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Our Ref: GY/ca

19 April 2012

M Stewart Esq
Director of Implementation Activities
International Accounting Standards Board
30 Cannon Street
London
EC4M 6XH

Dear Sir

IFRS3

We write in connection with a new issue that is due to be considered by the IFRS Interpretations Committee at its meeting in May (reference 3-13 *Business Combinations*: Employee benefits that are linked to continuing employment).

Set out below is a description of an issue regarding the interpretation of IFRS 3 in relation to business combinations which involve the payment of deferred consideration. The issue relates to whether such deferred payments should be accounted for as part of the consideration for the acquisition or should be treated as remuneration for post combination services and thus accounted for as an expense in the income statement.

Specifically the issue arises in relation to the application of IFRS 3 in relation to the payment of consideration which pursuant to the terms of an acquisition:

1. Is expressed categorically to be payable on a set date after Completion; and
2. Is a fixed sum known at Completion; and
3. Subject to paragraph 4 below is not contingent on any further performance targets or milestones (i.e. it is specifically not an earn out but rather is a deferred payment); and
4. Is subject to forfeiture if a vendor ceases, for certain limited and defined reasons, to be employed by the target company prior to the payment date but continues to be payable in other circumstances notwithstanding that an employee has ceased to be employed.

Two issues arise in relation to the interpretation of IFRS3 B55 and in particular sub paragraph (a) and the application of that to deferred consideration arrangements described above. The introduction to B55 reads:

"*If it is not clear whether an arrangement for payments to employees or selling shareholders is part of the exchange for the acquiree or is a transaction separate from the business combination the acquirer should consider the following **indicators**" [emphasis added]*

B55 (a) includes the following sentence:

"*A contingent consideration arrangement in which the payments are **automatically forfeited** if employment terminates **is** remuneration for post combination services" [emphasis added]*

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The issue:

The issue is two fold:

1 Does the sentence quoted above from IFRS 3B55 (a) create a conclusive irrefutable presumption that if an arrangement is of the type described it is to be treated as remuneration or is it, as indicated in the introductory wording, one of a number of indicators to be considered?

2 What is the correct interpretation of the words "**automatically forfeited**" within that sentence?

Current practice:

Two diverging opinions exist among the accounting profession in relation to the first issue:

A) That IFRS 3 para B55(a) is indicative only , as highlighted in the introductory paragraph to para B55 and creates only a rebuttable presumption that will therefore turn on a range of factors and consideration of the transaction as a whole. This approach is consistent with both the introduction to para B55 and also with the provisions of para B54 both of which point to the determination of a range of factors in assessing the correct accounting treatment.

B) That IFRS 3 para B55(a) creates a conclusive and non-rebuttable presumption that such consideration should be accounted for as remuneration for post combination services. This is justified by the use of the word "**is**" within that sentence.

In relation to the second question there exist conflicting views both between the legal profession and the accounting profession and between members of each. The differing views can be summarized as:

1) The sentence would only capture an arrangement in which payments are automatically forfeited in **all** circumstances (and not some only) in which employment terminates. Logic suggests that if a payment is really for post combination services - then if those services cease to be provided for whatever reason then the payments should cease. **If the payments continue in any circumstances in which the relevant services are no longer being provided then the payments should not be deemed to be made for those services.** Furthermore if the decision of a third party is required in order to determine whether the right of forfeiture exists then forfeiture is not automatic. The converse argument presented is that even if a third party decision is necessary, if the agreement provides for forfeiture, without further intervention, once that third party decision is made - then forfeiture is automatic. Furthermore para B55 is guidance in relation to para 52 and sub para (b) in particular which refers to a "transaction that remunerates employees or former owners of the acquiree for future services". Legal interpretation suggest that if payments can and do continue once the services are no longer being provided then they can not be said to be remuneration for the provision of those services but instead should be accounted for as something else - i.e. consideration for the acquisition.

2) The sentence should be interpreted that if an employee/seller is not entitled to voluntarily resign his employment without forfeiture - then that is determinative that the payments should be treated as "automatically forfeited" notwithstanding that there are other circumstances in which employment would terminate and the payments would not be forfeited.

We would refer to the interpretations described in paragraph B and 2 above as the "prescriptive interpretation".

It is worth explaining why the interpretation of the standard causes practical difficulties by reference to our own acquisition model which is not uncommon. RPS is an acquisitive company operating in the service industry.

When considering its acquisition model one of the key drivers of value is to ensure that the collective workforce and customer relationships are secured post acquisition. Since most acquisitions relate to owner managed businesses - the relationships with staff and clients are usually inextricably linked with the vendors. Therefore if a vendor was to depart immediately post acquisition, there is a strong chance that those relationships would be damaged or lost as well and the business would not be worth as much as it was. Accordingly, as well as Vendors entering into service agreements on normal commercial terms it is usual for a significant element of the acquisition consideration to be deferred for a period of time of up to 3 years to enable RPS to assume those relationships and integrate the business within the group.

The relevant acquisition agreement provides that a Vendor will be entitled to his consideration unless within that 3 year period he is a "Bad Leaver". The concept of good and bad leaver is a commonly used tool in acquisitions. In our particular acquisition model an individual is only a "Bad Leaver" if he voluntarily resigns or is summarily dismissed with cause. In those circumstances, if it was proven that an individual was a bad leaver he would not be entitled to deferred consideration. However, in other circumstances where an individual leaves - e.g. dismissal by the company, redundancy or death - the individual is a "good leaver" and remains entitled to the deferred consideration.

We believe such a model is commonly used by companies operating in sectors where people are one of the key assets. The application of one interpretation or the other of IFRS3 to such a model produces significantly different accounting results, such that clarification would provide benefit to the profession and to companies.

Accounting for acquisitions within RPS:

The divergence of opinion among the big 4 creates issues for corporates in the application of IFRS 3 in an area which can have a significant impact, particularly for acquisitive companies such as ourselves, and therefore requires clarification. In order to assist in understanding some of the issues which face companies we believe it would be useful to give you specific examples from our own audited accounts which demonstrate the consequences of adopting one interpretation or the other.

Typically, our transactions result in around 60% of consideration being paid on completion with the remaining 40% paid over the subsequent two or three years. The full market value of the acquired business is represented in the aggregate of initial and deferred consideration. The deferred consideration:

1. Is expressed categorically to be payable on a set date after Completion; and

2. Is a fixed sum known at Completion; and

3. Subject to paragraph 4 below is not contingent on any further performance targets or milestones (i.e. it is specifically not an earn out but is a deferred payment); and

4. Is subject to forfeiture if a vendor ceases, for certain limited and defined reasons, to be employed by the target company prior to the payment date but continues to be payable in other circumstances notwithstanding that an employee has ceased to be employed.

