Renew Holdings plc
Annual Report and Accounts 2020

Engineering Infrastructure
for a sustainable future

Engineering Infrastructure
for a sustainable future

Our purpose

We provide essential engineering services to maintain and renew critical infrastructure networks.

Our multidisciplinary engineering services are delivered through our independently branded UK subsidiary businesses that support the day-to-day running of these infrastructure networks.

Our vision

To safely and responsibly deliver essential engineering services to the country's key infrastructure assets.

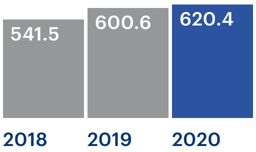
Read more online at
www.renewholdings.com

Financial highlights

Group revenue[1]

£620.4m

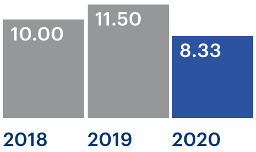
2019: £600.6m



Full year dividend per share

8.33p

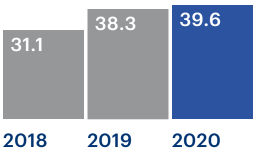
2019: 11.50p



Adjusted operating profit[1]

£39.6m

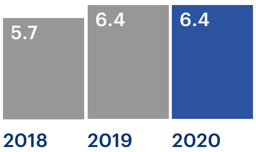
2019: £38.3m



Adjusted operating margin[1]

6.4%

2019: 6.4%



1 Renew uses a range of statutory performance measures and alternative performance measures when reviewing the performance of the Group against its strategy. Definitions of the alternative performance measures, and a reconciliation to statutory performance measures, are included in Note 30 to these accounts.

Operational highlights

Record results in challenging times

Our differentiated and resilient business model has delivered record results.

Expanding into new markets

Expansion into the regulated Highways market with the acquisition of Carnell.

Strengthening our relationships

Strategic framework awards and renewals with key clients during the year.

Strategic report

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IBC Our subsidiary businesses

Infrastructure expertise

Our subsidiary businesses have expert knowledge in their individual markets and directly deliver day-to-day engineering services aligned to the needs of our clients. The long-term maintenance and renewal of critical infrastructure networks remains our focus.

Our Engineering Services focus

Rail
As a major provider of infrastructure services to the rail network nationally, we support its day-to-day operations by providing a high volume of essential, non-discretionary asset maintenance activities. Through our long-term frameworks we deliver a range of services including civils asset management, fencing, devegetation and drainage.

Infrastructure
We deliver specialist engineering services across the strategic highways network predominantly to Highways England through a number of asset delivery framework agreements. Services include infrastructure civils, specialist drainage, lighting and electricals. We also undertake all aspects of wireless telecoms network infrastructure delivery.

Energy
Our services are associated with high hazard risk reduction operations at nuclear facilities that include waste treatment, reprocessing, decommissioning and decontamination operations. We also provide long-term maintenance and asset renewal support at many of the UK's thermal power generation plants.

Environmental
We support our water clients by directly delivering asset maintenance and renewals across water infrastructure networks including flood alleviation and river and coastal defence schemes. We also specialise in undertaking complex remediation schemes for our clients.

Specialist Building

High Quality Residential and Science
Operating in London and the Home Counties, we are a market-leading provider of luxury prestigious private residential refurbishment schemes where we specialise in extensive temporary works, often underground. In the science sector, we have a number of frameworks to build and refurbish scientific facilities.

Our subsidiaries

AMCO·GIFFEN
CLARKE telecom
LEWIS
QTS
SEL
seymour
VHE
Carnell
WALTERLILLY 1924

Our markets

Rail	Infrastructure	Energy	Environmental
Rail	Highways	Nuclear Decommissioning	Water
	Wireless Telecoms	Power Distribution	Land Remediation and Specialist Restoration

Read more about our activities in these markets on pages **26–34**

Resilient value

The regulated markets in which we operate have long-term spending programmes and high barriers to entry and provide continued opportunities for sustainable growth.

Our investment case

Differentiated business model

Our subsidiary businesses operate across a diversified range of markets providing critical asset maintenance and renewal services.

Our differentiated business model delivers reliability and a competitive advantage and is key to the Group's success in these markets.

Read about our business model on pages **14 & 15**

Key differentiators

5

See page **10**

Non-discretionary spending programmes

The Group operates in regulated markets which have long-term asset renewal and maintenance spending programmes, visible in our clients' operational expenditure budgets.

We work on long-term frameworks delivering the day-to-day renewal and maintenance tasks required to keep critical networks operational.

Read more about our regulated markets on pages **18–21**

Frameworks in regulated markets

150+

Delivering sustainable returns

We seek to deliver share price growth opportunities through our established and proven strategy, delivering reliable capital growth.

Read about our strategy on pages **22 & 23**

Adjusted EPS[1]

41.22p

Impact of Covid-19

Due to the critical nature of the work the Group undertakes, financial performance remains strong, in spite of the operational challenges of Covid-19. Our operations can often be delivered by small teams supported by office based functions which moved to home working.

We are also able to ensure safe working practices through the employment of our own highly skilled, directly employed workforce.

Impact of Covid-19

We undertake day-to-day maintenance and renewals tasks on key UK infrastructure assets including on the rail, water, wireless telecoms and strategic highway networks.

During the initial phases of the pandemic a large percentage of the work we undertook was deemed as "critical" to the Covid-19 response and, as such, continued with minimal disruption where we were able to safely implement the Government's social distancing guidelines.

Impact of Covid-19

In response to the escalation of the Covid-19 pandemic, the Board focused on taking actions to preserve cash and protect liquidity in a way that did not compromise the long-term prospects of the business. The presence of these defensive and resilient qualities and the implementation of numerous mitigation measures have proved to be extremely effective in responding to the challenges of Covid-19.

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"Due to the critical nature of the work the Group undertakes, financial performance remains strong, in spite of the operational challenges of Covid-19."

Established market position

Our businesses work in markets with high barriers to entry which demand a highly skilled, experienced workforce and a proven track record of safe delivery.

We continue to develop our range of skills enabling us to provide a more efficient and cost-effective service to our clients.

Details about the Group's operations can be found on pages **26–34**

Highly skilled workforce

3,800

Long-term growth prospects

The Group is committed to growing the business in its chosen markets both organically and through selective complementary acquisitions whilst maintaining a disciplined approach to risk.

Read how we manage our principal risks on pages **44–47**

Adjusted EPS growth over last 5 years

58%

Impact of Covid-19

The markets in which the Group operates are mainly governed by regulation and benefit from long-term spending programmes for renewals and maintenance due to the critical nature of the infrastructure assets.

We have positions on many long-term frameworks to deliver these essential requirements and were able to continue to do so for the majority of our clients. An exception to this was at Sellafield which continues its return to work programme across the site.

Impact of Covid-19

Organic growth opportunities for the Group remain strong with potential to increase our market share across our Rail, Infrastructure, Energy and Environmental market sectors.

The Group also continues to position itself strongly to take advantage of acquisitive opportunities that are complementary to the Group's existing skills.

Working together

Tunnel collaboration

Close collaboration between the teams at AmcoGiffen and QTS successfully brought to a conclusion a challenging drainage project at Severn Tunnel for Network Rail in April.

Following emergency works, AmcoGiffen and QTS developed a programme to deliver drainage repairs and maintenance to the existing Severn Tunnel drainage system. Improvement and enhancement works were carried out over a challenging nine day blockade during the Easter period.

Taking into account the constraints of implementing UK Government guidance on Covid-19 precautions to keep everyone safe, works were undertaken around the clock for nine days.

A resilient performance in challenging times

David M Forbes
Chairman

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Dear Shareholder

Introduction

Despite the challenges of Covid-19, the Group is pleased to announce a record revenue performance, sustained profit growth and strong cash generation, all of which exceeded last year's performance and reflect the core defensive strengths and resilience of Renew's business model.

