776)	(1,742)	22,146
Energy	27,979	(306)	(1,793)	25,880
Environmental Management	10,349	(371)	(334)	9,644
Total	64,992	(3,453)	(3,869)	57,670

3. Business and geographical segments continued

Revised segment results for the year ended 31st December 2008

	Fees £000s	Recharged expenses £000s	Intersegment revenue £000s	External revenue £000s
Planning and Development:				
GB	81,962	13,274	(1,692)	93,544
Ireland	69,569	23,111	(299)	92,381
Australia	15,840	7,069	(113)	22,796
Intra P&D eliminations	(521)	–	521	–
Total Planning and Development	166,850	43,454	(1,583)	208,721
Energy	157,990	24,334	(443)	181,881
Environmental Management	70,260	10,581	(978)	79,863
Group eliminations	(3,004)	–	3,004	–
Total	392,096	78,369	–	470,465

	Underlying profit £000s	Reorganisation costs £000s	Amortisation of acquired intangibles £000s	Segment result £000s
Planning and Development:				
GB	17,672	(1,013)	(844)	15,815
Ireland	7,699	–	–	7,699
Australia	5,183	–	(213)	4,970
Total Planning and Development	30,554	(1,013)	(1,057)	28,484
Energy	30,463	–	(1,069)	29,394
Environmental Management	8,982	–	(564)	8,418
Total	69,999	(1,013)	(2,690)	66,296

Group Reconciliation	**2009 £000s**	2008 £000s
Revenue	**443,909**	470,465
Recharged expenses	**(69,558)**	(78,369)
Fees	**374,351**	392,096
Underlying profit	**64,992**	69,999
Reorganisation costs	**(3,453)**	(1,013)
Unallocated expenses	**(6,222)**	(7,434)
Operating profit before amortisation	**55,317**	61,552
Amortisation	**(3,869)**	(2,690)
Operating profit	**51,448**	58,862
Finance costs	**(2,845)**	(4,040)
Profit before tax	**48,603**	54,822

3. Business and geographical segments continued

	Carrying amount of segment assets		Segment depreciation and amortisation	
	2009 £000s	2008 £000s	**2009 £000s**	2008 £000s
Planning and Development:				
GB	**107,356**	112,957	**1,948**	2,169
Ireland	**87,660**	106,606	**984**	1,033
Australia	**76,432**	18,601	**1,837**	462
Planning and Development total	**271,448**	238,164	**4,769**	3,664
Energy	**138,310**	153,180	**3,295**	2,386
Environmental Management	**58,886**	65,291	**2,131**	2,203
Unallocated	**6,667**	7,368	**542**	549
Group total	**475,311**	464,003	**10,737**	8,802

Geographical analysis

	Revenue		Fees	
	2009 £000s	2008 £000s	**2009 £000s**	2008 £000s
Great Britain	**209,970**	246,075	**180,509**	211,434
Ireland	**82,076**	92,381	**63,327**	69,274
Australia	**70,590**	51,975	**60,340**	42,913
USA	**32,762**	31,352	**29,745**	26,286
Netherlands	**28,947**	27,087	**24,268**	23,283
Canada	**18,003**	20,504	**14,601**	17,815
Other	**1,561**	1,091	**1,561**	1,091
Total	**443,909**	470,465	**374,351**	392,096

The table above shows revenue and fees to external customers based upon the location from which billing took place.

	Carrying amount of segment assets	
	2009 £000s	2008 £000s
Great Britain	**224,273**	241,191
Ireland	**87,660**	106,606
Australia	**105,860**	46,600
USA	**21,444**	26,553
Netherlands	**25,970**	30,061
Canada	**9,501**	12,343
Other	**603**	649
Total	**475,311**	464,003

4. Operating profit - by nature of expense

	Year ended 31 Dec 2009 £000s	Year ended 31 Dec 2008 £000s
Revenue	**443,909**	470,465
Recharged expenses	**(69,558)**	(78,369)
Fee income	**374,351**	392,096
Staff costs	**(184,232)**	(187,280)
Depreciation and amortisation	**(10,737)**	(8,802)
Other operating costs	**(127,934)**	(137,152)
Operating profit	**51,448**	58,862

	Year ended 31 Dec 2009 £000s	Year ended 31 Dec 2008 £000s
The following items have been included in arriving at profit:		
Depreciation of property, plant and equipment		
– owned assets	**6,429**	6,076
– under finance leases	**439**	36
Amortisation of intangible assets	**3,869**	2,690
Loss/(profit) on disposal of fixed assets	**122**	(179)
Reorganisation costs	**3,453**	1,013
Other operating lease rentals payable		
– property	**10,028**	5,969
– equipment and motor vehicles	**4,128**	3,367
Operating sublease income receivable	**191**	111

5. Net financing costs

	Year ended 31 Dec 2009 £000s	Year ended 31 Dec 2008 £000s
Finance costs		
Interest on loans, overdraft and finance leases	**(1,975)**	(3,121)
Interest imputed on deferred consideration	**(428)**	(793)
Interest payable on deferred consideration	**(710)**	(510)
	(3,113)	(4,424)
Finance income		
Deposit interest receivable	**268**	384
Net financing costs	**(2,845)**	(4,040)

6. Employee benefit expense

	Year ended 31 Dec 2009 £000s	Year ended 31 Dec 2008 £000s
Staff costs (including Directors' emoluments) consist of:		
Wages and salaries	**157,648**	161,676
Social security costs	**15,906**	15,983
Pension costs - defined contribution plans	**7,398**	6,827
Share based payment expense - equity settled	**3,280**	2,794
	184,232	187,280
Average number of employees (including Executive Directors) was:		
Professional	**3,411**	3,609
Support	**843**	829
	4,254	4,438

Details of directors' remuneration are included on page 57.