BDO were auditors of the Group for the year ended 31st December 2010. They resigned during the first half of 2011 and Ernst & Young were appointed.

Within the business review section of the results announcement, included as an Appendix, we wrote:

"Ernst & Young, the Group's auditor, has indicated that it does not agree with the Group's interpretation of IFRS3 (2008) *Business Combinations that it contains a rebuttable presumption* in respect of the treatment of contingent deferred consideration, relating to transactions completed since 1 January 2010. Ernst & Young's view is that the deferred consideration, due to vendors that is contingent on their continued employment, should be expensed through the profit and loss account, rather than being treated as capital cost, as the Group has done previously. Ernst & Young's review of the Group's 2011 interim results had not raised this as an issue.

In view of this, and given the previous auditors certification of the Group accounts at 31 December 2010, the Group's Audit Committee commissioned an independent opinion from another "big 4" firm. This supported the Group's interpretation of IFRS3 (2008). DLA Piper, the Group's lawyers, were also asked to give an opinion on specific legal matters raised by Ernst & Young concerning the structure of our transactions. DLA also supported the Board's position. Although the RPS Board remains of the view that these contingent deferred consideration payments can be treated as capital costs, as they were in the audited Report and Accounts 2010, the Audit Committee recommended the policy be changed to adopt the Ernst & Young interpretation. The Board accepted this recommendation."

We went on to say:

"The Board has now modified the Group's acquisition model to enable it to continue to implement its acquisition strategy without having to expense deferred consideration."

<u>Accounting treatment adopted</u>

Following the accounting interpretation of IFRS3 of our auditors we accounted for deferred consideration on acquisitions completed in 2011 on the basis of the prescriptive interpretation of para B55.

In 2011 5 acquisitions were completed and the consideration treated as part of the acquisition (i.e. initial consideration) represented 57% of total consideration and contingent deferred consideration treated as remuneration represented 43%. Positive goodwill arose in respect of two acquisitions amounting to £3,094,000, whilst in respect of the three other acquisitions negative goodwill of £8,667,000 arose which was recognised in the income statement for the year ended 31st December 2011.

The profit before tax for the year was £40,451,000.

The contingent deferred consideration treated as remuneration in the year and recognised in the income statement, associated with these five acquisitions totalled £4,097,000.

By expensing the deferred consideration the impression is given that RPS made 3 bargain purchases in the year. The reality is we paid a full price for these acquisitions. Were the deferred consideration treated as part of consideration then positive goodwill would have arisen on these transactions and the correct impression that we paid a market price for these acquisitions would have been given.

The adjustments to the accounts that would arise if the accounting treatment was to capitalise all deferred consideration in respect of these transactions, rather than expense it, are as follows:

£	Dr	Cr
Deferred consideration liability (balance sheet)		17,142,000
Remuneration accrual (balance sheet)	4,097,000	
Goodwill (balance sheet)	8,475,000	
Income statement (re bargain purchase)	8,667,000	
Income statement (re remuneration charge)		4,097,000
Total	21,239,000	21,239,000

Substance of the transactions

We believe that the substance of the acquisitions is that deferred contingent consideration should be treated as part of the capital cost of the business. We believe that external accountants who have reviewed these acquisitions are also of this opinion as well as individual partners within our audit firm. Our view is based on the following factors which we believe indicates that the acquisition is at market value at date of acquisition:

- Including deferred consideration results in a valuation that is at a market rate
- Excluding deferred consideration results in a valuation that is significantly below market rate
- Remuneration of vendor employees is in line with market rates
- The vendors have a clear expectation that deferred consideration will be paid as they will not sell at a lower multiple.

In one particular acquisition completed in 2011 total consideration is £18,611,000 that comprises £10,550,000 of initial cash consideration and £8,061,000 of contingent deferred consideration. The deferred consideration is payable on the first, second and third anniversaries of the acquisition. There is a sole vendor employee and the remuneration charge would only relate to him. The total consideration (including deferred) payable values the company at a multiple of 9x historic post tax earnings which is consistent with multiples paid by RPS over many years.

Treating the deferred consideration as remuneration would suggest that the sole vendor employee would have extra remuneration above his market salary of £2,687,000 on average for 3 years. The aggregate emoluments of the entire RPS board for 2011 was £2,081,000. The multiple of earnings paid would reduce to 5x. The profits of this business in the year pre acquisition were approximately £3,100,000 and would be decimated going forward by such a remuneration charge. These are rather unusual and misleading consequences arising from the prescriptive interpretation of IFRS3.

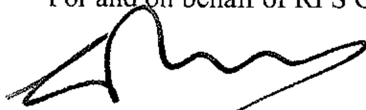
Conclusion

We hope from the above that you can see that clarification of the interpretation of IFRS3 will result in a better reporting environment and that in particular:

- Divergence clearly exists among the accounting profession (and indeed within partners of the same firm)
- Adopting a prescriptive interpretation can result in anomalous and misleading consequences in financial statements.
- Clarification would thus improve the standard of financial reporting.

We hope this information is helpful in your deliberations and look forward to seeing the results of your review.

Yours faithfully,
For and on behalf of RPS Group Plc



Gary Young
Finance Director

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RPS GROUP PLC
("RPS" or "the Group")

Results for the Year Ended 31 December 2011

Good performance reflecting the Group's diversity and resilience. Excellent cash flow. Balance sheet remains strong.

Summary of Results

	2011	2010
Business Performance		
Revenue (£m)	528.7	461.8
Fee income (£m)	452.7	393.3
PBTA[1] (£m)	50.8	48.0
Adjusted earnings per share [2] (basic) (p)	16.68	15.79
Operating cash flow (£m)	71.1	57.9
Total dividend per share (p)	5.56	4.83
Statutory reporting		
Profit before tax (£m)	40.5	42.5
Earnings per share (basic) (p)	13.49	14.78

Operating Highlights

- diversity of activity and geography enabled the Group to produce results at the top end of market expectations:
  - over two thirds of underlying segment profit earned in growth markets of Energy and energy infrastructure;
  - approaching two thirds of underlying segment profit earned outside Europe;
- excellent conversion of profit to cash, with operating cash flow of £71.1m (2010: £57.9m);
- balance sheet remains strong with year end net bank borrowings at £23.5m (2010: £31.5m) having invested £27.2m in acquisitions during 2011;
- committed bank facilities of £125m available until July 2013;
- proposed full year dividend increased by 15%; eighteenth consecutive annual increase of this scale;
- acquisition strategy continued with five transactions completed in the year.

