

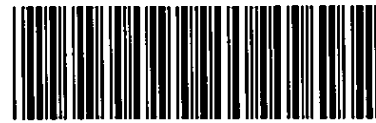
The Environmental Consultancy Limited

Report and Financial Statements

Year Ended

31 December 2006

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Registered number 1470149

The Environmental Consultancy Limited

Annual report and financial statements for the year ended 31 December 2006

Contents

Page:

- 1 Report of the directors
 - 4 Report of the independent auditors
 - 6 Profit and loss account
 - 7 Statement of total recognised gains and losses
 - 8 Balance sheet
 - 9 Notes forming part of the financial statements
-

Directors

P B Downen
A S Hearne
A R G Troup
G R Young

Secretary and registered office

A S J Rigby, Centurion Court, 85 Milton Park, Abingdon, Oxfordshire, OX14 4RY

Company number

1470149

Auditors

BDO Stoy Hayward LLP, 8 Baker Street, London, W1U 3LL

The Environmental Consultancy Limited

Report of the directors for the year ended 31 December 2006

The directors present their report together with the audited financial statements for the year ended 31 December 2006

Review of the business

The profit and loss account is set out on page 6 and shows the turnover for the year of £104.3 million and operating profit for the year of £15.2 million. The balance sheet is set out on page 8 and at the end of the year net assets were £25.9 million, an increase of £2.9 million.

Turnover increased by 33% combining organic growth from the company's existing businesses and turnover from acquired businesses. All core sectors performed well. Turnover was predominantly in the UK as shown in the segment analysis at note 2 to the accounts.

The company's principal activity is consultancy providing advice on the development of land and property, the management of the environment and the health and safety of people. The company enjoys a leading position in many of its markets and in 2006 has retained its position as the leading planning consultancy in the UK. The acquisition of Burks Green & Partners Limited, a multi-disciplinary architectural and engineering practice, in July 2006 has significantly enhanced the company's expertise in architecture and engineering.

Profit before tax increased by 56%. 119 additional staff were employed during the year and staff costs increased by £8.8 million.

An interim dividend of £900 per share (2005: £600) totalling £9 million was paid to ordinary shareholders during the year.

Principal risks and uncertainties

The principal risks facing the company are described below.

Business strategy – the risk of not delivering the company's long term strategy. Principal risks of the company 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 the failure of IT systems and the recruitment and retention of key staff.

Financial / commercial – the risk of performance falling short of expectations. This includes reputational risk linked to the quality of work and liability risk not covered by professional indemnity insurance.

Compliance – the risk of failing to comply with all relevant legislation and regulations. The main areas of risk to the company include legal action from compliance failures.

Health, safety and environment – the risk related to the safety of staff, clients, sub-contractors, members of the public and the environment.

Charitable and political contributions

During the year the company made charitable contributions of £4,786 (2005: £9,559). There were no political contributions.

The Environmental Consultancy Limited

Report of the directors for the year ended 31 December 2006 (*Continued*)

Equal Opportunities

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

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

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

The Environmental Consultancy's policy on equal opportunities covers all areas of discrimination. We seek to comply with the Sex Discrimination Act, the Race Relations Act, the Disability Discrimination Act, Equal Pay Acts and the Protection from Harassment Act in the UK and similar legislation in other countries in which we operate.

Policy and practice on the payment of creditors

The company has due regard to the payment terms of suppliers and settles all undisputed accounts in accordance with payment terms agreed with the supplier.

The number of average days purchases of the company represented by trade creditors at 31 December 2006 was 36 (2005: 41).

Directors

The directors of the company during the year were

P B Downen
A S Hearne
A R G Troup
G R Young

No director had any beneficial interest in the share capital of the company. All directors were also directors of RPS Group PLC, the ultimate parent undertaking, and their interests in the share capital of the group are disclosed in that company's financial statements.

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 year. In preparing those 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,

The Environmental Consultancy Limited

Report of the directors for the year ended 31 December 2006 (*Continued*)

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

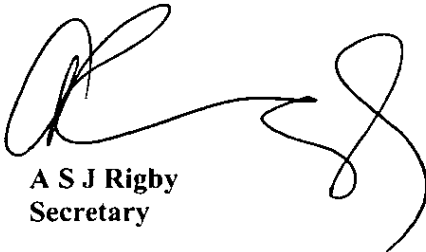
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purpose of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

Auditors

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the annual general meeting.