7. Auditors' remuneration

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

		Year ended 31 Dec 2009 £000s	Year ended 31 Dec 2008 £000s
Principal auditors			
	Audit services		
	Statutory audit of the Group's annual accounts	**84**	92
	Statutory audit of the Group's subsidiaries	**95**	103
	Other services	**23**	25
Network firms of principal auditors			
	Audit services		
	Statutory audit of the Group's subsidiaries	**144**	162
	Corporate finance	**–**	193
	Other services	**–**	3
Other auditors			
	Audit services		
	Statutory audit	**51**	36
	Tax services	**8**	30
		405	644

8. Income taxes

Analysis of charge in the year

	2009 £000s	2008 £000s
Current tax		
UK corporation tax	**8,377**	7,046
Foreign tax	**7,441**	7,465
	15,818	14,511
Deferred tax (credit)/charge	**(821)**	2,422
Tax expense for the year	**14,997**	16,933

Analysis of (credit)/charge to equity

Current tax on share based payments	**(40)**	(398)
Deferred tax on share based payments	**(148)**	971
Tax (credit)/charge in equity for the year	**(188)**	573

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

	2009 £000s	2008 £000s
Profit before tax	**48,603**	54,822
Tax at the UK effective rate of 28% (2008: 28.5%)	**13,609**	15,624
Expenses not deductible for tax purposes	**439**	924
Different tax rates applied in overseas jurisdictions	**894**	424
Effect of change in tax rates	**–**	(4)
Prior year adjustments	**55**	(35)
Total tax expense for the year	**14,997**	16,933

9. Earnings per share

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

	Year ended 31 Dec 2009 £000s	Year ended 31 Dec 2008 £000s
Profit attributable to ordinary shareholders	**33,606**	37,889
	000s	000s
Weighted average number of ordinary shares for the purposes of basic earnings per share	**212,943**	210,546
Effect of shares to be issued as deferred consideration	**286**	886
Effect of employee share schemes	**2,347**	2,049
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**215,576**	213,481
Basic earnings per share (pence)	**15.78**	18.00
Diluted earnings per share (pence)	**15.59**	17.75

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

	Year ended 31 Dec 2009 £000s	Year ended 31 Dec 2008 £000s
Profit attributable to ordinary shareholders	**33,606**	37,889
Amortisation of acquired intangibles	**3,869**	2,690
Tax on amortisation of acquired intangibles	**(1,106)**	(752)
Adjusted profit attributable to shareholders	**36,369**	39,827
Basic earnings per share before amortisation (pence)	**17.08**	18.92
Diluted earnings per share before amortisation (pence)	**16.87**	18.66

10. Intangible assets

	Intellectual property rights £000s	Customer relationships £000s	Order backlog £000s	Trade names £000s	Goodwill £000s	Total £000s
Cost						
At 1 January 2009	201	22,355	1,682	1,327	255,146	280,711
Additions	–	12,045	170	–	18,742	30,957
Reduction in deferred consideration	–	–	–	–	(32)	(32)
Adjustment to prior year estimates	–	–	–	–	269	269
Foreign exchange differences	–	990	20	56	907	1,973
At 31 December 2009	201	35,390	1,872	1,383	275,032	313,878
Aggregate amortisation and impairment losses						
At 1 January 2009	201	2,387	469	700	12,221	15,978
Amortisation	–	3,129	519	221	–	3,869
Foreign exchange differences	–	94	–	(6)	–	88
At 31 December 2009	201	5,610	988	915	12,221	19,935
Net book value at 31 December 2009	–	29,780	884	468	262,811	293,943

	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
Net book value at 31 December 2007	–	4,200	–	–	206,639	210,839

10. Intangible assets continued

Adjustment to prior year estimates

Acquisitions in 2008 were originally stated at provisional values. These fair values have now been finalised.

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 2008 prior year estimates, £2,508,000 related to the recognition of customer relationship intangibles in respect of JD Consulting.

Goodwill acquired in a business combination is allocated at acquisition to the cash generating units (CGUs) that are expected to benefit from that business combination. The Group has re-presented the allocation to CGUs on the basis of this year's revised segmentation.

	31 Dec 2009 £000s	31 Dec 2008 £000s
Planning and Development		
GB	**75,160**	74,979
Ireland	**48,420**	51,193
Australia	**30,236**	8,188
Total Planning and Development	**153,816**	134,360
Energy	**77,797**	77,545
Environmental Management	**31,198**	31,020
	262,811	242,925

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 10.6% based on its WACC. Growth rates are based on management's expectations of future business volumes and range from 0.6% to 3.6% 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. The Group assumes a perpetuity based terminal value.

Irish CGU

The Irish CGU's recoverable amount exceeds its carrying amount by £12.0m. If the Group's forecast growth rates in respect of the Irish CGU (estimated to be between 1.0% and 2.6%) reduce by 6 percentage points (to between - 5.0% and - 3.4%) or the Group's discount rate increases by 1.5 percentage points, the CGU's carrying amount would equal its recoverable amount.