Notes:

(1) *PBTA is profit before tax, amortisation of acquired intangibles and transaction related costs as defined in note 1*

(2) *Adjusted earnings per share is based on earnings before amortisation of acquired intangibles, transaction related costs and tax credit arising on changes in Australian tax law.*

Brook Land, Chairman, commenting on the results, said:

"RPS remains in a strong position both operationally and financially. Our strategy of investing in markets less affected by economic turbulence, whilst continuing to manage our business carefully in markets where client expenditure is subdued, continues to serve us well. As a result the Group has delivered growth in 2011 and remains on track to produce further growth in 2012. The acquisitions made in 2011 have continued our international diversification. This is a trend we anticipate will continue, further strengthening our prospects".

7 March 2012

ENQUIRIES

RPS Group plc
Dr Alan Hearne, *Chief Executive*
Gary Young, *Finance Director*

Today: 020 7457 2020
Thereafter: 01235 863206

College Hill
Justine Warren
Matthew Smallwood

Tel: 020 7457 2020

RPS is an international consultancy providing independent advice upon: the development of natural resources land and, property; the management of natural and built environments and the health and safety of people. We have offices in the UK, Ireland, the Netherlands, the United States, Canada, Brazil, the Middle East and Australia/Asia Pacific and undertake projects in many other parts of the world. The Group is a constituent of both the FTSE 250 and FTSE4Good Indices.

Results

PBTA was towards the top end of market expectations at £50.8 million (2010: £48.0 million). Adjusted basic earnings per share were 16.68 pence (2010: 15.79 pence). The underlying profit* contribution of each segment was:

(£m)	2011	2010
Energy	32.1	25.3
Built and Natural Environment		
- Europe	18.0	20.2
- Australia Asia Pacific (AAP)	11.0	12.8
	29.0	33.0
Total	61.1	58.2

**underlying profit is segment profit before amortisation of acquired intangible assets, transaction related costs and reorganisation costs as defined in note 1.*

Our Energy activities are largely conducted in respect of projects outside Europe. In combination with our Built and Natural Environment business in Australia Asia Pacific ("AAP") we now have over 70% of our underlying profit being generated outside Europe. This exposes us to higher growth economies and better opportunities. A significant proportion of our Built and Natural Environment activity in both Europe and AAP is in respect of projects to provide the infrastructure necessary to process and deliver energy resources. Consequently, we estimate almost 70% of our underlying profit is now earned in the global Energy and associated infrastructure markets.

Cash Flow, Funding and Dividend

The Group continued its excellent conversion of profit into cash. Operating cash flow was £71.1 million (2010: £57.9 million). Our balance sheet remains strong, with no defined benefit pension schemes or historic pension liabilities. We have bank facilities of £125 million available until July 2013 and the cost of these facilities remains at historically low levels. Net bank borrowings at the year end were £23.5 million (2010: £31.5 million), after investing in acquisitions to the value of £27.2 million (2010: £18.0 million). We are well positioned to continue to fund the Group's growth strategy.

The Board continues to be confident about the Group's financial strength and is recommending a final dividend of 2.9 pence per share payable on 25 May 2012 to shareholders on the register on 13 April 2012. If approved the total dividend for the full year would be 5.56 pence per share, an increase of 15% (2010: 4.83 pence per share). Our dividend has risen at about this rate for eighteen consecutive years.

Markets and Trading

Energy

We provide internationally recognised consultancy services to the oil and gas industries from core bases in the UK, USA, Canada and Australia, with support offices in the Middle East, Asia and Brazil. Projects are undertaken in many other countries, some in difficult political and working environments which provide both market opportunities and operational challenges for us.

	2011	2010
Fee income (£m's)	186.1	146.8
Underlying profit* (£m's)	32.1	25.3
Margin (%)	17.2	17.2

**underlying profit is segment profit before amortisation of acquired intangible assets, transaction related costs and reorganisation costs as defined in note 1.*

Our 2011 results in all parts of the business were encouraging. Conditions in the traditional oil and gas exploration and production (E&P) market improved steadily during the course of 2011. Our clients increased investment globally, albeit in a cost conscious way. Our activities in the Middle East and North Africa were disrupted by unrest and conflicts, particularly in Libya, where we have yet to see any material resumption of activity. Activity levels in the Gulf of Mexico increased during the second half and our performance in both the US and Canada was particularly strong in the year.

The unconventional liquids and gas markets continued to develop strongly. During 2011 we have been particularly active in shale oil and gas in North America, shale gas in Europe and broadened our involvement in coal seam gas in Australia. Our profile in the financial services sector improved and we secured significant "competent persons" commissions and other transaction support work during the year.

Current indications are that global E&P spend in 2012 will exceed that in 2011. Our geographical spread and range of skills and involvement at many stages of the project life cycle gives us exposure to most parts of the international market likely to benefit from this increased investment. The global abundance of gas has reduced gas prices and begun to reduce shale gas activity, particularly in the USA. Our clients' focus has instead moved more towards unconventional liquids, where we are already well positioned. Activity levels in the Gulf of Mexico seem likely to continue to increase in the coming months. Activity in North Africa will eventually recommence. Overall, the Board believes we can look forward to a successful 2012 in this business.

Built and Natural Environment (BNE)

Within these businesses we provide a wide range of consultancy services to many aspects of the property and infrastructure development and management sectors. These include: environmental assessment, the management of water resources, health and safety, risk management, town and country planning, building, landscape and urban design, surveying and transport planning.

2011	Europe	Australia/ Asia Pacific	Total
Fee income (£m's)	178.2	91.0	269.1
Underlying profit* (£m's)	18.0	11.0	29.0
Margin (%)	10.1	12.1	10.8

2010	Europe	Australia/ Asia Pacific	Total
Fee income (£m's)	172.9	76.0	248.8
Underlying profit* (£m's)	20.2	12.8	33.0
Margin (%)	11.7	16.9	13.3

**underlying profit is segment profit before amortisation of acquired intangible assets, transaction related costs and reorganisation costs as defined in note 1.*

BNE: Europe

Bringing together our businesses in Europe is, as anticipated, enabling us both to increase efficiency and generate new market opportunities and has helped to counteract the difficult market conditions in parts of this business, which are likely to continue.

Performance during the course of the year reflected the differing nature of the various markets in which we operate. Activity in the water management sector grew as our clients increased spend in the second year of the UK regulatory cycles. We have improved our position in this market significantly in recent years and have benefitted as a result, despite competitive rate pressure. Our market profile in respect of both the health and safety and risk management markets also enabled us to deliver good results. The commercial property development market remained subdued throughout the year. In consequence, we continued to pursue planning and development opportunities in a range of energy infrastructure markets, such as waste to energy facilities, a range of power station proposals (nuclear, gas and biomass), on and off shore wind farms, pipelines and grid interconnectors. Investment for these projects is more readily available and we have done well to position ourselves to benefit from this, although lack of clarity in the UK Government's energy policy is undoubtedly affecting our clients' investment levels.