Following an excellent trading result in the first half of the year, the Group continued to make strong progress in the second half including winning and renewing long-term framework appointments across our markets. We expanded into the Highways market with the acquisition of Carnell, a company that delivers specialist engineering services across the strategic road network. We continue to focus on delivering essential asset maintenance and critical infrastructure renewals which are underpinned by non-discretionary regulatory requirements.

"The Board would like to sincerely thank all its employees for their ongoing dedication and hard work in what have been and remain, extremely difficult circumstances both at work and at home."

Results

Group revenue[1] increased to £620.4m (2019: £600.6m) with adjusted operating profit[1] increasing to £39.6m (2019: £38.3m). Statutory operating profit was £32.9m (2019: £27.5m). The adjusted EPS[1] was 41.22p (2019: 40.43p) and basic earnings per share was 26.78p (2019: 29.55p). The Group is also pleased to report a return to net cash[1] of £0.3m (2019: net debt £10.2m), in line with our expectations.

Covid-19

Covid-19 presented challenges across our entire business although it also served to highlight the importance of the mission-critical services we provide in the Rail, Infrastructure, Energy and Environmental sectors. The initial lockdown, and subsequent ongoing Government restrictions, have necessitated many changes to our working practices. Our priority from the start has been to ensure both the safety of our workforce and the continuous delivery of essential renewal and maintenance operations. Our employees continue to tirelessly implement Covid-19 precautions, often in extremely difficult environments. The Group's culture of robust governance, risk management and focus on health and safety have together provided a strong platform from which we have been able to continue to operate whilst delivering uninterrupted services for our customers.

People

Our employees are critical to the continued success of the Group and the Board would like to sincerely thank all its employees for their ongoing dedication and hard work in what have been, and remain, extremely difficult circumstances both at work and at home.

Differentiated business model

Our differentiated business model and the services we provide to support key infrastructure assets are more critical than ever, providing the Group with ongoing growth opportunities across our chosen markets. These markets enjoy committed funding which provides visible, reliable and resilient revenues via long-term maintenance and renewal programmes. We deliver non-discretionary maintenance and renewals tasks and have little exposure to the financial and contractual risks of larger enhancement schemes. Operating in complex, challenging and highly regulated environments, our markets have high barriers to entry and we directly employ a highly skilled workforce which enables us to be extremely responsive to our clients' needs.

Working together

Our core values

As a holding company, Renew grants autonomy to its operating subsidiaries, enabling them to be effective in their individual markets whilst setting overall standards and shared values. Renew has the following values at its core:

- **Compliance**
- **Consideration**
- **Responsibility**
- **Progression**
- **Reliability**
- **Sustainability**
- **Responsiveness**
- **Integrity**

Read more about our core values on page **14**

Dividend

The Covid-19 pandemic saw the Board take a number of decisive actions to preserve cash and protect liquidity. One of the prudent measures, taken in April 2020, was the suspension of the Group's interim dividend which would ordinarily have been paid to shareholders in July 2020. We have continued to review our dividend policy whilst understanding the importance of the dividend to our shareholders. The Group's strong trading performance, cash position and positive outlook has given the Board the confidence to propose a final dividend of 8.33p per share, an increase of 8.6 per cent over the prior year final dividend of 7.67p. This will be paid on 5 March 2021 to shareholders on the register as at 29 January 2021, with an ex-dividend date of 28 January 2021. As no interim dividend was paid to shareholders, this will represent a full year dividend of 8.33p per share (2019: 11.50p). In the absence of unforeseen circumstances, or a material adverse impact on trading caused by a worsening of the Covid-19 situation, we expect dividend payments to continue in line with our pre-Covid dividend policy going forward.

Governance

We have continued to develop our approach to corporate governance in the year. As a Board, we are responsible for ensuring the effective application of high levels of governance within our business, balancing the interests of all our stakeholders. As a minimum, the Group complies with the QCA Corporate Governance Code, more details of which can be found in the corporate governance section of the Group's website.

Risk management

Risk management is led by the Board, which reviews the Group's risk profile on an ongoing basis alongside the Audit and Risk Committee. Subsidiary management teams are responsible for the effective embedding and monitoring of the Board's agreed risk management protocols and the Executive Directors provide regular updates to the Board on the principal risks and controls across the Group.

Board effectiveness

During the year, the Nomination Committee reviewed the Board's structure and composition and undertook a detailed effectiveness review, in order to ensure it continues to have the balance of skills and experience to deliver the Group's strategy. Diversity in its widest sense remains an area of focus as we move through 2021.

Board change

On 1 March 2020, we were pleased to announce the appointment of Stephanie Hazell as a Non-executive Director. Stephanie has over 20 years' relevant experience working in high profile businesses including PricewaterhouseCoopers LLP, Orange SA, Virgin Management Ltd and National Grid Plc where she held the position of director, strategy and corporate development. She is an industrial partner at Infracapital and a non-executive director for a number of its investments.

Future focus

The Board is committed to building on its track record of consistently creating shareholder value through the delivery of its strategic priorities whilst focusing on its environmental, social and governance responsibilities. The Group is supported in the delivery of its long-term strategy through its effective relationships with our directly employed workforce, customers, suppliers, shareholders, and wider stakeholders which are critical to the continued success of our business.

Renew is a leading provider of engineering services and operates in attractive markets underpinned by long-term growth drivers and non-discretionary Government spending. Growth, both organic and through strategic earnings-enhancing acquisitions, is focused on maintenance and renewals tasks in markets where non-discretionary spending programmes exist to maintain critical infrastructure. Our differentiated business model and the reliable long-term nature of the UK infrastructure markets give the Board continued confidence in the Group's future and the significant growth opportunities ahead.

David M Forbes
Chairman
8 December 2020

Focused on markets with committed long-term spending cycles

Paul Scott
Chief Executive

Dear Shareholder

Introduction

Renew is a leading provider of essential engineering services to critical UK infrastructure networks, operating in regulated markets including rail, highways, telecommunications, civil nuclear, water and environmental. In March, the UK Government committed to a record £640bn[2] investment in the UK's infrastructure and we expect to benefit from an increased focus on maintaining and renewing assets. These markets are underpinned by regulatory requirements and therefore benefit from committed long-term spending cycles and a visible pipeline of opportunities. This exposure to non-discretionary, reliable and regulated expenditure fully supports our low risk, high quality and value accretive earnings model.

Covid-19

The pandemic has helped to fully demonstrate the core strengths of Renew's differentiated business model. Despite the many challenges presented by Covid-19, we have delivered extraordinary and record results for the Group and strengthened our position across our markets. This highlights our defensive characteristics and the importance of our role in keeping the nation's infrastructure functioning efficiently and safely at all times.

I am incredibly proud of the way our entire workforce continues to deliver uninterrupted, mission-critical infrastructure services to our clients despite challenging working environments and the introduction of stringent Covid-19 protection measures across all our sites. We remain focused on the health, safety and wellbeing of all our employees and stakeholders.

Operations across our key sectors were designated critical to the Covid-19 response and, as such, demand for our directly delivered maintenance and renewal services remained strong with over 80% of our operations continuing throughout the peak of the first lockdown period. Since then, the majority of the Group's operations have returned to levels similar to those experienced prior to the pandemic across all of our markets, with the exception of our nuclear operations at Sellafield where we do not expect the site to be fully operational until April 2021.

At the interim results in May, the Group announced the actions it had taken to preserve cash and protect liquidity. These included the deferral of all non-essential capital expenditure, a hiring freeze, deferral of VAT payments, utilisation of the Government's Coronavirus Job Retention Scheme ("CJRS") and a temporary 20% reduction in the salaries/fees of the Board and senior management, as well as the suspension of an interim dividend payment to shareholders. These measures, as well as the core defensive qualities of our operating model and our resilience, have proven to be extremely effective in responding to the challenges of Covid-19 whilst strengthening the Group's balance sheet.

As encouraged by the UK Government, we utilised the CJRS to protect and retain jobs when the initial lockdown restrictions came into force resulting in a temporary interruption to our services. Given the positive progress we have made since then, and the fact that the majority of our activities have returned to pre-pandemic levels, we are no longer utilising the scheme and it is our intention not to do so unless there are even tougher restrictions imposed which start to affect our markets.