11. Property, plant and equipment

	Freehold land and buildings £000s	Alterations to leasehold premises £000s	Motor vehicles £000s	Fixtures, fittings, IT and equipment £000s	Total £000s
Cost or valuation					
At 1 January 2009	12,142	1,636	1,407	47,208	62,393
Additions	–	275	163	3,511	3,949
Disposals	–	(160)	(272)	(4,775)	(5,207)
Additions through acquisition	–	1,339	1,315	3,886	6,540
Foreign exchange differences	(736)	208	180	38	(310)
At 31 December 2009	11,406	3,298	2,793	49,868	67,365
Depreciation					
At 1 January 2009	2,148	725	926	34,019	37,818
Charge for the year	226	313	330	5,999	6,868
Disposals	–	(161)	(198)	(4,608)	(4,967)
Foreign exchange differences	(94)	21	11	(518)	(580)
At 31 December 2009	2,280	898	1,069	34,892	39,139
Net book value at 31 December 2008	9,994	911	481	13,189	24,575
Net book value at 31 December 2009	9,126	2,400	1,724	14,976	28,226

At 31 December 2009 the Group had alterations to leasehold properties, motor vehicles and office equipment held under finance lease contracts with net book values of £1,313,000, £1,078,000 and £2,092,000 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 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 2007	9,203	654	543	11,306	21,706
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.

12. Subsidiaries

A list of the significant subsidiaries, including the name, country of incorporation and proportion of ownership interests is given in Note 5 to the Parent Company's financial statements on page 112.

13. Trade and other receivables

	31 Dec 2009 £000s	31 Dec 2008 £000s
Trade receivables	**98,138**	117,433
Less provision for impairment of trade receivables	**(5,281)**	(6,143)
Trade receivables net	**92,857**	111,290
Accrued income	**41,598**	41,536
Less provision for impairment of accrued income	**(4,005)**	(4,136)
Accrued income net	**37,593**	37,400
Prepayments	**5,364**	6,555
Other debtors	**3,433**	2,362
	139,247	157,607

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

The carrying value of trade and other receivables is considered a reasonable approximation of fair value due to their short term nature and the provisions for impairment recorded against them.

The 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 £5,281,000 (2008: £6,143,000) has been recorded accordingly. Certain accrued income balances have been found to be impaired and a provision of £4,005,000 (2008: £4,136,000) 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	**2009 £000s**	2008 £000s
Not more than three months	**11,131**	15,375
More than three months	**14,524**	16,906
	25,655	32,281

Movements in impairment	Trade receivables £000s	Accrued income £000s	Total £000s
As at 1 January 2009	6,143	4,136	10,279
Income statement charge	11	873	884
Receivables written off during the year as uncollectible	(1,809)	(1,714)	(3,523)
Additions through acquisitions	1,066	848	1,914
Foreign exchange	(130)	(138)	(268)
As at 31 December 2009	5,281	4,005	9,286
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 acquisitions	117	–	117
Foreign exchange	397	575	972
As at 31 December 2008	6,143	4,136	10,279

13. Trade and other receivables continued

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

	31 Dec 2009 £000s	31 Dec 2008 £000s
UK Pound Sterling	**54,913**	63,045
Euro	**37,904**	51,058
US Dollar	**13,285**	24,899
Canadian Dollar	**3,651**	5,887
Australian Dollar	**29,056**	10,794
Other	**438**	1,924
	139,247	157,607

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

14. Trade and other payables

	31 Dec 2009 £000s	31 Dec 2008 £000s
Trade creditors	**16,822**	23,042
Creditors for taxation and social security	**11,053**	13,555
Other creditors	**3,039**	3,476
Deferred income	**13,120**	14,408
Accruals	**24,644**	33,387
	68,678	87,868

All amounts shown under trade and other payables fall due for payment within one year.

The carrying values of trade and other payables are considered to be a reasonable approximation of fair value due to the short term nature of these liabilities.

15. Borrowings

	31 Dec 2009 £000s	31 Dec 2008 £000s
Bank loans	**41,949**	45,174
Bank overdraft	**–**	381
Finance lease creditor	**4,505**	88
	46,454	45,643

	Bank loans 2009 £000s	Other loans 2009 £000s	Total 2009 £000s	Bank loans 2008 £000s	Other loans 2008 £000s	Total 2008 £000s
The borrowings are repayable as follows:						
On demand or in not more than one year	**419**	**1,383**	**1,802**	407	49	456
In the second year	**256**	**1,213**	**1,469**	–	27	27
In the third to fifth years inclusive	**41,274**	**1,909**	**43,183**	45,148	12	45,160
	41,949	**4,505**	**46,454**	45,555	88	45,643
Less amount due for settlement within 12 months	**419**	**1,383**	**1,802**	407	49	456
Amount due for settlement after 12 months	**41,530**	**3,122**	**44,652**	45,148	39	45,187

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

(i) An uncommitted £1,000,000 bank overdraft facility, repayable on demand.

(ii) The Group has two principal bank loans:

(a) A revolving credit facility of £125,000,000, 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.

There were loans drawn totalling £40,931,000 (2008: £45,148,000) and bonding facility utilisation of £7,165,000 (2008: £6,316,000) at 31 December 2009.

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

(b) Australian Dollar denominated loans of £1,018,000. The loans were taken out between September 2004 and October 2009 by a company that was acquired by the Group in July 2009.

Repayments commenced in September 2004 and will continue until September 2014. The loans are guaranteed by interlocking guarantees between the acquired company's entities, fixed and floating charges over its assets and a letter of credit provided by Lloyds TSB Bank Plc.

The carrying amounts of our long term borrowings approximate fair value as the borrowings have been transacted in the past two months and the loan is revolving in nature.