Our main exposure to public sector expenditure is in the Netherlands and Ireland. Our Dutch business had a good year, underpinned by the regulatory nature of much of what it does. We continued to downsize our Irish business as needed; as a result it was able to deliver a respectable performance. Since the year end we have exchanged contracts to enable us to dispose of, for 1.5 million Euros, that part of this business which provides facilities management support to clients with manufacturing activity in Ireland. Subject to a TUPE process, this disposal will complete in late March. It will have a minimal effect on the Group's future profitability, but should serve to increase margin in the remainder of the Irish business.

The uncertainties in parts of this business are greater than in other parts of the Group as a result of the subdued economic prospects of the UK and the eurozone. This is likely to continue to create volume and pricing pressures probably limiting our growth opportunity in the current year.

BNE: Australia Asia Pacific

Our recovery from the climatic disruption at the beginning of 2011 continued successfully in the second half. This was due to the ability of our staff in Queensland both to respond to reconstruction investment whilst also focussing their activities on the fast expanding coal seam gas/LNG industry. This shift in market positioning was made possible by the skills, experience and profile of our local staff, coupled with the skills and market knowledge of our international Energy staff. As a result of this combination we have quickly become important suppliers to this fast growing industry. On the west coast we also remain heavily involved in the permitting and licensing of infrastructure to serve the large scale offshore gas exploration projects. Some of these projects have now reached a more mature stage of development. Clients are, as a result, becoming more focussed on cost management; this is affecting project timing and budgets.

We also continued to develop our operations in support of oil, gas and mining projects across Asia. We had particular success in Mongolia supporting our mining clients.

Outside the natural resources sector the Australian economy is less buoyant. As a result the normal commercial development market in Australia remains subdued. However, our re-positioning away from this slower moving part of the economy suggests we will be able to deliver further growth in 2012.

Acquisitions

During the course of 2011 we continued to develop the capability of the Group with five acquisitions. Good progress has been made with the integration of all these businesses. Terranean is now part of BNE: Australia Asia Pacific. The other four businesses now form part of Energy. EHI and ASA, in combination, give us a strong position in the metocean consultancy market in both the US and, together with our existing capability in Australia, internationally. Nautilus provides an excellent platform to expand our provision of technical training to many parts of the oil and gas industry. Espey gives us a platform from which to build a water resources consultancy in the US.

Despite continuing economic uncertainty, we still see markets in which there are growth opportunities and are considering how to develop these organically and with further acquisitions.

Ernst & Young, the Group's auditor, has indicated that it does not agree with the Group's interpretation that IFRS3 (2008) *Business Combinations* contains a rebuttable presumption in respect of the treatment of contingent deferred consideration, relating to transactions completed since 1 January 2010. Ernst & Young's view is that the deferred consideration, due to vendors that is contingent on their continued employment, should be expensed through the profit and loss account, rather than being treated as capital cost, as the Group has done previously. Ernst & Young's review of the Group's 2011 interim results had not raised this as an issue.

In view of this, and given the previous auditors certification of the Group accounts at 31 December 2010, the Group's Audit Committee commissioned an independent opinion from another "big 4" firm. This supported the Group's interpretation of IFRS3 (2008). DLA Piper, the Group's lawyers, were also asked to give an opinion on specific legal matters raised by Ernst & Young concerning the structure of our transactions. DLA also supported the Board's position. Although the RPS Board remains of the view that these contingent deferred consideration payments can be treated as capital costs, as they were in the audited Report and Accounts 2010, the Audit Committee recommended the policy be changed to adopt the Ernst & Young interpretation. The Board accepted this recommendation. The cash position of the Group is unaffected by these changes.

The Audit Committee also considered the impact of this revised treatment on the 2010 accounts and recommended to the Board that the impact is not material as omitting that information from the comparative results in the Report and Accounts 2011 would not influence decisions that were made about the Group. The Board agreed; the 2010 accounts have, therefore, not been restated.

The Board has now modified the Group's acquisition model to enable it to continue to implement its acquisition strategy without having to expense deferred consideration.

Group Prospects

RPS remains well positioned in markets of long term importance to the global economy. Our focus on Energy and energy infrastructure markets provides the Group with a substantial underpin to its prospects. We believe that our strategy of building multi-disciplinary businesses in each of the regions in which we operate to be attractive and achievable. We will, therefore, continue to develop our business organically, whilst seeking further acquisition opportunities. Our balance sheet is strong enough to continue to support this strategy.

We have come through the exceptionally challenging circumstances of the last three years in a strong position. We were able to deliver growth in 2011 and remain on track to produce further growth in 2012. The acquisitions made in 2011 have continued our international diversification. This is a trend we anticipate will continue, further strengthening our prospects.

Board of Directors
RPS Group plc
7 March 2012

Consolidated income statement

£000's	Notes	year ended 31 December 2011	year ended 31 December 2010
Revenue	2	528,710	461,830
Recharged expenses	2	(75,981)	(68,568)
Fee income	2	452,729	393,262
Operating profit before amortisation of acquired intangibles and transaction related costs	1,2,3	53,045	51,833
Amortisation of acquired intangibles and transaction related costs	1,3	(10,361)	(5,524)
Operating profit		42,684	46,309
Finance costs	4	(2,541)	(4,025)
Finance income	4	308	185
Profit before tax, amortisation of acquired intangibles and transaction related costs		50,812	47,993
Profit before tax		40,451	42,469
Tax expense	5	(11,340)	(10,733)
Profit for the year attributable to equity holders of the parent		29,111	31,736
Basic earnings per share (pence)	6	13.49	14.78
Diluted earnings per share (pence)	6	13.40	14.69
Adjusted basic earnings per share (pence)	6	16.68	15.79
Adjusted diluted earnings per share (pence)	6	16.56	15.69

Consolidated statement of comprehensive income

£000's	year ended 31 December 2011	year ended 31 December 2010
Profit for the year	29,111	31,736
Exchange differences	(811)	6,978
Tax recognised directly in equity	-	85
Total recognised comprehensive income for the year attributable to equity holders of the parent	28,300	38,799