Currently the Group's working capital facilities include a £44.2m revolving credit facility provided by HSBC UK Bank plc and National Westminster Bank plc, expiring in January 2024 and a £10m unsecured overdraft facility. The Group's cash generation continued to be very strong in the second half of the year and we returned to a small net cash position of £0.3m at the year end. Our available cash and bank facilities mean we had headroom of approximately £68m as at 30 September 2020. This position was bolstered by the deferment of c.£17m of VAT that will now be paid in the 2021 financial year.

Market drivers

Renew's businesses operate in markets underpinned by sustainable, long-term structural growth dynamics and committed regulatory spend. Increasing demand for the maintenance and renewal of existing UK infrastructure is driven by a number of long-term economic factors including:

- a commitment by the Government to invest £640bn[2] in the UK's infrastructure;
- greater focus on sustainability and climate change, the net zero target, flood risk and investment in renewables and electrification programmes;

For references please see page 12.

- population growth increasing the pressure on housing, energy, water and demand for natural resources;
- technological innovation driving a shift towards digital roads, smart cities and the transformation of transport and telecommunications networks; and
- increased Government regulation.

Our track record of growth and long-term value creation

Renew has a strong track record of sustainable value creation across the economic cycle. Over the past five years, we have delivered:

- adjusted earnings per share[1] growth of 58 per cent;
- an increase in our adjusted operating margin[1] growth from 3.9 per cent to 6.4 per cent; and
- revenue[1] growth of 19 per cent.

Our track record of reliable revenue growth and cash generation has resulted in our ability to deliver highly predictable organic earnings growth and funding for the acquisition of complementary businesses that meet our strategic requirements.

Results

Despite the impact of Covid-19, the Group delivered an extraordinary and record trading performance, with strong cashflow and continued EPS growth. This performance reflects our industry-leading capabilities, the fundamental strengths of our differentiated, low-risk business model and the critical support services we provide to clients in complex, challenging and regulated environments.

Group revenue[1] increased to £620.4m (2019: £600.6m) with an adjusted[1] operating profit of £39.6m (2019: £38.3m) and a maintained adjusted[1] operating margin of 6.4% (2019: 6.4%). As at 30 September 2020 the Group had a net cash[1] position of £0.3m (2019: net debt £10.2m) reflecting the Group's continued focus on cash generation and conservative approach to gearing. These results include a contribution from Carnell, a leading provider of specialist engineering services on the strategic highways network. Acquired in January 2020, the business continues to perform in line with expectations. The Group's order book[1] at 30 September 2020 has strengthened to £692m (2019: £581m).

During the year, we conducted a detailed review of the remaining liabilities relating to Allenbuild Limited, a business that was sold in 2014. As a consequence of this review we have determined that an additional provision of £5.3m is required to enable us to deal with these legacy contractual issues. This is shown as a loss for the year from discontinued operations in the Group income statement.

We are pleased to report that after the end of the financial year, the Trustees of the Lovell Pension Scheme, in consultation with the Board of Renew, entered into a "buy-in" agreement with Rothesay Life plc. This transaction significantly de-risks the Group's balance sheet, further reduces its pension exposure risks and improves its cashflow in the medium term.

Engineering Services

Our Engineering Services activities, which account for over 90 per cent of the Group's adjusted[1] operating profit, delivered revenue of £577.2m (2019: £563.8m) with an adjusted[1] operating profit of £40.8m (2019: £39.4m) resulting in an operating margin of 7.1% (2019: 7.0%). At 30 September 2020, the Engineering Services order book was £603m (2019: £542m). Continued positive momentum in our rail and telecommunications businesses helped drive this strong performance as well as a contribution from Carnell, which has performed well and leaves the Group ideally positioned to capitalise on the growth opportunity across the UK's strategic highways network.

Rail

Our largest customer, Network Rail, will invest £53bn[3] over Control Period 6 ("CP6"), the current five year investment cycle, which runs to 2024, with an increased focus on operational support and maintenance compared to the previous CP5 period. In addition, the Government is committed to its rail decarbonisation programme, including a significant investment in electrification programmes, as part of the overall UK target to deliver net zero by 2050.

As a major provider of multidisciplinary maintenance and renewals engineering services to Network Rail, we support the day-to-day operation of the rail network nationally, directly delivering essential asset maintenance through our long-term CP6 frameworks. The Group now holds in excess of fifty CP6 maintenance and renewals frameworks across all disciplines, covering the entire UK rail network.

During the year we secured new positions on the CP6 Wales and Western five year renewals frameworks across all five lots, where we will deliver a programme of engineering services to assets across the rail network including bridges, embankments, tunnels, signalling and electrification and plant.

Covid-19 resilience

Our priorities

Covid-19 task force

- Keep people safe
- Ensuring compliance with Government guidelines
- Continuous monitoring and audit

Respond to critical infrastructure demand

- Ongoing maintenance and renewals requirements despite pandemic
- Responding to increasing demand in Rail and Highways

Adapt operational approach

- Office layouts changed to support social distancing
- Working from home facilities increased
- Shifting to online meetings

Protect all stakeholders' interests

- Maintain business operations
- Consistently review risks to the business
- Ensuring continued good liquidity

How this impacts our business

Implementing the above working practices meant we were able to continue to operate across the majority of our sectors. In Rail and Highways, which account for the majority of our engineering activity, we worked closely with our public sector customers in areas designated critical to the Covid-19 response. Water and Telecommunications were also designated "critical sectors". Our key workers continued to be deployed across all areas where we have framework contracts.

We were also awarded an additional rail drainage framework in Scotland, complementing our existing rail drainage framework positions. We have existing frameworks for the delivery of multidisciplinary maintenance and renewals, minor signalling, geotechnical and earthworks, devegetation, slab track, station information and security systems and telecoms. We also provide a 24/7 emergency support service across the rail network and during the period we responded to significant events at Stonehaven and Falkirk.

We remain committed to adding value through innovation. We have developed bespoke and unique solutions for devegetation, tunnel maintenance and drainage to deliver safer and more sustainable working practices that create high barriers to new entrants.

Since the lockdown restrictions were imposed in March, we have seen our planned work for our rail customers continue with minimal disruption, albeit with enhanced safety requirements in place to comply with the Government's Covid-19 guidelines.

Infrastructure

Highways

The UK Government has committed to an investment of £27.4bn[4] in the strategic road network over the next five years, as part of its second Road Investment Strategy ("RIS2"). £11.9bn of this funding will be ringfenced for operations, maintenance and renewals, a significant increase from the £5.1bn[5] invested in RIS1. This represents an attractive growth opportunity for Renew and in January 2020 we announced the acquisition of Carnell, a leading provider of specialist engineering services on the strategic road network. Carnell directly delivers non-discretionary renewals and maintenance through long-term framework agreements, employing plant-led technologies as part of its unique range of services deployed across the highways network.

Operating nationally, Carnell has built strong relationships with key public and private sector clients, including its largest customer, Highways England, for which it is one of only three suppliers working across all Asset Delivery Areas. During the period, Carnell performed in line with expectations and saw a number of its existing frameworks extended as well as securing a new Asset Delivery Framework for Highways England in the East Region.

Carnell works closely with its clients and suppliers to develop innovative solutions to improve safety, sustainability and value in the delivery of drainage, infrastructure, specialist surveys and highways technology across the strategic road network. In the last year it recycled 53,000m^3 of filter drain using its STONEmaster and STABLEdrain systems. This saved 62,000 litres of fuel and reduced HGV journeys saving over 500 tonnes of CO_2 and was recognised with an International Green Apple Award for environmental best practice. Carnell was also awarded the HRH Prince Michael International Road Safety Award for its mobile road worker protection system SAFETYcam.

During the Covid-19 restrictions, our activities in Highways have continued at levels similar to those seen prior to the pandemic. We remained operational across all Highways England areas which is reflective of the resilience of this new market sector for Renew.