By order of the board



A S J Rigby
Secretary

25th October 2007

The Environmental Consultancy Limited

Report of the independent auditors

To the shareholders of The Environmental Consultancy Limited

We have audited the financial statements of The Environmental Consultancy Limited for the year ended 31 December 2006 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the report of the directors is consistent with those financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

Basis of audit opinion

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

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

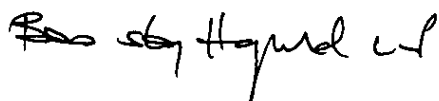
The Environmental Consultancy Limited

Report of the independent auditors (*continued*)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the report of the directors is consistent with the financial statements



BDO STOY HAYWARD LLP

Chartered Accountants and
Registered Auditors
8 Baker Street,
London,
W1U 3LL

25th October 2007

The Environmental Consultancy Limited

Profit and loss account for the year ended 31 December 2006

	Note	2006 £'000	2005 £'000
Turnover	2	104,349	78,592
Cost of sales		(63,723)	(44,913)
Gross profit		40,626	33,679
Administrative expenses		(25,438)	(23,895)
Operating profit	3	15,188	9,784
Other interest receivable and similar income	5	2	4
Interest payable and similar charges	6	(95)	(92)
Profit on ordinary activities before taxation		15,095	9,696
Taxation on profit on ordinary activities	7	(3,183)	(1,771)
Profit on ordinary activities after taxation		11,912	7,925

All amounts relate to continuing activities

The notes on pages 9 to 24 form part of these financial statements

The Environmental Consultancy Limited

Statement of Total Recognised Gains and Losses for the year ended 31 December 2006

	2006 £'000	2005 £'000
Profit for the financial year	11,912	7,925
Exchange differences on overseas branch	5	-
Total recognised gains and losses for the financial year	11,917	7,925

The notes on pages 9 to 24 form part of these financial statements

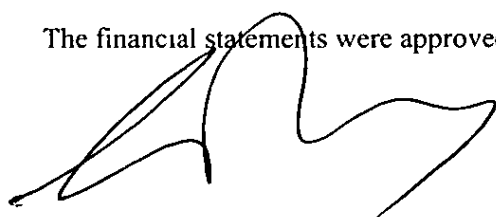
There are no material differences between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents

The Environmental Consultancy Limited

Balance sheet at 31 December 2006

	Note	2006 £'000	2006 £'000	2005 £'000	2005 £'000
Fixed assets					
Intangible assets	9		22,825		24,157
Tangible assets	10		3,747		3,231
			<hr/>		<hr/>
			26,572		27,388
Current assets					
Debtors	11	40,067		34,529	
Cash at bank and in hand		1,917		244	
		<hr/>		<hr/>	
		41,984		34,773	
Creditors: amounts falling due within one year	12	40,016		33,359	
		<hr/>		<hr/>	
Net current assets			1,968		1,414
			<hr/>		<hr/>
Total assets less current liabilities			28,540		28,802
Creditors: amounts falling due after more than one year	13	909		3,778	
Provision for liabilities and charges	14	1,720		2,030	
		<hr/>		<hr/>	
			2,629		5,808
			<hr/>		<hr/>
			25,911		22,994
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	15		10		10
Profit and loss account	17		25,896		22,984
Translation reserve	17		5		-
			<hr/>		<hr/>
Equity shareholders' funds			25,911		22,994
			<hr/>		<hr/>

The financial statements were approved and authorised for issue by the Board on 25th October 2007



G R Young
Director

The notes on pages 9 to 24 form part of these financial statements

The Environmental Consultancy Limited

Notes forming part of the financial statements for the year ended 31 December 2006

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards

The following principal accounting policies have been applied

Changes in Accounting Policy

The company has adopted FRS 20, "Share Based Payments" in these financial statements. The adoption of this standard represents a change in accounting policy. There has been no impact on the comparative numbers and so no restatement is necessary.

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1, "Cash Flow Statements (Revised 1996)" not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by RPS Group PLC and the company is included in consolidated financial statements.

Goodwill

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

Turnover

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 that 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.

Provisions

A provision is recognised in the balance sheet when the company 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.

Pension costs

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

The Environmental Consultancy Limited

Notes forming part of the financial statements for the year ended 31 December 2006 (*Continued*)

1 Accounting policies (*continued*)

Depreciation

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

Alterations to leasehold premises	-	over length of lease
Motor vehicles	-	25% per annum on cost
Fixtures, fittings and office Machinery	-	12.5% - 33.3% per annum on cost

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss.