Loan liquidity risk profile

	2009	2008
< 1 year	**1,736,668**	1,303,839
2 years	**1,736,668**	1,303,839
3-5 years	**43,604,715**	48,459,132
	47,078,051	51,066,810

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

16. Obligations under finance leases

Amounts payable under finance leases:

	Minimum lease payments 2009 £000s	Less future interest charges 2009 £000s	Present value of minimum lease payments 2009 £000s	Minimum lease payments 2008 £000s	Less future interest charges 2008 £000s	Present value of minimum lease payments 2008 £000s
Within one year	**1,717**	**(334)**	**1,383**	54	(5)	49
In two to five years	**3,550**	**(428)**	**3,122**	42	(3)	39
	5,267	**(762)**	**4,505**	96	(8)	88

For the year ended 31 December 2009, the average effective borrowing rate was 8.9%. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

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

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

17. Deferred consideration

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

	31 Dec 2009 £000s	31 Dec 2008 £000s
Cash due within one year:		
Interest bearing	**10,210**	7,525
Non-interest bearing	**4,822**	8,440
Shares due within one year	**620**	620
	15,652	16,585
Cash due between one and two years:		
Interest bearing	**5,640**	4,517
Non-interest bearing	**–**	4,386
Shares due between one and two years	**–**	620
	5,640	9,523
Cash due between two and five years:		
Interest bearing	**3,649**	1,940
	3,649	1,940
Total deferred consideration payable	**24,941**	28,048
Less amount due for settlement within 12 months	**15,652**	16,585
Amount due for settlement after 12 months	**9,289**	11,463

Deferred consideration is recorded at present value calculated with reference to the local rates of the acquisitions concerned (varying between 2.84% and 6.34%). The movement in fair value is taken through the profit and loss in the financing costs line.

18. Provisions

Property
The provision for property costs relates to operating lease rentals and related costs on vacated property and will be utilised within 16 years.

Warranty
This provision is in respect of contractual obligations and will be utilised within 5 years.

Dilapidations
This provision is in respect of reinstatement obligations related to leasehold properties and will be utilised within 16 years.

	Property £000s	Warranty £000s	Dilapidations £000s	Total £000s
As at 1 January 2009	1,337	951	2,698	4,986
Additional provision in the year	585	–	35	620
Utilised in year	(273)	(429)	(511)	(1,213)
On acquisition of subsidiary	75	–	140	215
Exchange difference	(56)	(12)	3	(65)
At 31 December 2009	1,668	510	2,365	4,543

	2009 £000s	2008 £000s
Due as follows:		
Within one year	**1,324**	1,417
After more than one year	**3,219**	3,569
	4,543	4,986

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

19. Deferred taxation

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

	2009 £000s	2008 £000s
At 1 January	**(6,746)**	114
Charge to income for the year	**821**	(2,421)
Charge to equity for the year	**148**	(971)
Liability acquired on acquisition of subsidiary	**(4,015)**	(3,380)
Exchange differences	**1**	(88)
At 31 December	**(9,791)**	(6,746)

19. 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 2008	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 1 January 2009	752	916	28	476	57	2,229
Reclassifications	–	–	–	(476)	–	(476)
Charge to income for the year	66	(208)	(228)	–	265	(105)
Charge to equity for the year	–	–	–	–	148	148
Asset acquired on acquisition of subsidiary	(6)	851	230	–	–	1,075
Exchange differences	18	63	(1)	–	–	80
At 31 December 2009	830	1,622	29	–	470	2,951

Deferred tax liabilities

	Foreign exchange on investments £000s	Revaluation of properties £000s	Tax deductible goodwill £000s	Provisions £000s	Other £000s	Total £000s
At 1 January 2008	–	(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 1 January 2009	(1,627)	(361)	(6,774)	–	(213)	(8,975)
Reclassifications	–	–	(82)	476	82	476
Charge to income for the year	742	–	569	(288)	(97)	926
Asset acquired on acquisition of subsidiary	–	–	(4,070)	(1,020)	–	(5,090)
Exchange differences	–	29	25	(137)	4	(79)
At 31 December 2009	(885)	(332)	(10,332)	(969)	(224)	(12,742)

20. Share capital

	Authorised 2009 Number	**Authorised 2009 £000s**	Authorised 2008 Number	Authorised 2008 £000s
Ordinary shares of 3p each	**240,000,000**	**7,200**	240,000,000	7,200

	Issued and fully paid		Issued and fully paid	
	2009 Number	**2009 £000s**	2008 Number	2008 £000s
Ordinary shares of 3p each				
At 1 January	**213,286,497**	**6,399**	210,632,004	6,319
Issued under share option schemes	**313,713**	**9**	283,011	8
Issued under save as you earn schemes	**1,000**	**–**	56,148	2
Issued under the Share Incentive Plan	**457,668**	**14**	317,623	10
Issued in respect of the Performance Share Plan	**384,006**	**11**	409,940	12
Issued in respect of the Long Term Incentive Plan	**386,955**	**12**	407,194	12
Issued in consideration for acquisitions during the year	**–**	**–**	1,088,665	33
Issued in respect of deferred consideration related to acquisitions in prior years	**417,438**	**12**	91,912	3
At 31 December	**215,247,277**	**6,457**	213,286,497	6,399

	2009 Number	2008 Number
Ordinary shares held by the ESOP Trust	**859,575**	668,111
Ordinary shares held by the SIP Trust	**2,905,608**	2,442,526

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

The table below shows options outstanding at 31 December 2009.