Consolidated balance sheet

£000's	Notes	as at 31 December 2011	as at 31 December 2010
Assets			
Non-current assets:			
Intangible assets		329,112	314,621
Property, plant and equipment		30,070	28,107
Investments		41	447
		359,223	343,175
Current assets:			
Trade and other receivables		171,751	158,766
Cash at bank		25,989	13,933
		197,740	172,699
Liabilities			
Current liabilities:			
Borrowings		2,959	1,744
Deferred consideration	*10*	10,327	9,873
Trade and other payables		109,496	86,971
Corporation tax liabilities		3,331	2,618
Provisions		3,903	1,768
		130,016	102,974
Net current assets		67,724	69,725
Non-current liabilities:			
Borrowings		46,554	43,726
Deferred consideration	*10*	-	8,661
Other payables		1,665	1,052
Deferred tax liability		11,594	11,291
Provisions		2,684	3,177
		62,497	67,907
Net assets		364,450	344,993
Equity			
Share capital		6,544	6,516
Share premium		103,717	101,941
Other reserves	*7*	43,299	45,581
Retained earnings		210,890	190,955
Total shareholders' equity		364,450	344,993

Consolidated cash flow statement

£000's	*Notes*	year ended 31 December 2011	year ended 31 December 2010
Cash generated from operations	8	71,053	57,874
Interest paid		(2,373)	(4,507)
Interest received		308	185
Income taxes paid		(12,781)	(14,384)
Net cash from operating activities		56,207	39,168
Cash flows from investing activities:			
Purchases of subsidiaries net of cash acquired		(17,090)	(4,418)
Deferred consideration		(8,827)	(13,626)
Purchase of property, plant and equipment		(9,024)	(6,856)
Sale of property, plant and equipment		362	3,193
Dividends received		256	116
Net cash used in investing activities		(34,323)	(21,591)
Cash flows from financing activities:			
Proceeds from issue of share capital		179	229
Purchase of own shares		(356)	-
Proceeds from/(repayments) of bank borrowings		2,222	(5,022)
Payment of finance lease liabilities		(1,410)	(1,491)
Dividends paid		(11,233)	(9,710)
Payment of pre-acquisition dividend		(402)	(694)
Net cash used in financing activities		(11,000)	(16,688)
Net increase in cash and cash equivalents		10,884	889
Cash and cash equivalents at beginning of year		13,933	13,691
Effect of exchange rate fluctuations		(359)	(647)
Cash and cash equivalents at end of year		24,458	13,933
Cash and cash equivalents comprise:			
Cash at bank		25,989	13,933
Bank overdraft		(1,531)	-
Cash and cash equivalents at end of year	8	24,458	13,933

Consolidated statement of changes in equity

£000's	Share capital	Share premium	Retained earnings	Other reserves	Total equity
At 1 January 2010	6,457	98,238	169,254	39,519	313,468
Changes in equity during 2010:					
Total comprehensive income	-	-	31,821	6,978	38,799
Issue of new ordinary shares	59	3,703	(2,036)	(916)	810
Share based payment expense	-	-	1,626	-	1,626
Dividends paid	-	-	(9,710)	-	(9,710)
At 31 December 2010	6,516	101,941	190,955	45,581	344,993
Changes in equity during 2011:					
Total comprehensive income	-	-	29,111	(811)	28,300
Issue of new ordinary shares	28	1,776	(509)	(1,115)	180
Purchase of own shares	-	-	-	(356)	(356)
Share based payment expense	-	-	2,431	-	2,431
Tax recognised directly in equity	-	-	135	-	135
Dividends paid	-	-	(11,233)	-	(11,233)
At 31 December 2011	6,544	103,717	210,890	43,299	364,450

An analysis of other reserves is provided in note 7.

Notes to the results

1. Basis of preparation

The financial information attached has been extracted from the audited financial statements for the year ended 31st December 2011 and has been prepared under International Financial Reporting Standards (IFRS) adopted by the EU and IFRIC interpretations issued and effective at the time of preparing those financial statements.

The Group has augmented its accounting policy in respect of deferred consideration and added policies in respect of negative goodwill and operating profit as set out below. Otherwise, the accounting policies used are the same as set out in detail in the Report and Accounts 2010. The accounting policies used have been applied consistently to all periods presented in these financial statements.

Deferred consideration

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

i IFRS 3 (2004)

At the date of acquisition, deferred consideration is stated at the fair value of the total consideration outstanding. In these cases all deferred consideration has been treated as part of the cost of investment. At each balance sheet date deferred consideration comprises the fair value of the remaining deferred consideration value at acquisition.

ii IFRS 3 (2008)

Where the payment of deferred consideration is not contingent upon the continuing employment of the vendors by the Group, deferred consideration is treated in the same way as under IFRS 3 (2004).

Where the payment of deferred consideration is contingent upon the continuing employment of vendors by the Group, it is treated as a remuneration expense and accounted for as an employment benefit under IAS 19. A charge is made through the consolidated income statement as a cost of employment. The cost associated with each payment is accrued over the period it is earned. At each balance sheet date the contingent deferred consideration balance comprises the accrual for the unsettled remuneration expense to date.

Contingent deferred consideration treated as remuneration is included in the cash flow statement as deferred consideration.

Negative goodwill

Negative goodwill arises where the purchase price of acquisitions for accounting purposes is less than the fair value of the net assets acquired and is immediately credited to the consolidated income statement in accordance with IFRS 3 (2008).

Operating profit

The Board has disclosed four non statutory performance measures as part of the Consolidated Income Statement. These are "Operating profit before amortisation of acquired intangibles and transaction related costs", "Profit before tax, amortisation of acquired intangibles and transaction related costs", "Adjusted basic earnings per share" and "Adjusted diluted earnings per share".

The Board considers these to be more meaningful measures of business performance than the statutory measures "Operating profit", "Profit before tax", "Basic earnings per share" and "Diluted earnings per share".

The Board has also shown in note 2 segment "underlying profit" which is segment result before reorganisation costs and amortisation of acquired intangibles and transaction related costs. The Board considers this measure to be a more meaningful measure of performance than the measure "segment result".

(i) Amortisation of acquired intangibles and transaction related costs (note 3)
This classification of income and expense comprises amortisation of acquired intangibles, deferred consideration payments that are contingent on continuing employment and are treated as remuneration, negative goodwill that has been credited to the income statement, gain on revaluation to fair value of investment in associate upon acquisition of all outstanding share capital and third party transaction related costs.

(ii) Reorganisation costs (note 2)
This classification of income and expense comprises costs arising as a consequence of reorganisation including redundancy costs, profit or loss on disposal of plant, property and equipment, the costs of consolidating office space and rebranding costs.

An explanation of adjusted earning per share is given in note 6.