The results of the overseas branch operations are translated at the average rates of exchange during the year and their balance sheets translated into sterling at the rates of exchange ruling on the balance sheet dates. Exchange differences which arise from translation of the opening net assets are taken to reserves.

Accrued holiday pay

Provision is made at each balance sheet date for holidays accrued but not taken at the salary of the relevant employee at that date.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Leased assets

Where assets are financed by 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 analysed between capital and interest components. The interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

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 term of the lease.

Employee Benefit Trust

The assets and liabilities of the EBT are recognised as assets and liabilities of the company.

The Environmental Consultancy Limited

Notes forming part of the financial statements for the year ended 31 December 2006 (Continued)

2 Turnover

Analysis by geographical market

	2006 £'000	2005 £'000
<i>By origin and by destination</i>		
United Kingdom	101,696	77,935
Eire	722	29
Other European Countries	1,014	350
America and Canada	145	144
Australia and Asia	21	16
Middle East	68	117
Africa	484	-
Rest of World	199	1
	<hr/> 104,349	<hr/> 78,592

The information in respect of profit before tax and net assets required to be disclosed by Statement of Standard Accounting Practice 25, "Segmental reporting" has not been provided as, in the opinion of the directors, such disclosure would be seriously prejudicial to the interests of the company

Turnover is wholly attributable to the principal activity of the company

The turnover and operating profit from continuing operations include the results of entities acquired in the year which have been partially or wholly absorbed into other group offices and for which it is not practicable to provide the results or an estimate of the results of the acquired entity

3 Operating profit

	2006 £'000	2005 £'000
This is arrived at after charging		
Depreciation of tangible fixed assets	1,562	1,788
Amortisation of positive goodwill	1,333	1,327
Amortisation of other intangible fixed assets	-	135
Hire of plant and machinery – operating leases	1,220	994
Hire of other assets – operating leases	2,817	2,549
	<hr/> 104,349	<hr/> 78,592

The audit fee is dealt with on a group basis in the RPS Group PLC consolidated accounts

The Environmental Consultancy Limited

Notes forming part of the financial statements for the year ended 31 December 2006 (*Continued*)

4 Employees

Staff costs (including directors) consist of	2006 £'000	2005 £'000
Wages and salaries	41,826	34,090
Social security costs	4,445	3,617
Other pension costs	1,400	1,147
	<u>47,671</u>	<u>38,854</u>

The average number of employees (including directors) during the year was 1,288 (2005 – 1,169)

All directors were also directors of RPS Group PLC, the ultimate parent undertaking and their remunerations are disclosed in that company's financial statements

5 Interest receivable and similar income

	2006 £'000	2005 £'000
Interest receivable	<u>2</u>	<u>4</u>

6 Interest payable and similar charges

	2006 £'000	2005 £'000
Finance leases and hire purchase contracts	20	-
Other interest payable	75	92
	<u>95</u>	<u>92</u>

The Environmental Consultancy Limited

Notes forming part of the financial statements for the year ended 31 December 2006 (*Continued*)

7 Taxation on profit on ordinary activities

	2006 £'000	2005 £'000
<i>UK Corporation tax</i>		
Current tax on profits for the year	2,699	2,539
Adjustment in respect of previous periods	7	(330)
Total current tax	2,706	2,209
<i>Deferred tax</i>		
Origination and reversal of timing differences	477	(438)
Taxation on profit on ordinary activities	3,183	1,771

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below

	2006 £'000	2005 £'000
Profit on ordinary activities before tax	15,095	9,696
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2005 – 30%)	4,528	2,909
Effect of		
Expenses not deductible for tax purposes	12	27
Capital allowances for period in excess of depreciation	(5)	32
Utilisation of tax losses	-	(56)
Adjustment to tax charge in respect of previous periods	163	(330)
Other short term timing differences	(472)	402
Group relief	(1,520)	(775)
Current tax charge for period	2,706	2,209

8 Dividends

	2006 £'000	2005 £'000
<i>Equity shares</i>		
Ordinary shares		
Interim paid of £900 (2005 - £600) per share	9,000	6,000

The Environmental Consultancy Limited

Notes forming part of the financial statements for the year ended 31 December 2006 (*Continued*)