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)
2003 - 2010	86,600	125 - 143
2004 - 2011	62,750	136 - 154
2005 - 2012	116,166	125 - 149
2006 - 2013	233,312	111 - 171
2007 - 2014	61,455	149
2008 - 2015	297,948	111 - 147
2011 - 2018	315,000	295
	1,173,231	

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

21. Other reserves

	Merger reserve £000s	Employee trust £000s	Shares to be issued £000s	Translation reserve £000s	Total other £000s
At 1 January 2008	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
Changes in equity during 2009					
Exchange differences	–	–	–	(3,804)	(3,804)
Issue of new shares	608	(836)	–	–	(228)
At 31 December 2009	20,687	(4,419)	–	23,251	39,519

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.
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 statement of comprehensive income and consolidated statement of changes in equity.

22. Dividends

	Year ended 31 Dec 2009 £000s	Year ended 31 Dec 2008 £000s
Amounts recognised as distributions to equity holders during the period:		
Final dividend for the year ended 31 December 2008 of 1.91p (2007: 1.66p) per share	**4,093**	3,498
Interim dividend for the year ended 31 December 2009 of 2.01p (2008: 1.75p) per share	**4,317**	3,713
	8,410	7,211
Proposed final dividend for the year ended 31 December 2009 of 2.19p (2008: 1.91p) per share	**4,728**	4,088

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 2009 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 2009 £000s	Property 2008 £000s	Other 2009 £000s	Other 2008 £000s
Within one year	**9,639**	6,815	**2,710**	2,961
In two to five years	**24,456**	19,914	**2,713**	3,677
After five years	**17,941**	22,876	**–**	–
	52,036	49,605	**5,423**	6,638

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 2009 was £191,000 (2008: £111,000).

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

Receivables	2009 £000s	2008 £000s
Within one year	**107**	127
In two to five years	**171**	260
After five years	**14**	36
	292	423

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 2009 £000s	Year ended 31 Dec 2008 £000s
Profit before tax	**48,603**	54,822
Adjustments for:		
Interest payable and similar charges	**3,113**	4,424
Interest receivable	**(268)**	(384)
Depreciation	**6,868**	6,112
Amortisation of acquired intangibles	**3,869**	2,690
Share based payment expense	**3,280**	2,794
Loss/(profit) on sale of property, plant and equipment	**152**	(179)
Share of profit of associates	**(78)**	–
Decrease/(increase) in trade and other receivables	**31,223**	(8,175)
(Decrease)/increase in trade and other payables	**(26,179)**	5,282
Cash generated from operations	**70,583**	67,386

The table below provides an analysis of net bank borrowings, comprising cash and cash equivalents, interest bearing bank loans and finance leases, during the year ended 31 December 2009.

	At 31 Dec 2008 £000s	Cash flow £000s	Acquisitions £000s	Foreign Exchange £000s	**At 31 Dec 2009 £000s**
Cash and cash equivalents	16,707	(4,366)	–	1,350	**13,691**
Bank loans	(45,174)	9,023	(4,007)	(1,791)	**(41,949)**
Finance lease creditor	(88)	599	(4,519)	(497)	**(4,505)**
Net bank borrowings	(28,555)	5,256	(8,526)	(938)	**(32,763)**

26. Major non-cash transactions

There were no major non-cash transactions during the year.

27. Acquisitions

Conics Ltd

The Group completed the acquisition of 100% of the issued share capital of Conics Ltd on 30 July 2009. Conics is a multi-disciplinary consultancy based on the East coast of Australia, primarily in Queensland. This transaction has been accounted for under the purchase method of accounting. Prior to acquisition, Conics kept their own management accounts and adding their results to those of the rest of the Group would produce Group revenue for the period of £464,154,000 and Group profit before tax of £51,950,000. Intangible assets arising on acquisition have been recognised at fair value. The residual excess over the net assets acquired, including intangible assets, is recognised as goodwill in the financial statements.

The Group has allotted provisional fair values to the net assets acquired 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 allotted to them by the Group are as follows:

	Book value £000s	Fair value £000s
Intangible assets:		
Customer relationships	–	12,045
Order backlog	–	170
Other intangibles	5,259	–
Property, plant and equipment	6,540	6,540
Cash	505	505
Other assets	11,764	11,764
Other liabilities	(13,373)	(17,037)
Net assets acquired	10,695	13,987
Consideration		
Initial consideration - cash		21,132
Deferred consideration - cash		11,162
Expenses of acquisition		435
Total cost of acquisition		32,729
Goodwill arising on acquisition		18,742

The fair value adjustments made to the preacquisition carrying values to determine provisional fair values relate to the recognition of intangible fixed assets and the associated deferred tax.

The Group has not recognised a trade name intangible on the basis of materiality and has recently commenced the rebranding of Conics to RPS.

Goodwill represents the value of the assembled workforce acquired. The contribution of Conics for the period post acquisition to Group revenue has been £15,559,000 and to Group profit before tax has been £2,595,000.

Prior period acquisitions

In 2008 the Group completed the acquisition of ten companies - Kraan Consulting Holding BV, RW Gregory LLP, WTW and Associates Ltd, Oceanfix International Ltd, The Land Management Unit Trust Ltd, Rudall Blanchard Associates Group Ltd, The Geocet Group LLC, Mountainheath Services Ltd, Paras Ltd and Business and Environmental Communications Ltd. The provisional fair values allotted to the net assets of these acquisitions have now been finalised. The net effect has been to credit net assets acquired by £237,000 relating to the recognition of additional liabilities and the associated tax effects.

28. Derivatives and other financial instruments

Set out below are the narrative disclosures relating to financial instruments.

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 contracts to manage transactional currency risks arising from the Group's operations.