Focused SHEQ

Support in a pandemic

Renew has delivered a Group wide series of stand down events which focus on the distraction caused by responding to the Covid-19 pandemic. Health and safety information is shared via a Safety, Health, Environmental and Quality ("SHEQ") portal and employees are supported through our Employee Assistance Programme.

All our office and site locations have been reviewed and changed to ensure they meet strict Government guidelines on social distancing, including one way systems. Increased handwashing facilities and PPE have been made available to keep our colleagues safe.

We continue to review our procedures as guidance changes. Our safe operations mean our key employees can continue to support critical UK infrastructure throughout the pandemic.

Wireless Telecoms

The Wireless Telecoms market continues to grow significantly as 5G networks are rolled out. The Government is investing £5bn[2] to roll out gigabit broadband across the UK, a significant component of which is 5G. In addition, the four major UK network operators are also making significant investments in the deployment of 5G.

Our differentiators

• **Our Rail, Infrastructure, Energy and Environmental markets enjoy committed funding**	• Provides visible, reliable and resilient revenues via long-term maintenance and renewal programmes
• **We deliver non-discretionary maintenance and renewals tasks**	• We have little exposure to the financial and contractual risks facing those businesses that deliver large enhancement schemes funded by capex spend • In rail maintenance our average task size is less than £20k • Mainly funded from operational expenditure budgets
• **We work in complex, challenging and highly regulated environments**	• Markets with high barriers to entry
• **We employ a highly skilled, directly employed workforce**	• Underpins safe working practices • Creates a culture of responsiveness to client needs • Reduces our exposure to sub-contractor pricing volatility
• **We have a proven track record of revenue growth, profitability and cash generation**	• Presenting an attractive, long-term investment case

Delivering all aspects of wireless telecoms infrastructure, including 4G and 5G deployment, maintenance and decommissioning services, we have long-term relationships with all the main UK network operators, equipment vendors and managed service providers. In the period, we have seen a significant increase in work across all our frameworks as the 5G roll-out programme accelerates. We were awarded positions on both Telefonica's and MBNL's new three year 5G services frameworks as well as a contract to deliver Telefonica's microwave services for the next two years.

In March 2020, the Government announced it would also invest £500m[6] in the Shared Rural Network, a programme to extend 4G mobile coverage to 95% of the UK. Collaboration between the main network operators will see them provide 220 new sites in rural areas that are currently without coverage. We have already secured a large portion of the site search activities and this places us in a strong position to deliver a full acquire, design and construct turnkey programme.

Following the Government's announcement to remove Huawei equipment from the UK's 5G networks by 2027, we are currently working with EE and BT to deliver 95 trial sites in Hull, London and Cardiff, and we expect to see significant growth in this programme over the next three years.

Wireless telecoms was designated critical to the Covid-19 response and, as such, we continued to support the network operators where it remained safe for our employees to do so. Our multi-skilled, direct delivery teams have continued to provide a responsive service with limited interruption.

Energy

Nuclear

As a major mechanical, electrical and instrumentation ("ME&I") services contractor, our operations in the nuclear and chemical process environment focus on decontamination and decommissioning services, operational support and asset care. Working for over 75 years in civil nuclear, we deliver a multidisciplinary service through our large complement of highly skilled employees who operate to demanding nuclear standards.

The Nuclear Decommissioning Authority ("NDA") spends c.£3bn[7] per annum on its nuclear decommissioning programme across its 17 nuclear licensed sites in the UK and we continue to support sites that command approximately 90 per cent of this expenditure. The Government's total nuclear decommissioning provision is estimated at £124bn[8] over the next 120 years, with around 75% of the total spend allocated to Sellafield which is the largest of the NDA's sites and where we remain a principal ME&I contractor.

Operating on the major Decommissioning Delivery Partnership Framework, which runs to 2026, we deliver work across some of the most hazardous areas of Sellafield including waste retrieval from legacy storage ponds and silos. Our activities include decontamination, decommissioning and waste management. Our long-term frameworks include the SR&DP Asset Care, Magnox Swarf Storage Silo, Bundling Spares and Tanks and Vessels Frameworks. During the period, we were appointed to both lots of the four year Fabrication and Machining Spares Framework for the delivery of highly engineered nuclear components and we remain strongly positioned for future opportunities that will emerge from the major projects programme at the site.

In line with nuclear safety protocols, the Sellafield site suspended the majority of operations at the start of the Covid-19 lockdown in March. The mobilisation of work programmes and decommissioning at Sellafield continues to gain momentum; however, we do not expect to be fully operational until April 2021. At Springfields, where we deliver operational support and decommissioning activities, we have seen a significant increase in activity since the lockdown and we have recently been appointed to a major programme of works associated with the decommissioning of the Magnox Island.

We continue to build on our relationship with Rolls Royce to secure further opportunities since our appointment to the Diesel Generator Programme at Hinkley Point "C".

Thermal power and networks

Our essential engineering maintenance services continue at four of the UK's thermal power stations at near normal levels. We remain operational on the Minor Works Framework with National Grid as well as securing a Minor Civils Framework with Western Power Distribution in the period.

Environmental

Water

In the current five year investment period, AMP7 (which runs from 2020 to 2025), an estimated c.£50bn[9] will be spent, representing a 16% increase from AMP6, with higher expenditure committed to capital maintenance and asset optimisation. Additional investment is allocated to deliver supply resilience including dam safety and infrastructure refurbishment schemes. These long-term renewal programmes require sustained investment through our clients' operational expenditure budgets.

For Dŵr Cymru Welsh Water ("DCWW"), we continue to operate across the region on the Pressurised Pipelines Framework, the Major Civils Framework and the Capital Delivery Alliance Civils & Pipeline Framework. In addition to ongoing maintenance and renewals tasks, we have provided extensive 24/7 emergency reactive works across the water network, in particular supporting the response to the disruption caused by severe storms early in 2020. During the year we were awarded seven schemes as part of DCWW's dam safety programme, enhancing our position as an approved dam safety contractor and providing ongoing opportunities.

Works continue with Wessex Water and Bristol Water as they develop their plans for AMP7. With our new client Yorkshire Water, we will carry out engineering works to existing assets on operational treatment and distribution facilities over the next five years through the AMP7 Minor Civils Framework where we have recently been awarded our first project. Additionally, we were appointed to a treatment works scheme for new client Thames Water.

The Government has committed record investment of £5.2bn[2] over a six year period to improve flood defences nationally. Our clients in this market include the Environment Agency and the Canal and River Trust where we deliver essential maintenance and improvement works nationally. We continue to build on our success with other water clients working for Scottish Canals, Peel Ports and Natural Resources Wales during the year.

Work continues for all our water clients with minimal disruption albeit with enhanced safety precautions in place to comply with the UK Government's strict Covid-19 safety guidelines. The essential nature of the maintenance and renewals tasks we undertake on the water network ensured we remained fully operational across all frameworks.

Land Remediation and Specialist Restoration

In Land Remediation during the year, we experienced significant disruption across our site activities due to the Covid-19 pandemic. This was particularly the case in Scotland where all of our schemes were suspended during the first lockdown. All activity had returned to pre-pandemic levels by July with enhanced safety protection measures in place in line with the UK Government's Covid-19 guidelines.

In Specialist Restoration, despite a temporary cessation of works, our operations at the Palace of Westminster have been at normal capacity since June. During the period we have also been appointed to a new five year conservation framework at this UNESCO World Heritage Site.

Specialist Building

We specialise in the High Quality Residential and Science markets in London and the Home Counties.

Revenue was in line with the Group's expectations at £43.2m (2019: £36.1m) reflecting a continued focus on contract selectivity and risk management. Operating profit was £1.0m (2019: £0.9m), with an operating margin of 2.3% (2019: 2.4%). In Specialist Building, the order book was £89m (2019: £39m).

During the initial lockdown period in March, we experienced some disruption in the High Quality Residential sector in London although operations returned to pre-pandemic levels by July. The Group continues to be selective in these markets where we have a long-established track record. During the period, work continued uninterrupted on our critical science schemes for Defra and the MRC London Institute of Medical Science where we continue to make good progress.