9 Intangible assets

	Intellectual Property Rights £'000	Purchased Goodwill £'000	Total £'000
<i>Cost</i>			
At 1 January 2006	201	26,384	26,585
Additions	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2006	201	26,384	26,585
	<hr/>	<hr/>	<hr/>
<i>Amortisation</i>			
At 1 January 2006	201	2,227	2,428
Provided for the year	-	1,333	1,333
	<hr/>	<hr/>	<hr/>
At 31 December 2006	201	3,560	3,761
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2006	-	22,824	22,824
	<hr/>	<hr/>	<hr/>
At 31 December 2005	-	24,157	24,157
	<hr/>	<hr/>	<hr/>

The Environmental Consultancy Limited

Notes forming part of the financial statements for the year ended 31 December 2006 (*Continued*)

10 Tangible fixed assets

	Leasehold land and buildings £'000	Motor vehicles £'000	Fixtures and fittings £'000	Total £'000
<i>Cost</i>				
At 1 January 2006	709	145	11,211	12,065
Additions	4	-	1,513	1,517
Disposals	-	(54)	(448)	(502)
Transfers	-	-	(7)	(7)
Acquired through business combination	28	519	1,329	1,876
At 31 December 2006	741	610	13,598	14,949
<i>Depreciation</i>				
At 1 January 2006	460	125	8,250	8,835
Provided for the year	28	61	1,473	1,562
Disposals	-	(54)	(430)	(484)
Transfers	-	-	(3)	(3)
Acquired through business combination	1	157	1,134	1,292
At 31 December 2006	489	289	10,424	11,202
<i>Net book value</i>				
At 31 December 2006	252	321	3,174	3,747
At 31 December 2005	249	20	2,961	3,230

The Environmental Consultancy Limited

Notes forming part of the financial statements for the year ended 31 December 2006 (Continued)

11 Debtors

	2006	2005
	£'000	£'000
Trade debtors	20,374	18,833
Amounts owed by group undertakings	8,572	6,903
Staff floats	111	120
Other debtors	82	47
Prepayments and accrued income	9,316	7,740
Deferred taxation	896	886
Corporation tax asset	716	-
	40,067	34,529

Included within the debtors figure above is deferred taxation of £895,951 that falls due in more than one year

	Deferred taxation £'000
At 1 January 2006	886
Charged to profit and loss account	10
At 31 December 2006	896

<i>Deferred taxation</i>	2006	2005
	£'000	£'000
Accelerated capital allowances	466	446
Sundry timing differences	430	440
	896	886

The Environmental Consultancy Limited

Notes forming part of the financial statements for the year ended 31 December 2006 (*Continued*)

12 Creditors: amounts falling due within one year

	2006	2005
	£'000	£'000
Trade creditors	2,794	2,783
Amounts owed to group undertakings	21,498	16,737
Corporation tax	791	286
Other taxation and social security	5,365	5,088
Obligations under finance lease and hire purchase contracts	158	-
Deferred consideration	3,278	3,288
Bank loans and overdrafts	-	775
Other creditors	418	33
Accruals and deferred income	5,714	4,369
	40,016	33,359

13 Creditors: amounts falling due after more than one year

	2006	2005
	£'000	£'000
Deferred Consideration	500	3,778
Obligations under finance lease and hire purchase contracts	79	-
Other creditors	330	-
	909	3,778

14 Provision for liabilities and charges

	Property	Warranty	Total
	£'000	£'000	£'000
At 1 January 2006	1,345	685	2,030
Utilised in year	(162)	(148)	(310)
At 31 December 2006	1,183	537	1,720

Property

The provision for property costs relates to operating lease rentals and related costs on vacated property and will be utilised within 8 years

Warranty

This provision is in respect of pre-acquisition contractual obligations of acquired entities and will be utilised within 10 years

The Environmental Consultancy Limited

Notes forming part of the financial statements for the year ended 31 December 2006 (*Continued*)

15 Share capital

	Authorised		Allotted, called up and fully paid	
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
<i>Equity share capital</i>				
10,000 Ordinary shares of £1 each	10	10	10	10

16 Reconciliation of movements in shareholder's funds

	2006	2005
	£'000	£'000
Profit for the year	11,912	7,925
Dividends	(9,000)	(6,000)
Movement on foreign exchange reserve	5	-
	2,917	1,925
Opening shareholder's funds	22,994	21,069
Closing shareholder's funds	25,911	22,994