2. **Business segments**

As announced on 3 November 2011, the Group merged Planning and Development (UK and Ireland) and Environmental Management. The business segments of the Group are as follows:

Built and Natural Environment ("BNE") – consultancy services advising on all aspects of the built and natural environment including the provision of energy infrastructure, planning and development, engineering, design and surveying, environmental assessment and management, and risk management. Consulting services are provided on a regional basis in Europe and Australia Asia Pacific ("AAP").

Energy – the provision of integrated technical, commercial and project management support in the fields of geo-science, engineering and health, safety and environment, on a global basis, to the energy sector.

Segment results for the year ended 31 December 2011

£'000	Fees	Recharged expenses	Inter-segment revenue	External revenue
Built and Natural Environment				
Europe	178,215	24,548	(1,935)	200,828
AAP	90,992	15,451	(945)	105,498
Intra BNE eliminations	(89)	-	89	-
Total BNE	269,118	39,999	(2,791)	306,326
Energy	186,117	36,619	(352)	222,384
Group eliminations	(2,506)	(637)	3,143	-
Total	452,729	75,981	-	528,710

£'000	Underlying profit	Reorganisation costs	Amortisation of acquired intangibles and transaction related costs	Segment Result
Built and Natural Environment				
Europe	18,002	(1,572)	(1,365)	15,065
AAP	11,017	(103)	(4,769)	6,145
Total BNE	29,019	(1,675)	(6,134)	21,210
Energy	32,099	(77)	(4,227)	27,795
Total	61,118	(1,752)	(10,361)	49,005

Segment results for the year ended 31 December 2010

£'000	Fees	Recharged expenses	Inter-segment revenue	External revenue
Built and Natural Environment				
Europe	172,873	26,836	(1,902)	197,807
AAP	76,032	12,096	(951)	87,177
Intra BNE eliminations	(76)	-	76	-
Total BNE	248,829	38,932	(2,777)	284,984
Energy	146,754	30,252	(160)	176,846
Group eliminations	(2,321)	(616)	2,937	-
Total	393,262	68,568	-	461,830

£'000	Underlying profit	Reorganisation costs	Amortisation of acquired intangibles and transaction related costs	Segment Result
Built and Natural Environment				
Europe	20,156	86	(1,224)	19,018
AAP	12,826	(1,161)	(2,513)	9,152
Total BNE	32,982	(1,075)	(3,737)	28,170
Energy	25,263	(192)	(1,787)	23,284
Total	58,245	(1,267)	(5,524)	51,454

Group reconciliation

£'000	2011	2010
Revenue	528,710	461,830
Recharged expenses	(75,981)	(68,568)
Fees	452,729	393,262
Underlying profit	61,118	58,245
Reorganisation costs (note 1)	(1,752)	(1,267)
Unallocated expenses	(6,321)	(5,145)
Operating profit before amortisation of acquired intangibles and transaction related costs (note 1)	53,045	51,833
Amortisation of acquired intangibles and transaction related costs (note 1)	(10,361)	(5,524)
Operating profit	42,684	46,309
Finance costs	(2,233)	(3,840)
Profit before tax	40,451	42,469

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

	Revenue		Fees	
£'000	2011	2010	2011	2010
UK	234,344	210,444	198,884	180,224
Ireland	44,365	49,527	37,050	40,690
Australia	129,501	110,712	110,561	93,152
USA	46,573	35,019	41,993	32,349
Netherlands	28,092	25,867	24,393	22,918
Canada	38,285	26,718	32,454	20,422
Other	7,550	3,543	7,394	3,507
Total	528,710	461,830	452,729	393,262

3. Amortisation of acquired intangibles and transaction related costs

£000's	year ended 31 Dec 2011	year ended 31 Dec 2010
Amortisation of acquired intangibles	10,839	5,524
Contingent deferred consideration treated as remuneration	9,256	-
Negative goodwill	(9,067)	-
Revaluation of investment in associate	(1,490)	-
Acquisition costs	823	-
Total	10,361	5,524

4. Net financing costs

£000's	year ended 31 Dec 2011	year ended 31 Dec 2010
Finance costs:		
Interest on loans, overdraft and finance leases	(1,710)	(3,079)
Interest imputed on deferred consideration	(190)	(241)
Interest payable on deferred consideration	(641)	(705)
	(2,541)	(4,025)
Finance income:		
Deposit interest receivable	308	185
Net financing costs	(2,233)	(3,840)

5. Income taxes

Analysis of the tax expense in the income statement for the year:

£000's	year ended 31 Dec 2011	year ended 31 Dec 2010
Current tax		
UK corporation tax	4,679	5,706
Foreign tax	8,524	5,092
	13,203	10,798
Deferred tax:		
Origination and reversal of timing differences	(1,687)	20
Effect of change in tax rate	(176)	(85)
	(1,863)	(65)
Tax expense for the year	11,340	10,733
Tax credit in equity for the year	(135)	(85)

The tax expense for the year can be reconciled to the profit shown in the consolidated income statement as follows:

£000's	2011	2010
Profit before tax	40,451	42,469
Tax at the UK effective rate of 26.5% (2010: 28%)	10,720	11,891
Expenses not deductible for tax purposes	627	259
Revaluation of investment in associate not taxable	(395)	-
Negative goodwill not taxable	(2,403)	-
Acquisition consideration treated as remuneration not deductible for tax purposes	2,453	-
Different tax rates applied in overseas jurisdictions	1,123	659
Effect of change in tax rates	(249)	(85)
Effect of change in Australian tax law	(238)	(1,754)
Prior year adjustments	(298)	(237)
Total tax expense for the year	11,340	10,733

The Group's effective tax rate reduced to 26.5% in 2011 as the UK rate of corporation tax reduced from 28% to 26% on 1 April 2011.

Tax Laws Amendment (2010 Measures No.1) Act 2010 was enacted in Australia during July 2010 and amends the tax treatment of certain assets acquired in business combinations. The impact is to retrospectively reduce the income tax liability for the head company of the Australian tax group for the years ended 31 December 2007 and 2009 when acquisitions entered the tax group. The tax expense for 2011 is reduced by £238,000 (2010: £1,754,000) in relation to the impact of this legislation.

The Budget announced by the Chancellor of the Exchequer on 23 March 2011 included changes to the main rates of tax for UK companies. The main rate of corporation tax will reduce to 25% from 1 April 2012. The reduction to 25% is included in the Finance (No.3) Bill 201-11. This change of rate became substantively enacted for the purposes of IAS12 - 'Income Taxes' on 5 July 2011 when the bill received its third reading in the House of Commons. The group has remeasured its UK deferred tax assets and liabilities at the end of the reporting period at 25%. This has resulted in recognition of a deferred tax credit of £176,000 in the income statement and recognition of a deferred tax credit of £216,000 in equity.