New and emerging markets

As part of the Group's growth ambition, we entered the Highways market with the acquisition of Carnell which delivers renewal and maintenance services across the strategic highways network. We also continue to explore opportunities for our existing portfolio of subsidiaries to work together and to leverage their skills and capabilities to enter adjacent market segments and exploit new emerging opportunities.

Health and safety

We continue to make health and safety a priority, ensuring safe working practices for the Group's employees and those who work with us.

Our progress during the year was overshadowed by an accident in April when our colleague Aden Ashurst was fatally injured in the performance of his duties as a Controller of Site Safety. This incident remains the subject of ongoing investigations and our thoughts remain with the family, friends and colleagues of Aden who lost his life in the conduct of delivering essential rail services.

In addition to our ongoing safety programmes, the Covid-19 pandemic has necessitated significant changes to working practices across all our operations to ensure we are able to continue to operate safely whilst implementing the Government's Covid-19 prevention guidelines.

Sustainability

At Renew, our vision is to safely and responsibly deliver essential engineering services to support and maintain the country's key infrastructure assets. Our specialist engineering services help to future-proof the critical infrastructure upon which millions of people rely as they go about their day-to-day business, from the rail network to roads and telecoms to the energy we use. A long-term approach to sustainability has therefore always been at the heart of our business.

We continue to align our business with the ESG requirements of our stakeholders and during the year we further developed our sustainability strategy which is now reported in five key areas: customer value, climate action, operating responsibly, engaging our people and supporting our local communities.

The pandemic has intensified the world's focus on climate change and during the year we have introduced a number of initiatives including trialling the use of electric powered plant. We have also been rolling out the installation of electric vehicle charging points at our offices and depots which supports our growing fleet of electric vehicles and reduces the carbon footprint of our operations.

This is our first year of reporting under the Streamlined Energy and Carbon Reporting ("SECR") regulations which will provide us with a baseline for future reporting and to ensure we continue to support the UK target to deliver net zero carbon by 2050.

Outlook

These results demonstrate the resilient and long-term nature of the UK infrastructure markets in which we operate and provide a solid platform for our continued growth ambitions. The UK Government remains committed to investing in infrastructure over the long-term, and the Group's market leading capabilities mean we are well positioned as a partner of choice in a number of infrastructure sectors to take advantage of this investment.

Since the Covid-19 societal restrictions were imposed, we have continued to demonstrate a safe and pro-active response to a continuous demand for our essential services. This situation has prevailed since the second lockdown was enforced on the 5 November 2020 and we have continued to operate safely, in compliance with the latest guidance and without any reduction in the levels of service demand. Given our positive progress, with the majority of our activities at pre-pandemic levels, we do not intend to further utilise the Government's Coronavirus Job Retention Scheme.

Our entry into the Highways market has broadened our offering into a compelling new growth area and we continue to seek opportunities in markets with similar characteristics of non-discretionary regulated investment, ongoing renewal and maintenance requirements and high barriers to entry. Our clients have clear spending plans underpinned by strategic national need, regulatory commitments and essential maintenance requirements delivered through long-term programmes of investment, providing visibility of spend over regulatory cycles.

Our differentiated and resilient business model, highly skilled directly employed workforce and proven track record provide us with a competitive advantage which is fundamental to the Group's success in its chosen markets.

The Board remains confident that Renew is strongly positioned to play a significant role in the long-term recovery opportunities that will emerge across UK infrastructure, a sector that will play an important role in rebuilding the economy over the next decade and beyond.

Paul Scott
Chief Executive
8 December 2020

1 Renew uses a range of statutory performance measures and alternative performance measures when reviewing the performance of the Group against its strategy. Definitions of the alternative performance measures, and a reconciliation to statutory performance measures, are included in Note 30 to these accounts
2 HM Treasury Budget 2020 12 March 2020
3 Network Rail Delivery Plan Control Period 6 High Level Summary 26 March 2020
4 Department for Transport Road Investment Strategy 2: 2020-2025 March 2020
5 Department for Transport Road Investment Strategy: for the 2015/16–2019/20 Road Period March 2015
6 UK Government press release '£1bn deal to end poor rural mobile coverage agreed' 9 March 2020
7 Nuclear Decommissioning Authority Business Plan 1 April 2020 to 31 March 2023
8 UK Government Nuclear Provision: the cost of cleaning up Britain's historic nuclear sites 4 July 2019
9 Renew estimates from water companies' business plans
10 Ofgem RIIO-ED1 Price Control Financial Model for the annual iteration process November 2020
Ofgem RIIO-ET1 Financial Model following the annual iteration process 2019

Read more about our business model on pages **14 & 15** which identifies the Group's key stakeholders

Find out more about how we engage with our key stakeholders on page **17**

More details of the Group's sustainability commitments can be found on pages **38–43**

Details of how the Group manages risk can be found on pages **44–47**

Renew Holdings plc (the "Company" or "Group") Section 172(1) statement

As required by Section 172 of the Companies Act 2006, the Directors confirm that, during the year, they continued to act in such a way as to promote the success of the Company for the benefit of all its stakeholders and confirm their commitment to ensuring due consideration of, amongst other matters:

- the likely consequences of any decision in the long term;
- the interests of the Group's employees;
- the need to foster the Group's business relationships with suppliers, customers and others;
- the impact of the Group's operations on the community and the environment;
- the desirability of the Group maintaining a reputation for high standards of business conduct; and
- the need to act fairly between members of the Group.

Stakeholder engagement

Our business model on pages 14 and 15 identifies the Group's key stakeholders. Information about why and how we engage with our key stakeholders can be found on page 17 of this report. More information on the Group's sustainability commitments can be found on pages 38 to 43 of this report. The Group considers its broader sustainability commitments as part of its decision-making process which includes an assessment of the impact of the decisions it takes on the environment.

While there are circumstances where the Board engages directly with certain stakeholder groups or on certain issues, the structure of the Group means that it is usually best for stakeholder engagement to take place at a subsidiary level. More information on the stakeholder engagement that takes place, which informs the Company's decision-making process, can be found in the Strategic report on pages 1 to 47 of this report.

During the year the Renew Board has engaged across our stakeholder groups including attendance at employee and management conferences, and participation in our Safety and Environmental Management Group events, capital markets days, supplier and community events.

Impact on decision making

The day-to-day management of our subsidiary businesses is undertaken by the senior teams within the businesses. Renew oversees its subsidiary businesses in the areas of finance, health and safety, human resources, commercial and risk management. More details of how the Group manages risk can be found on pages 44 to 47. Members of Renew's executive management team attend each subsidiary's monthly management meetings as well as reviewing the Group's overall financial and operational performance at monthly Board meetings.

The Renew Board is responsible for shareholder relations, business strategy, governance, reviewing progress against strategic objectives for both the Group and its subsidiary businesses as well as considering the impact of the Company's activities on the environment. More information on the Group's sustainability commitments can be found on pages 38 to 43 of this report. The Board receives information on these areas prior to its monthly Board meetings and as required throughout the year.

In making its key decisions, Renew considers all its stakeholders. The Board understands that whilst not all the decisions made are able to benefit all the Group's stakeholders at any one time, the Board is confident it reaches its decisions in a fair and consistent manner. One example during the year was its decision to suspend payment of the interim dividend to shareholders as part of the Board's range of measures in response to the Covid-19 pandemic. In making this decision, which is in contrast to the Group's established dividend policy, the Board carefully considered the direct impact this would have on its shareholders. The Board, by drawing on its regular engagement with shareholders, recognised its shareholders' support in making the decision in the best interests of the Group's long-term success. The Board also considered the impact on our operating companies, employees, customers and suppliers and took steps to ensure the decision was communicated effectively with each stakeholder group. The Board has continued to review the impact of this decision regularly since May, maintaining contact with all its stakeholders to understand the continued impact of its decision.

Working together to deliver stakeholder value

Our subsidiaries, directly employed workforce and supply chain work together to deliver a safe and responsive service supporting the day-to-day demands of the UK's critical infrastructure.

Our inputs

Market position
We have strong positions in our markets where we operate often under long-term framework agreements. The reliable nature of the UK infrastructure markets in which we are deeply embedded gives the Board confidence in our strategy.