17 Reserves

	Profit and Loss Reserve £'000	Translation Reserve £'000
1 January 2006	22,984	-
Retained profit for the year	2,780	-
Foreign exchange movements	-	5
31 December 2006	25,764	5

The Environmental Consultancy Limited

Notes forming part of the financial statements for the year ended 31 December 2006 (Continued)

18 Share based payments

The Environmental Consultancy Limited has adopted FRS20, "Share Based Payments" in this accounting period. Employees in The Environmental Consultancy Limited are remunerated in RPS Group PLC shares through the Group schemes described below for the services that they provided to The Environmental Consultancy Limited over the period. The Environmental Consultancy Limited has recognised a charge to the profit and loss representing the fair value of the equity settled share based payment awards to employees which have not vested as at 1 January 2006 for the period ended 31 December 2006.

RPS Group PLC calculates the fair value of these shares 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. The fair value of the shares is charged to the profit and loss account of The Environmental Consultancy Limited through a management charge. This management charge reflects the actual and expected vesting levels of the shares.

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 ESOS, the share options are granted at the market price at 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 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 PSP is subject to the satisfaction of corporate performance conditions and continuity of employment provisions. The release of shares under the SIP is subject to continuity of employment provisions. The following tables set out the activity on share schemes related to the employees of The Environmental Consultancy Limited for the year from 1 January 2006.

Share Options

Year of Grant	No outstanding 01/01/2006	Exercised	Lapsed	No outstanding 31/12/2006	Weighted Average Exercise Price	Vesting Conditions
1998	63,000	(52,500)	-	10,500	53p	3 or 5 years
1999	109,500	(55,500)	(12,000)	42,000	73p	3 or 5 years
2000	274,500	(151,200)	(4,650)	118,650	127p	3 or 5 years
2001	102,000	(47,750)	-	54,250	152p	3 or 5 years
2002	390,801	(64,243)	(47,077)	279,481	149p	3 or 5 years
2003	430,593	(90,623)	(54,302)	285,668	111p	3 or 5 years
2004	4,500	-	-	4,500	-	3 years
	1,374,894	(461,816)	(118,029)	795,049		

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

The Environmental Consultancy Limited

Notes forming part of the financial statements for the year ended 31 December 2006 (Continued)

Year of Grant	No outstanding 01/01/2005	Exercised	Lapsed	No outstanding 31/12/2005	Weighted Average Exercise Price	Vesting Conditions
1998	70,500	(6,000)	(1,500)	63,000	53p	3 or 5 years
1999	159,150	(28,650)	(21,000)	109,500	73p	3 or 5 years
2000	399,000	(72,000)	(52,500)	274,500	127p	3 or 5 years
2001	163,750	(3,500)	(58,250)	102,000	152p	3 or 5 years
2002	549,228	(8,813)	(149,614)	390,801	149p	3 or 5 years
2003	546,915	(500)	(115,822)	430,593	111p	3 or 5 years
2004	5,250	-	(750)	4,500	-	3 years
	1,893,793	(119,463)	(399,436)	1,374,894		

The weighted average share price at the date of exercise during the period was £1 58

SAYE

Year of grant	Number outstanding 01/01/2006	Exercised	Lapsed	Number outstanding 31/12/2006	Exercise price	Vesting conditions
2003	105,989	(25,270)	(1,938)	78,781	147p	3 or 5 years

Year of grant	Number outstanding 01/01/2005	Exercised	Lapsed	Number outstanding 31/12/2005	Exercise price	Vesting conditions
2003	182,469	-	(76,480)	105,989	147p	3 or 5 years

PSP

Year of Grant	No outstanding 01/01/2006	New grants	Early releases	Grants replaced	Lapsed	No outstanding 31/12/2006	Vesting conditions
2004	369,236	-	(9,064)	9,064	(78,156)	291,080	3 years
2005	351,694	-	(5,811)	5,811	(24,113)	327,581	3 years
2006	-	171,631	-	-	(17,010)	154,621	3 years
	720,930	171,631	(14,875)	14,875	(119,279)	773,282	

Year of Grant	No outstanding 01/01/2005	New grants	Early releases	Grants replaced	Lapsed	No outstanding 31/12/2005	Vesting conditions
2004	373,291	-	(42,457)	42,457	(4,055)	369,236	3 years
2005	-	363,517	-	-	(11,823)	351,694	3 years
	373,291	363,517	(42,457)	42,457	(15,878)	720,930	