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

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

Foreign currency risk

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

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

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

Interest rate risk

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

Liquidity risk

The Group has strong cash flow and the funds generated by operating companies are managed on a country basis. The Group also considers its long-term funding requirements as part of the annual business planning cycle. Please see note 15 for further detail of the Group's 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

	2009 £000s	2008 £000s
Cash	**13,691**	17,088
Trade and other receivables	**139,247**	157,607
Loans and other receivables	**152,938**	174,695
Bank loans	**41,949**	45,555
Trade and other payables	**68,678**	87,868
Other financial liabilities	**110,627**	133,423

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 2009

	Sterling £000s	Euro £000s	US Dollar £000s	Norwegian Krone £000s	Australian Dollar £000s	Central African Francs £000s	Russian Roubles £000s	Canadian Dollars £000s	Other £000s	Total £000s
Functional currency of Group operation										
Sterling	–	12,370	1,018	177	1,104	99	80	(1,045)	(152)	13,651
Euro	90	–	(21)	–	–	–	–	–	–	69
Australian Dollar	(181)	–	790	–	–	–	–	(28)	39	620
Canadian Dollar	(252)	(5)	(89)	–	–	–	–	–	–	(346)
Malaysian Ringgit	–	–	(246)	–	(36)	–	–	–	–	(282)
At 31 December 2009	(343)	12,365	1,452	177	1,068	99	80	(1,073)	(113)	13,712

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

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 US Dollars. Over the year these currencies showed volatilities of up to 14% and 24% respectively. If Sterling strengthened against these currencies by 14% and 24%, the impact would be to reduce Group profit by £69,000. If Sterling had weakened against these currencies the impact would have been to increase Group profit by £95,000. This impact is calculated by applying a typical contract period of 14 days. These movements would have had no impact on Group equity and reserves.

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 2009 comprised deferred consideration, finance lease obligations and bank loans, were as follows:

	Floating rate financial liabilities		Fixed rate financial liabilities		Total	
Currency	**2009 £000s**	2008 £000s	**2009 £000s**	2008 £000s	**2009 £000s**	2008 £000s
Sterling	**–**	–	**7,509**	37,803	**7,509**	37,803
Euro	**–**	257	**1,567**	6,047	**1,567**	6,304
Australian Dollar	**–**	–	**52,951**	11,725	**52,951**	11,725
Canadian Dollar	**–**	124	**443**	842	**443**	966
US Dollar	**–**	–	**8,925**	16,893	**8,925**	16,893
At 31 December	**–**	381	**71,395**	73,310	**71,395**	73,691

The maturity profile of financial liabilities is as follows:

	Floating rate financial liabilities		Fixed rate financial liabilities		Total	
	2009 £000s	2008 £000s	**2009 £000s**	2008 £000s	**2009 £000s**	2008 £000s
Within one year	**–**	381	**17,454**	16,660	**17,454**	17,041
In one to two years	**–**	–	**7,110**	9,325	**7,110**	9,325
In two to five years	**–**	–	**46,831**	47,325	**46,831**	47,325
	–	381	**71,395**	73,310	**71,395**	73,691

			Fixed rate financial liabilities	
Currency	**Weighted average interest rate % 2009**	Weighted average interest rate % 2008	**Weighted average period for which rate is fixed – months 2009**	Weighted average period for which rate is fixed – months 2008
Sterling	**4.9**	3.6	**7**	5
Euro	**4.1**	3.8	**7**	5
Australian Dollar	**5.4**	5.9	**9**	6
Canadian Dollar	**1.4**	3.7	**1**	1
US Dollar	**1.4**	2.2	**1**	2
	4.8	3.7	**7**	5

30. Interest rate risk continued

Cash balances at year end

Currency	2009 £000s	2008 £000s
Sterling	**(1,816)**	(1,153)
Euro	**8,207**	11,004
US Dollar	**2,980**	3,569
Australian Dollar	**2,396**	2,399
Canadian Dollar	**1,559**	409
Other	**365**	860
At 31 December	**13,691**	17,088

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 2009, the Group had an overdraft facility expiring within one year, carrying floating rate interest.

	31 Dec 2009 £000s	31 Dec 2008 £000s
Expiring in more than 2 years but not more than 5 years	**76,904**	48,536

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 2009, the weighted average interest rates the Group pays have increased by 1.1%. A 1.1% decrease in interest rates would increase Group profit by £460,000. A further 1.1% increase in interest rates would decrease Group profit by £460,000.

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	**2009 £000s**	2008 £000s
Cash and cash equivalents	**13,691**	17,088
Trade and other receivables	**130,450**	148,690
	144,141	165,778

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

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 and are supported by the government.

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 2009 for the period ended 31 December 2009.

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

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

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

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

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

The following tables set out details of share schemes activity over the year from 1 January 2009:

32. Share-based payments continued

Share Options

Year of grant	Number outstanding 31 Dec 2008	New grants	Exercised	Lapsed	Grants replaced	Number outstanding 31 Dec 2009	Weighted average exercise price	Vesting conditions
1999	19,500	–	(18,000)	(1,500)	–	–	73p	3 or 5 years
2000	140,600	–	(49,000)	(500)	1,500	92,600	128p	3 or 5 years
2001	96,500	–	(8,000)	(1,000)	2,750	90,250	166p	3 or 5 years
2002	240,347	–	(62,976)	(8,000)	500	169,871	149p	3 or 5 years
2003	695,744	–	(175,737)	(16,947)	700	503,760	111p	3 or 5 years
2004	1,750	–	–	–	–	1,750	118p	3 years
2008	315,000	–	–	–	–	315,000	295p	3 years
	1,509,441	–	(313,713)	(27,947)	5,450	1,173,231		
Weighted average exercise price	162p		124p	122p	145p	173p		

The weighted average share price at the date of exercise during the period was £1.99.