The Chancellor has also announced his intention to reduce the rate of corporation tax by 1% per year to 23% by 1 April 2014. As these changes have not been substantively enacted at 31

December 2011 they have not been recognised in the financial statements. Had these changes been enacted, the cumulative effects would have been credits to the income statement of £91,000 (24%), or £182,000 (23%), and credits to equity of £179,000 (24%) or £358,000 (23%).

6. **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:

£000's / 000's	year ended 31 Dec 2011	year ended 31 Dec 2010
Profit attributable to ordinary shareholders	29,111	31,736
Weighted average number of ordinary shares for the purposes of basic earnings per share	215,727	214,737
Effect of employee shares schemes	1,547	1,311
Diluted weighted average number of ordinary shares	217,274	216,048
Basic earnings per share (pence)	13.49	14.78
Diluted earnings per share (pence)	13.40	14.69

The directors consider that earnings per share before amortisation of acquired intangibles and transaction related costs and the impact of the change in Australian tax law provides a more meaningful measure of the Group's performance than statutory earnings per share. The calculations of adjusted earnings per share were 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, transaction related costs and the tax thereon and the change in Australian tax law as shown in the table below:

£000's	year ended 31 Dec 2011	year ended 31 Dec 2010
Profit attributable to ordinary shareholders	29,111	31,736
Amortisation of acquired intangibles and transaction related costs (note 3)	10,361	5,524
Tax on amortisation of acquired intangibles and transaction related costs	(3,256)	(1,598)
Change in Australia tax law (note 5)	(238)	(1,754)
Adjusted profit attributable to ordinary shareholders	35,978	33,908
Adjusted basic earnings per share (pence)	16.68	15.79
Adjusted diluted earnings per share (pence)	16.56	15.69

7. Other reserves

£000's	Merger reserve	Employee trust	Translation reserve	Total
At 1 January 2010	20,687	(4,419)	23,251	39,519
Changes in equity during 2010:				
Exchange differences	-	-	6,978	6,978
Issue of new shares	569	(1,485)	-	(916)
At 31 December 2010	21,256	(5,904)	30,229	45,581
Changes in equity during 2011:				
Exchange differences	-	-	(811)	(811)
Issue of new shares	-	(1,115)	-	(1,115)
Purchase of own shares	-	(356)	-	(356)
At 31 December 2011	21,256	(7,375)	29,418	43,299

8. Notes to the consolidated cash flow statement

£000's	year ended 31 Dec 2011	year ended 31 Dec 2010
Operating profit	42,684	46,309
Adjustments for:		
Depreciation	8,032	7,556
Amortisation of acquired intangibles	10,839	5,524
Negative goodwill	(9,067)	-
Contingent consideration treated as remuneration	9,256	-
Share based payment expense	2,431	1,626
Loss/(profit) on sale of property, plant and equipment	27	(1,579)
Share of profit of associates	(24)	(335)
Revaluation of investment in associate	(1,490)	-
	62,688	59,101
Increase in trade and other receivables	(3,924)	(7,981)
Increase in trade and other payables	12,289	6,754
Cash generated from operations	71,053	57,874

The table below provides an analysis of net borrowings, comprising cash and cash equivalents, interest bearing bank loans and finance leases, during the year ended 31 December 2011

£000's	At 31 Dec 2010	Cash flow	Acquisitions	Foreign exchange	At 31 Dec 2011
Cash and cash equivalents	13,933	10,884	-	(359)	24,458
Bank loans	(41,816)	(2,222)	(1,239)	(428)	(45,705)
Finance lease creditor	(3,654)	1,410	-	(32)	(2,276)
Net borrowings	(31,537)	10,072	(1,239)	(819)	(23,523)

The cash balance includes £3,304,000 (2010: £1,079,000) that is restricted in its use.

9. Acquisitions

The Group has completed the following acquisitions to strengthen and broaden the skill base of the Group during 2011:

Entity acquired	Date of acquisition	Place of incorporation	Percentage of entity acquired	Nature of business acquired
Evans Hamilton Inc	17 Feb	USA	100%	Oceanographic consultancy
Nautilus Group	1 Mar	UK/USA	100%	Training
Terranean Mapping Technology Pty	31 Mar	Australia	50%	Surveying
Espey Consultants Inc	12 Oct	USA	100%	Water consultancy
Applied Science Associates Inc	27 Oct	USA	100%	Oceanographic consultancy

The Group has allocated provisional fair values to the net assets of its acquisitions as it did not have complete information at the date of approval of these accounts. Details of the carrying values of the acquired net assets, the provisional fair values assigned to them by the Group and the fair value of consideration are as follows:

£000's	EHI	TMT	Nautilus	Espey	ASA	Total
Intangible assets:						
Order book	287	129	2,163	165	361	3,105
Customer relationships	2,618	832	15,954	1,268	1,557	22,229
Intellectual property	-	303	-	-	2,198	2,501
Trade names	-	-	704	108	-	812
Non compete agreements	-	-	547	-	-	547
Software	-	-	-	-	1,121	1,121
PPE	448	175	82	135	559	1,399
Cash	473	239	2,640	103	494	3,949
Other assets	1,015	479	3,919	1,907	3,520	10,840
Borrowings	(1,168)	(42)	-	(29)	-	(1,239)
Other liabilities	(2,263)	(916)	(10,322)	(984)	(2,468)	(16,953)
Net assets acquired	1,410	1,199	15,687	2,673	7,342	28,311
Positive goodwill	1,462	1,632	-	-	-	3,094
Negative goodwill	-	-	(5,137)	(391)	(3,139)	(8,667)
Consideration treated as capital	2,872	2,831	10,550	2,282	4,203	22,738
Satisfied by:						
Fair value of original investment	-	1,699	-	-	-	1,699
Initial cash consideration	2,872	1,132	10,550	2,282	4,203	21,039
Deferred consideration	-	-	-	-	-	-
Consideration treated as capital	2,872	2,831	10,550	2,282	4,203	22,738
Contingent deferred consideration treated as remuneration	2,530	567	8,061	1,501	4,203	16,862
Total consideration	5,402	3,398	18,611	3,783	8,406	39,600

Positive goodwill arising of £3,094,000 represents the value of the accumulated workforce associated with these acquisitions. There is tax deductible goodwill arising of £3,647,000.

The total fair value of receivables acquired was £8,570,000. The gross contractual receivables acquired were £8,736,000 and £166,000 was estimated irrecoverable.

The vendors of the acquired companies have entered into warranty arrangements with the Group. The total undiscounted cash flow that could be receivable by the Group is between £nil and £8,570,000. The Group does not expect that these warranties will become receivable and therefore has not recognised an indemnification asset on acquisition.