The Environmental Consultancy Limited

Notes forming part of the financial statements for the year ended 31 December 2006 (Continued)

SIP

Year of Grant	No outstanding 01/01/2006	New grants	Early releases	Forfeits	No outstanding 31/12/2006	Vesting conditions
2004	35,416	-	(565)	(2,990)	31,861	3 years
2005	182,399	-	(1,666)	(11,565)	169,168	3 years
2006	-	182,443	(489)	(4,342)	177,612	3 years
	217,815	182,443	(2,720)	(18,897)	378,641	

Year of Grant	No outstanding 01/01/2005	New grants	Early releases	Forfeits	No outstanding 31/12/2005	Vesting conditions
2004	39,903	-	(1,625)	(2,862)	35,416	3 years
2005	-	193,291	(4,285)	(6,607)	182,399	3 years
	39,903	193,291	(5,910)	(9,469)	217,815	

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

Share options and SAYE options

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

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

The risk free rate of interest was assumed to be the yield to maturity on a UK Gilt Strip with the term to maturity equal to the expected life of the option. The expected dividend yield is an estimate of the dividend yield at the date of grant for the duration of the option's life

The Environmental Consultancy Limited

Notes forming part of the financial statements for the year ended 31 December 2006 (Continued)

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	131 65p – 246 58p
Weighted fair value	155 19p
Holding period	3 years
Expected dividend yield	1 38% - 1 45%

SIP

For the purposes of calculating the fair value of conditional shares awarded under the SIP the fair value was calculated as the market value of the shares at the date of grant. Participants are entitled to receive dividends over the three-year holding period so no adjustment was made to the market value

	SIP Awards
Fair value at measurement date	135 5p – 266 75p
Weighted fair value	181 40p
Holding period	3 years

During the year ended 31 December 2006, The Environmental Consultancy Limited recognised expense of £463,365 (2005 £828,809) related to the fair value of share based payment arrangements

19 Acquisitions

Acquisition of Basicshare Limited, Martindale Holdings Limited, Sherwood House Properties Limited and Burks Green and Partners Limited

On 19 July 2006 the company's ultimate parent undertaking, RPS Group PLC acquired the entire share capital of Basicshare Limited and its subsidiaries Martindale Holdings Limited (including the Martindale Holdings Limited Employee Benefit Trust), Sherwood House Properties Limited and Burks Green and Partners Limited. On the same date the trade and assets of Martindale Holdings Limited and Burks Green and Partners Limited were transferred to The Environmental Consultancy Limited. The table below shows the fair value of the assets transferred on acquisition

	£'000
Property, plant and equipment	583
Deferred tax asset	487
Stock and Work in Progress	1,082
Trade and other receivables	2,946
Cash and cash equivalents	1,065
Trade and other payables	(2,841)
	<hr/>
Net assets	3,322
	<hr/>

The Environmental Consultancy Limited

Notes forming part of the financial statements for the year ended 31 December 2006 (Continued)

20 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge represents contributions payable by the company to the fund and amounted to £1,400,386 (2005 - £1,147,359). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

21 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2006 £'000	Other 2006 £'000	Land and buildings 2005 £'000	Other 2005 £'000
Operating leases which expire				
Within one year	240	150	88	158
In two to five years	1,149	894	1,117	870
After five years	1,001	-	1,089	-
	<u>2,390</u>	<u>1,044</u>	<u>2,294</u>	<u>1,028</u>

22 Obligations under finance leases

Amounts payable under finance leases are as follows:

	Motor Vehicles 2006 £'000	Motor Vehicles 2005 £'000
Finance leases which expire		
Within one year	175	-
In two to five years	91	-
After five years	-	-
	<u>266</u>	<u>-</u>
Total gross payments	266	-
Less finance charges included in above	(29)	-
	<u>237</u>	<u>-</u>

The Environmental Consultancy Limited

Notes forming part of the financial statements for the year ended 31 December 2006 (*Continued*)

23 Related party disclosures

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8, "Related Party Disclosures" not to disclose transactions with members of the group headed by RPS Group PLC on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements

24 Ultimate parent company and parent undertaking of larger group

At 31 December 2006 the company's ultimate parent company was RPS Group PLC which is the parent of both the smallest and largest groups of which the company is a member. Copies of the consolidated financial statements of RPS Group PLC are available from Companies House