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	810,714	–	(102,594)	(14,376)	2,000	695,744	111p	3 or 5 years
2004	1,750	–	–	–	–	1,750	118p	3 years
2008	–	315,000	–	–	–	315,000	295p	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.

SAYE

Year of grant	Number outstanding 31 Dec 2008	Exercised	Lapsed	Number outstanding 31 Dec 2009	Exercise price	Vesting conditions
2003	42,508	(1,000)	(41,508)	–	147p	3 or 5 years
	42,508	(1,000)	(41,508)	–		

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		

LTIP

Year of grant	Number outstanding 31 Dec 2008	New grants	Releases	Forfeits	Number outstanding 31 Dec 2009	Vesting conditions
2006	386,955	–	(386,955)	–	–	3 years
2007	347,987	–	–	–	347,987	3 years
2008	323,804	–	–	(38,709)	285,095	3 years
2009	–	721,812	–	(83,624)	638,188	3 years
	1,058,746	721,812	(386,955)	(122,333)	1,271,270	

Year of grant	Number outstanding 31 Dec 2007	New grants	Releases	Forfeits	Number outstanding 31 Dec 2008	Vesting conditions
2005	407,194	–	(407,194)	–	–	3 years
2006	386,955	–	–	–	386,955	3 years
2007	347,987	–	–	–	347,987	3 years
2008	–	323,804	–	–	323,804	3 years
	1,142,136	323,804	(407,194)	–	1,058,746	

32. Share-based payments continued

PSP

Year of grant	Number outstanding 31 Dec 2008	New grants	Releases	Lapses	Number outstanding 31 Dec 2009	Vesting conditions
2005	9,869	–	(9,869)	–	–	3 years
2006	339,111	–	(308,064)	(19,003)	12,044	3 years
2007	519,161	–	(65,098)	(23,872)	430,191	2 or 3 years
2008	108,387	–	(978)	(6,508)	100,901	1, 2 or 3 years
2009	–	1,520,898	(7,972)	(18,292)	1,494,634	3 years
	976,528	1,520,898	(391,981)	(67,675)	2,037,770	

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	

SIP

Year of grant	Number outstanding 31 Dec 2008	New grants	Releases	Forfeits	Number outstanding 31 Dec 2009	Vesting conditions
2005	3,539	–	(100)	(3,439)	–	3 years
2006	301,828	–	(5,754)	(280,702)	15,372	3 years
2007	272,241	–	(9,306)	(29,075)	233,860	3 years
2008	643,794	–	(23,244)	(66,449)	554,101	3 years
2009	–	639,297	(12,525)	(26,944)	599,828	3 years
	1,221,402	639,297	(50,929)	(406,609)	1,403,161	

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	3 years
	1,086,891	666,448	(430,906)	(101,031)	1,221,402	

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 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	189.95p
Holding period	3 years
Expected dividend yield	0.88% - 2.38%

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	130.01p - 346.32p
Weighted fair value	193.55p
Holding period	1, 2 or 3 years
Expected dividend yield	0.76% - 2.44%

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	126.00p - 389.75p
Weighted fair value	209.22p
Holding period	3 years

During the year ended 31 December 2009, the Group recognised expense of £3,280,000 related to the fair value of the share based payment arrangements (year ended 31 December 2008: £2,794,000).

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 other 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 2009, 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 2009 £000s**	As at 31 Dec 2008 £000s
Fixed assets			
Intangible assets	3	**844**	910
Tangible assets	4	**2,469**	2,724
Investments	5	**192,132**	177,270
		195,445	180,904
Current assets			
Debtors	6	**77,473**	53,914
Cash at bank and in hand		**3,115**	2,465
		80,588	56,379
Creditors: amounts falling due within one year	7	**28,115**	51,059
Net current assets		**52,473**	5,320
Total assets less current liabilities		**247,918**	186,224
Creditors: amounts falling due after more than one year	8	**40,931**	45,635
Provisions for liabilities	9	**52**	52
Net assets		**206,935**	140,537
Capital and reserves			
Called up share capital	11, 12	**6,457**	6,399
Share premium account	12	**98,238**	95,531
Profit and loss reserve	12	**85,940**	22,079
Other reserves	12	**16,300**	16,528
Shareholders' funds		**206,935**	140,537

These financial statements were approved and authorised for issue by the Board on 3 March 2010.

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

Dr Alan Hearne, Director

Gary Young, Director

On behalf of the Board of RPS Group Plc.

Notes to the Parent Company Financial Statements

1. Accounting policies

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

Goodwill

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

Valuation of investments

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

Tangible fixed assets

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

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, excluding freehold land, over their expected useful lives. 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 103). 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. Profit attributable to shareholders

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

	Year ended 31 Dec 2009 £000s	Year ended 31 Dec 2008 £000s
Profit for the year attributable to the shareholders of the Parent Company, dealt with in the accounts of the Parent Company	**70,527**	4,124

The remuneration of the auditors for the statutory audit of the Company was £37,000 (2008: £40,000)

3. Intangible Assets

	Goodwill £000s
Cost	
At 1 January 2009 and at 31 December 2009	2,134
Amortisation	
At 1 January 2009	1,224
Charge for the year	66
At 31 December 2009	1,290
Net book value at 31 December 2009	844
Net book value at 31 December 2008	910