Engaged and committed workforce
Our directly employed workforce are highly trained and experienced in the individual markets in which they operate. The Group is committed to the development of its workforce and direct engagement supports the responsive nature of the work we undertake.

Financial visibility and strength
The markets in which we operate are largely governed by regulation and, as such, benefit from long-term programmes of committed funding.

Our results are reflective of our defensive qualities, resilience and the implementation of numerous mitigation measures that have proven to be extremely effective in responding to the challenges of Covid-19.

National infrastructure
Operating on the UK's critical networks including the rail, telecoms, water, highways and energy networks we support the day-to-day operation of these key infrastructure assets. The UK Government designated the majority of our activities as critical to the Covid-19 response and we have safely and proactively responded to the ongoing network demands.

Our core values

Compliant
- The safety, health and welfare of our employees and those potentially affected by our activities is a fundamental driver to our highest priority of compliant service delivery.

Reliable
- Demonstrable and reliable delivery performance aligned with our clearly defined strategic priorities.

Considerate
- To be considerate, inclusive and respectful in the way we employ and develop our workforce giving full recognition to our socio-economic responsibilities.

Sustainable
- Our ambitions are long term and build on the solid foundations we have established. We are committed to an approach that delivers sustainable economic, social and environmental value.

Responsible
- Our responsible business strategy is underpinned by our core values and supported by our corporate governance framework which facilitates our growth ambition.

Responsive
- A customer focused "can do" attitude that recognises the priorities of our clients and all stakeholders.

Progressive
- Encouraging entrepreneurial spirit to drive continuous improvement in all that we do with the objective of adding value to all stakeholders.

Integrity
- To behave honestly, openly and fairly with the highest levels of integrity and professionalism at all times.

Delivering value

Shareholders
Through our strong governance framework and system of internal controls, the Group is effectively managed, producing consistently strong results. We are well positioned in our chosen markets with a differentiated business model for continued success.

Number of meetings held with existing shareholders during the year

80

Employees
We provide a range of training and development opportunities for our employees as well as attractive remuneration packages.

Highly skilled workforce

3,800

Operating companies
We support our subsidiary businesses to retain their own strong identities as well as providing central health and safety, IT, HR and commercial functions.

Number of principal subsidiaries

9

Customers
Our range of complementary skills and responsive service assist us in providing our customers with their day-to-day requirements and helps them achieve their longer-term goals.

Frameworks in regulated markets

150+

Suppliers
Operating with fairness and integrity we work with our supply chain to develop a working relationship which benefits all parties.

Our core values

8

Communities
We support the local communities in which we operate by engaging with them on charitable, environmental and social causes. We operate responsibly and ensure a lasting positive impact from the work we undertake.

Number of charities we support

50+

Working together

Delivering value to our stakeholders

Despite the impact of Covid-19, the Group delivered an extraordinary and record trading performance, with strong cashflow and continued EPS growth. Group revenue[1] increased to £620.4m (2019: £600.6m) with an adjusted[1] operating profit of £39.6m (2019: £38.3m) and a maintained adjusted[1] operating margin of 6.4% (2019: 6.4%). As at 30 September 2020 the Group had a net cash[1] position of £0.3m (2019: net debt £10.2m) reflecting the Group's continued focus on cash generation and conservative approach to gearing.

The Group expanded into the Highways market with the acquisition of Carnell, a leading provider of engineering services to the strategic highways network.

1 Renew uses a range of statutory performance measures and alternative performance measures when reviewing the performance of the Group against its strategy. Definitions of the alternative performance measures, and a reconciliation to statutory performance measures, are included in Note 30 to these accounts.

Read more about our 2020 results on pages **6–12**

Engaging with our stakeholders

Effective relationships with our employees, customers, suppliers, shareholders and wider stakeholders is critical to the continued success of our business.

Our six key stakeholders

Culture

Our subsidiary businesses drive a culture of fairness, diversity, inclusion and respect ensuring that the behaviours across their organisations are closely aligned to the Group's core values.

	We engage because	How we engage and respond	Key areas of interest
Shareholders	• Updating our shareholders regularly enables them to understand our business and progress.	• Investor roadshows delivering Group results to the city. • Capital markets events to engage and inform new and existing investors. • The Annual General Meeting is a chance for engagement with all our stakeholders.	• Financial performance • Corporate governance • Environmental, Social and Governance ("ESG")
Employees	• Our employees are critical to the success of the Group.	• Breakfast briefings for regular, timely updates. • Newsletters help share employee news and contract awards and reinforce the Company's values. • Social events help bring our employees together and often provide an opportunity to raise money for our businesses' chosen charities. • Group roadshows delivered by the Chief Executive focus on Group performance and priorities.	• Social • Training, development and succession • Group progress • Health and wellbeing
Operating companies	• We support our subsidiaries, providing them with a framework to share efficiencies and opportunities.	• Management meetings attended each month by a member of the executive team. • The Executive Management Committee is a forum for all MDs and the senior team to share information and best practice. • Workshop events to reinforce key objectives.	• Opportunities with other Group businesses • Cost efficiencies • Sharing best practice
Customers	• Strong relationships with our clients is key to delivering their requirements over the long term.	• Strong management communication – an open manner fosters strong relationships. • Regular communication builds trust. • Delivering a responsive service helps us become a partner of choice.	• Capabilities • Experience • Responsive service
Suppliers	• Trusted suppliers assist us in delivering a "right first time" and responsive service.	• Key events help us align suppliers with our key deliverables. • Questionnaires ensure compliance with our requirements. • Prompt payment terms build good working relationships.	• Key requirements • Our values • Health and safety • Financial strength
Communities	• We value being a responsible member of the communities in which we operate.	• Engaging with local education providers supporting them to develop the skills of tomorrow. • Community schemes give our businesses an opportunity to leave a lasting positive impact. • Neighbourhood liaisons help keep communities informed. • Charitable events to help us give back.	• The work we are undertaking • Environmental considerations • Community action

With a focus on sustainable operations

Support local communities

Customer value

Climate action

Operate responsibly

Engage our people

Read more about our sustainable operations on pages **38–43**

Meeting national needs

The UK infrastructure market is robust and sustainable with continued growth in forecast spending, backed by strong Government support and committed investment in all key long-term programmes.

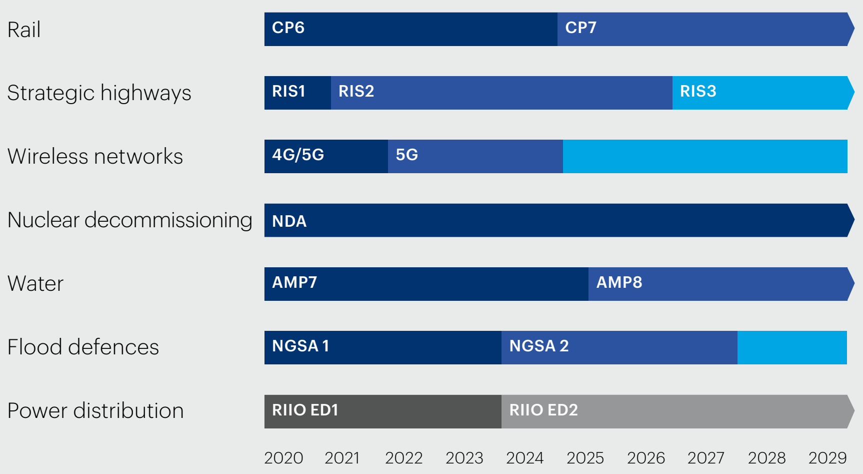
Engineering services in markets with committed investment

UK Government investment in infrastructure March 2020 Budget[2]

£640bn

2020–2025

Regulatory periods ensure visible pipeline to 2029



Record investment in UK infrastructure includes:

- £53bn investment in Control Period 6[3]
- £3bn Nuclear Decommissioning Authority spend per annum[7]
- £51bn estimated spend in Asset Management Programme 7[9]
- £5bn estimated investment to roll out 5G across the UK[2]
- £27.4bn Road Investment Strategy 2[4]
- £37bn estimated investment in electricity network during RIIO-1[10]

For references please see page 12.