The Group previously held a 50% investment in Terranean Mapping Technology Pty and has acquired the remaining 50% in 2011. The gain recognised on the revaluation to fair value of RPS's original 50% holding in that company was £1,490,000. This is included within "amortisation of acquired intangibles and transaction related costs".

The Group incurred acquisition-related costs of £823,000, which have been expensed through the consolidated income statement and included within "amortisation of acquired intangibles and transaction related expenses". In 2010, acquisition costs of £324,000 were incurred and included within "reorganisation costs".

The contribution of the acquisitions to the Group's results for the year is given below:

£000's	Revenue	Operating profit
EHI	3,628	(62)
Nautilus	12,645	531
TMT	2,513	277
Espey	1,221	60
ASA	1,142	98
	21,149	904

The proforma Group revenue and operating profit assuming all acquisitions had been completed on the first day of the year would have been £542,193,000 and £38,289,000 respectively.

IFRS 3 (2008) "Business Combinations" became applicable to the Group with effect from 1st January 2010. The Group reviewed the requirements of this standard and determined that deferred consideration could continue to be treated as consideration for the acquisition and therefore capitalised. In 2011 the Group's new auditors, who interpret this standard differently, advised the Group that the deferred consideration that was contingent on continuing employment should be recognised as a remuneration charge through the Consolidated Income Statement rather than be capitalised.

This revised treatment of deferred consideration impacts the Group accounts in the following ways:

1. In respect of 2010 acquisitions the Group has derecognised the deferred consideration payable that was previously shown in the balance sheet on the date of acquisition of subsidiaries. The value of goodwill has been reduced by a corresponding amount since deferred consideration is no longer considered part of the cost of investment;
2. For those acquisitions in 2010 and 2011 where the fair value of the net assets acquired is greater than the consideration transferred, the Group has recognised negative goodwill through the consolidated income statement; and
3. A remuneration charge has been recognised through the consolidated income statement and a corresponding accrual has been recognised in the balance sheet under "deferred consideration".

The Group has calculated the impact of this revised treatment on the 2010 accounts and has determined that it is not material as omitting that information from the comparative results in the Report and Accounts for 2011 would not influence the decisions that users make about the Group. Therefore the 2010 accounts have not been restated and the impact has been included in the 2011 accounts.

A reconciliation of the goodwill movement in 2011 in respect of the acquisitions in 2010 and 2011 is given in the table below.

£000's	HIB	Aquaterra	Boyd	EHI	TMT
Goodwill at 1 January 2011	379	4,409	3,720	-	-
Additions through acquisition	-	-	-	1,462	1,632
Adjustments to opening balance sheet	3	(295)	-	-	-
Reclassification of deferred consideration	(169)	(3,550)	(3,720)	-	-
Foreign exchange gains and losses	-	(408)	-	47	37
Goodwill at 31 December 2011	213	156	-	1,509	1,669

There were no accumulated impairment losses at the beginning or the end of the period.

The total reduction to goodwill as a result of the reclassification of deferred consideration in respect of the 2010 acquisitions, HIB, Aquaterra and Boyd is £7,439,000.

The negative goodwill recognised on 2011 acquisitions was £8,667,000 and together with the negative goodwill recognised on Boyd of £400,000 the total credit to the Consolidated Income Statement in respect of negative goodwill in 2011 was £9,067,000.

10. Deferred consideration

£000s	As at 31 December 2011	As at 31 December 2010
Amount due within one year	10,327	9,873
Amount due between one and two years	-	7,530
Amount due between two and five years	-	1,131
Total deferred consideration	10,327	18,534
Less amount due for settlement within 12 months	(10,327)	(9,873)
Amount due for settlement after 12 months	-	8,661

The amount due as at 31 December 2011 includes contingent deferred consideration remuneration expense accrued, but not paid, totalling £5,697,000 (31 December 2010: £nil).

11. Commitments and contingencies

The Group has completed a number of acquisitions since 1 January 2010 where deferred consideration payments to vendors are contingent on the vendors' continued employment with the Group and so are recognised as employment costs over the deferred consideration period. The Group consider it probable that these deferred consideration payments will be paid.

The total cash commitments in respect of contingent deferred consideration that the Group expects to settle and the estimated remuneration charge for each financial year assuming exchange rates remain constant, are disclosed in the table below:

£000s	Cash commitment	Remuneration charge
2012	10,341	8,879
2013	7,760	5,962
2014	3,563	1,126
	21,664	15,967

The balance sheet at 31st December 2011 includes, within deferred consideration amount due within one year, contingent deferred consideration remuneration expense accrued but not paid totalling £5,697,000.

12. **Post balance sheet events**

Since the year end the Group has exchanged contracts to dispose of that part of Built and Natural Environment Europe, which provides facilities management support to clients in Ireland. The consideration for the goodwill and contracts is €1,500,000. Certain other assets of the business will be sold at net book value whilst trade receivables will be retained and certain liabilities will be assumed by the acquirer. All staff engaged directly in this business are expected to transfer to the acquirer. Subject to a TUPE process, this disposal will complete in late March.

13.

The financial information set out above does not constitute the company's full statutory accounts for the year ended 31 December 2011 for the purposes of section 435 of the Companies Act 2006, but it is derived from those accounts. The auditors have reported on those accounts; their report was unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under s498(2) or (3) Companies Act 2006. Statutory accounts for 2010 have been delivered to the Registrar of Companies. The auditors have reported on those accounts; their report was unqualified and did not include an emphasis of matter statement. The auditor's report did not contain statements under the Companies Act 2006, s498 (2) or (3).

14.

This announcement has been posted on the Company's website at www.rpsgroup.com. It is expected that the annual report and accounts will be posted to shareholders on or before 30 March 2012 and a copy will be posted on the Company's website at that time. Further copies may be obtained after that date from the Company Secretary, RPS Group plc, Centurion Court, 85 Milton Park, Abingdon, Oxfordshire OX14 4RY.

15.

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. The principal risks and uncertainties for the Group will be described in the Group's Report and Accounts. These risks include the continuing uncertainty in global economic outlook which inevitably increases the risks to which the Group is exposed, a material adverse occurrence preventing the business from operating, the failure to recruit and retain employees of appropriate calibre, reputational risk if our project delivery performance falls short of expectations, failure to comply with legislation or regulation, failure to integrate acquisitions, failure to replace bank facilities and risks related to health, safety and the environment.

Responsibility statement of the Directors in respect of the Report and Accounts 2011

The Directors confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with the 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 the Group faces.

Forward looking statements

This announcement 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. Nothing in this announcement should be construed as a profit forecast.