4. 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 2009	2,045	253	3,334	5,632
Transfers	(1)	(1)	127	125
Additions	–	–	273	273
Disposals	–	(90)	(8)	(98)
At 31 December 2009	2,044	162	3,726	5,932
Depreciation				
At 1 January 2009	440	114	2,354	2,908
Transfers	–	–	111	111
Provided for the year	44	3	495	542
Disposals	–	(90)	(8)	(98)
At 31 December 2009	484	27	2,952	3,463
Net book value at 31 December 2009	1,560	135	774	2,469
Net book value at 31 December 2008	1,605	139	980	2,724

5. 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 2009	178,108
Additions	14,862
At 31 December 2009	192,970
Provisions	
At 1 January 2009 and 31 December 2009	838
Net book value at 31 December 2009	192,132
Net book value at 31 December 2008	177,270

Additions in 2009 relate to restructuring of the USA companies and represent RPS Group Plc's investment in the new US holding company.

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 Consultants Pty Limited	Australia	100%*
RPS Energy Pty Limited	Australia	100%*
RPS Environment Pty Limited	Australia	100%*
Harper Somers O'Sullivan Pty Limited	Australia	100%*
MetOcean Engineers Pty Limited	Australia	100%*
Conics 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%*

6. Debtors

	31 Dec 2009 £000s	31 Dec 2008 £000s
Trade debtors	**26**	128
Amounts due from subsidiary undertakings	**75,516**	51,266
Other debtors	**469**	196
Corporation tax	**161**	–
Deferred tax	**713**	469
Prepayments and accrued income	**588**	1,855
	77,473	53,914

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

7. Creditors: amounts falling due within one year

	31 Dec 2009 £000s	31 Dec 2008 £000s
Amounts due to subsidiary undertakings	**25,744**	43,722
Deferred consideration	**487**	3,153
Trade creditors	**188**	571
Corporation tax	**–**	99
Other creditors	**419**	633
Accruals	**1,277**	2,881
	28,115	51,059

The liability in respect of deferred consideration is due to the vendors of acquired businesses.

8. Creditors: amounts falling due after more than one year

	31 Dec 2009 £000s	31 Dec 2008 £000s
Bank loans	**40,931**	45,148
Deferred consideration	**–**	487
	40,931	45,635
Due as follows:		
After one year and within two years	**–**	487
After two years and within five years	**40,931**	45,148
	40,931	45,635

9. Provision for liabilities

	Dilapidations £000s
At 1 January 2009 and at 31 December 2009	52

10. Deferred taxation

	31 Dec 2009 £000s	31 Dec 2008 £000s
Movement on deferred taxation:		
Net asset at beginning of year	**469**	644
Credit/(charge) to income for the year	**244**	(175)
Net asset at year end	**713**	469

Deferred taxation balances comprise:

	31 Dec 2009 £000s	31 Dec 2008 £000s
Short term timing differences	**496**	285
Depreciation in excess of capital allowances	**217**	184
Deferred tax asset	**713**	469

11. Share capital

	Authorised		Allotted and fully paid	
	Number	Value £000s	Number	Value £000s
Ordinary shares of 3p each				
At 1 January 2009	240,000,000	7,200	213,286,497	6,399
At 31 December 2009	240,000,000	7,200	215,247,277	6,457

Full details of the share capital of the Company are disclosed in Note 20 of the Consolidated Financial Statements.

12. 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	Profit and loss reserve £000s	Total £000s
At 1 January 2008	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
Issue of new shares	58	2,707	608	–	–	(836)	(1,536)	1,001
Share based payment expense	–	–	–	–	–	–	3,280	3,280
Retained profit for the year	–	–	–	–	–	–	70,527	70,527
Dividend paid	–	–	–	–	–	–	(8,410)	(8,410)
At 31 December 2009	6,457	98,238	20,687	–	32	(4,419)	85,940	206,935

13. Dividends

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

14. Commitments under operating leases

At 31 December 2009 the Company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings		Other	
	31 Dec 2009 £000s	31 Dec 2008 £000s	**31 Dec 2009 £000s**	31 Dec 2008 £000s
Operating leases which expire:				
Within one year	**240**	20	**83**	8
In two to five years	**514**	192	**51**	89
After five years	**14**	48	**–**	–
	768	260	**134**	97

15. Directors' interests in transactions

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

16. Purchase of undertakings

The Company did not make any acquisitions during the year. The increase in investments relates to the restructuring of the Company's USA subsidiaries.

Five Year Summary

	2009 £000s	2008 £000s	2007 £000s	2006 £000s	2005 £000s
Revenue	**443,909**	470,465	362,674	296,843	217,830
Fee income	**374,351**	392,096	305,108	246,011	183,520
Profit from operations before tax and amortisation	**52,472**	57,512	45,010	34,719	24,253
Net bank debt	**(32,763)**	(28,555)	(32,630)	(30,129)	(25,940)
Net assets	**313,468**	287,607	227,534	186,934	161,871
Cash generated from operating activities	**70,583**	67,386	45,393	40,663	28,149
Average number of employees	**4,254**	4,438	4,093	3,438	3,158
Dividend per share	**4.20p**	3.66p	3.18p	2.76p	2.40p
Basic EPS before amortisation	**17.08p**	18.92p	15.17p	12.01p	9.01p
Diluted EPS before amortisation	**16.87p**	18.66p	14.95p	11.74p	8.82p

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

23846

Printed on FSC certified, 100% post consumer recycled paper, bleached using an elemental chlorine free process.

Designed and produced by **Clere** www.clere.uk.com