Green Economy Mark

London Stock Exchange Green Award

In 2019 Renew was awarded the London Stock Exchange's Green Economy Mark which highlights companies listed on the Main Market and the Alternative Investment Market ("AIM") that are driving the global green economy. To qualify for the Green Economy Mark, companies must generate at least 50% of their total annual revenues from environmental solutions.

Market drivers

There are five fundamental long-term trends that will support the Group's growth over the next ten years.

Long-term trends

Political and economic landscape	Population growth	Government regulation	Climate change	Technological developments
• Conservative Government infrastructure election pledge • Impact of Covid-19 on working practices • Brexit uncertainty	• Increased pressure on transport capacity • Housing shortages • Demand for natural resources increases	• Drive to optimise assets • Incentives linked to customer satisfaction	• Focus on decarbonisation • Increased flood risk	• Move towards smart cities and smart transport • Need for improved wireless networks

Opportunity for Renew

Political and economic landscape	Population growth	Government regulation	Climate change	Technological developments
• Increased speed of investment in UK critical infrastructure • Additional investment in telecoms • Infrastructure investment acts as fiscal stimulus	• Investment to improve rail and highways capacity • Regeneration of urban areas and brownfield sites • Need for better resilience in energy and water supply	• Focus on upgrading and maintaining infrastructure assets • Increased spend to reduce leaks, faults and network delays	• Investment in renewables, electrification and new technology • Flood alleviation, dam safety and network resilience programmes	• Digital railway, digital roads, battery storage and electric vehicle charging • Roll-out of 5G network, including the Shared Rural Network, across the UK

Opportunities underpinned by strategic national need

A strong position

Our markets have seen unprecedented levels of capital investment in recent years with increased spend on maintenance and renewals. This is driving improved organic growth opportunities through our focus on asset management programmes with non-discretionary funding and high barriers to entry.

Key markets

We operate in mainly regulated markets where our clients' investment programmes give long-term visibility of committed spending on maintenance and renewals programmes often over many years.

Change in investment during the year:

↓ Decrease ↑ Increase ↔ Same as last year

Rail ↑

Investment in Control Period 6

£53bn[3]

Market opportunity

- There will be a 25% increase in spend on operations, maintenance, support and renewals in CP6 compared with CP5.
- Opportunities will arise from the integration of HS2 with the existing rail infrastructure.
- Long-term investment will be required to deliver the Government's decarbonisation commitments by 2050, including significant spend on electrification programmes.

Our response

- National coverage with regional offices and depots.
- Strong relationships.
- Large multidisciplinary direct delivery renewals and maintenance capability.
- Reputation for being "user friendly", responsive and able to react at short notice.
- In-house multidisciplinary design.
- Innovation in specialist plant.

Nuclear ↔

Nuclear Decommissioning Authority spend per annum

£3bn[7]

Market opportunity

- The Government's nuclear decommissioning provision is estimated at £124bn[8] over the next 120 years, with around 75% allocated to Sellafield.
- Momentum in Magnox decommissioning programme.
- New nuclear is an essential part of the Government's objective of delivering a sustainable and low-carbon energy future.

Our response

- Over 75 years of proven performance in civil nuclear.
- Exemplary, market leading safety record.
- Multidisciplinary service offering including manufacture.
- Highly qualified and working to stringent nuclear standards.
- Large complement of highly skilled and security-cleared resource.

Water ↑

Estimated spend in Asset Management Programme 7 ("AMP7")

£51bn[9]

Market opportunity

- AMP7 will focus on cost efficiency and leak reduction with expenditure to increase by 16% from AMP6.
- OFWAT focused on improving the customer experience and outcome-based solutions leading to an increase in expenditure on capital maintenance and asset optimisation.
- Additional spending to enhance supply resilience including on dam safety and infrastructure refurbishment schemes.

Our response

- Excellent client relationships.
- Strong track record of complex delivery.
- Trusted partners over numerous AMPs.
- Operating in high barrier to entry sectors driving higher margins – dam safety, live network upgrades.
- Direct delivery teams with excellent safety record.

Entry to Highways market

Road Investment Strategy 2 (2020–2025)

£27.4bn[4]

Acquisition of Carnell

In January 2020 we acquired Carnell, a provider of specialist renewal and maintenance engineering services to the strategic highways network. Carnell is an excellent fit with our established and proven strategy, operating in a regulated sector through long-term frameworks. This acquisition expanded our addressable markets into an attractive new growth sector.

Essential airport infrastructure

During the year we have been involved in a number of schemes at UK airports. We see long-term organic growth opportunities in the essential maintenance and renewal requirements.

Wireless telecoms

Estimated investment to roll out 5G across the UK

£5bn[2]

Market opportunity

- Wireless telecoms infrastructure market to grow significantly as demand for 5G internet access increases.
- All four major UK networks have announced their 5G launch sites as part of a roll-out of wireless infrastructure across the UK.
- Government to invest over £500m in the Shared Rural Network to extend 4G mobile coverage to 95% of the UK.

Our response

- Long-term relationships with all the main UK network operators, equipment vendors and managed service providers.
- Scale and location of multi-skilled direct delivery teams able to provide a rapid, UK-wide service.
- In-house expertise to provide a full acquisition, design and construct service.
- Reputation for delivery during roll-out of 2G to 4G.

Highways

Road Investment Strategy 2 ("RIS2")

£27.4bn[4]

Market opportunity

- Unprecedented level of committed spend on England's strategic road network over the 2020–2025 period.
- Increase in Highways England spending in renewals.

Our response

- Strong relationships in all Highways England areas and with other maintenance and renewals providers.
- Reputation for innovation that delivers efficiency and safety benefits.
- Multi-skilled direct delivery teams are able to provide a UK-wide service.
- Plant-led solutions that deliver margin enhancements.

Power

Estimated investment in electricity network during RIIO-1

£37bn[10]

Market opportunity

- 40GW of new power generation needed by 2030 that will require new network infrastructure.
- £37bn of Ofgem funding to enhance electricity network (2013–2023).
- £500m to support the roll-out of super-fast electric vehicle charging network in March 2020 Budget.
- Demand for distribution networks to manage load to accommodate local generation and storage.

Target market

A market that has been identified as having similar characteristics to those we already operate in and that is a good fit or complementary to the Group's existing skills.

For references please see page 12.

A sustainable strategy

Our long-term strategy concentrates on developing our range of engineering services capabilities, both organically and through selective acquisitions. The Group targets acquisitions that bring complementary skills and allow us to deliver a wider range of services to our clients.

1.

To be a key provider of engineering services in our target markets

Progress in 2020

We have achieved further progress in our markets with a number of key framework awards and extensions in the period with both existing and new clients responsible for critical UK networks.

Future focus

Develop strategically important relationships by delivering market-leading innovation and cost efficiencies to our clients.

Link to KPIs

Read more on pages **24 & 25**

A C E F

2.

To focus on asset support, maintenance and renewals programmes with non-discretionary funding

Progress in 2020

We continued to develop our range of maintenance and renewals capabilities enabling us to provide long-term engineering services to our clients. We focus on essential non-discretionary spending on critical networks to ensure their continued reliability. These spending programmes are delivered through our clients' visible operational expenditure budgets. Our engineering services, which keep key infrastructure networks operational, were deemed critical to the Covid-19 response.

Future focus

We position our business to access essential maintenance and renewals spending programmes with our new and existing clients.

Link to KPIs

Read more on pages **24 & 25**

A B C E

3.

To expand our direct delivery model through strong local brands

Progress in 2020

In January the Group acquired Carnell, an established provider of specialist maintenance and renewals engineering services to the strategic highways network. Carnell has a national presence and is focused on direct delivery, non-discretionary maintenance and renewals.

Future focus

We continue to focus on the organic expansion of our engineering services capabilities and geographical coverage as well as seeking complementary engineering services acquisitions.

Link to KPIs

Read more on pages **24 & 25**

E F

Discover more about how we create value

Read more on pages **14 & 15**

Discover more about how we manage risk

Read more on pages **44 to 47**

4. To establish long-term relationships through responsiveness to clients' needs

Progress in 2020

We offer direct delivery, market expertise and a local, responsive service to our clients. We continue to expand our range of capabilities to better meet the needs of our key clients.

We continued to strengthen our relationships with our clients throughout the pandemic.

Future focus

Develop our range of capabilities and utilise our market knowledge to align our business to our clients' long-term objectives.

Continue to deliver a quality, safe and cost-effective service in our markets.

Link to KPIs

Read more on pages **24 & 25**

C E

5. To continue to deliver organic growth combined with selective complementary acquisitions

Progress in 2020

We continue to deliver both organic and acquisitive growth over the medium term. The Group's range of capabilities has grown with the acquisition of Carnell, a provider of specialist renewal and maintenance engineering services to the strategic highways network.

Future focus

Continue to grow the Group's Engineering Services operations, both organically and through selective complementary acquisitions.

Continue to develop growth opportunities in both existing and targeted emerging markets.

Link to KPIs

Read more on pages **24 & 25**

A B D

Emergency support

In February 2020, in response to the effects of severe storms, we saw significant and sustained demand for our emergency support services across the rail and water networks. The most severely impacted locations included Wales, North West and Central, Eastern and Scotland. Working around the clock, despite the challenging weather conditions and remote locations, our teams undertook vital works to ensure the integrity and safety of the railway for passengers and freight customers, minimising disruption and protecting community transport links as well as on critical water infrastructure to maintain continuity of supply.

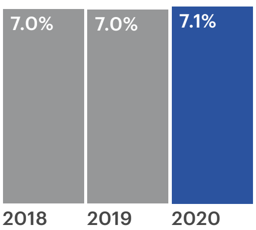
Read more in our operational review on pages **26–34**

Measuring performance

The Group has certain key performance indicators ("KPIs") which are used to measure and monitor its performance in a number of areas. The operating profit KPIs are measured on a non-GAAP basis which reflects the most appropriate view of the underlying performance of the business.

A. Adjusted Engineering Services operating profit[1] as a percentage of revenue

7.1%



Description
Adjusted Engineering Services operating profit[1] as a percentage of revenue.

Why it's a KPI
The strength of our margin illustrates the Group's focus on quality of earnings.

2020 performance
We continue to work to improve our Engineering Services margin through efficiencies and innovative working practice.

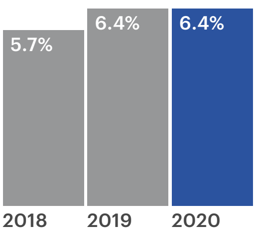
Link to strategy

Read more on pages **22 & 23**

1 2 5

B. Adjusted Group operating profit[1] as a percentage of revenue

6.4%



Description
Adjusted Group operating profit[1] as a percentage of revenue.

Why it's a KPI
An increase in margin illustrated the Group's focus on quality of earnings.

2020 performance
We maintained, despite tough market conditions, the Group's margin through efficiencies and innovative working practice.

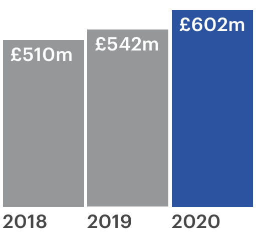
Link to strategy

Read more on pages **22 & 23**

2 5

C. Engineering Services order book[1]

£602m



Description
The Group's Engineering Services order book[1].

Why it's a KPI
This is a KPI to demonstrate the development of our position as a leading provider of essential engineering services and supports workload visibility.

2020 performance
The Engineering Services order book[1] has increased following a number of strategic framework appointments and renewals together with the acquisition of Carnell.

Link to strategy

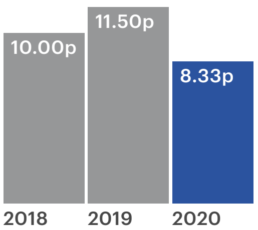
Read more on pages **22 & 23**

1 2 4

1 Renew uses a range of statutory performance measures and alternative performance measures when reviewing the performance of the Group against its strategy. Definitions of the alternative performance measures, and a reconciliation to statutory performance measures, are included in Note 30 to these accounts.

D. Dividend

8.33p



Description
The Group's full year dividend to its shareholders.

Why it's a KPI
The Group's dividend shows the Board's confidence in the strength of its capabilities and position within its key markets.

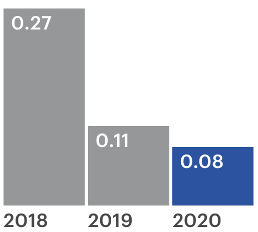
2020 performance
As part of the Covid-19 defensive measures implemented in the first half of the year, the Group suspended payment of its interim dividend to shareholders. The Board approved a final dividend of 8.33p.

Link to strategy
Read more on pages **22 & 23**

5

E. Health and safety

0.08



Continuous focus on AFR reduction.

Read more about our approach to Health and Safety on page **41**

Description
The Accident Frequency Rate ("AFR") measuring reportable incidents of over seven day absence per million hours worked.

Why it's a KPI
The safety of our employees and those who work with us remains a high priority for the Group. This measure reflects one of the Group's commitments to improving its safety record.

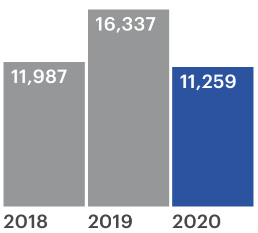
2020 performance
Our frequency rate, measured over the year, compares favourably to the most recently published rates of comparable construction businesses.

Link to strategy
Read more on pages **22 & 23**

1 2 3 4

F. Investment in training

11,259



Description
Number of training days undertaken across the Group in our various education programmes.

Why it's a KPI
Measuring training days undertaken demonstrates our continued investment in our direct delivery workforce.

2020 performance
The number of training days undertaken in 2020 has reduced compared with previous years due to the Covid-19 restrictions.

Link to strategy
Read more on pages **22 & 23**

1 3

Rail
Keeping the nation on the move

Rail

Capabilities

- Operational support and asset care
- Critical planned and reactive maintenance and renewals
- Civil, mechanical and electrical engineering services
- Geotechnical and earthworks
- Plant, power and signalling renewals
- 24/7 emergency provision
- Asset renewal and refurbishment
- Tunnel and shaft refurbishment
- Fencing and devegetation
- Multidisciplinary in-house design capability

Progress

As a major provider of multidisciplinary maintenance and renewals engineering services to Network Rail, we support the day-to-day operation of the rail network nationally, directly delivering essential asset maintenance through our long-term CP6 frameworks. The Group now holds in excess of fifty CP6 maintenance and renewals frameworks across all disciplines, covering the entire UK rail network.

During the year we secured new positions on the CP6 Wales and Western five year renewals frameworks across all five lots, where we will deliver a programme of engineering services to assets across the rail network including bridges, embankments, tunnels, signalling, electrification and plant. We were also awarded an additional rail drainage framework in Scotland, complementing our existing rail drainage framework positions. We have existing frameworks for the delivery of multidisciplinary maintenance and renewals, minor signalling, geotechnical and earthworks, devegetation, slab track, station information and security systems and telecoms. We also provide a 24/7 emergency support service across the rail network and during the period we responded to significant events at Stonehaven and Falkirk.

We remain committed to adding value through innovation. We have developed bespoke and unique solutions for devegetation, tunnel maintenance and drainage to deliver safer and more sustainable working practices that create high barriers to new entrants.

Since the lockdown restrictions were imposed in March, we have seen our planned work for our rail customers continue with minimal disruption, albeit with enhanced safety requirements in place to comply with the Government's Covid-19 guidelines.

Future focus

We focus on developing the opportunities arising from our acquisitions where our expanded range of services provides opportunities in the wider rail market. We continue to align our business with the requirements of our largest client, Network Rail, over the CP6 investment period.

Working together

Covid-19: rail maintenance and emergency support

When the lockdown restrictions were imposed in March, our largest customer Network Rail confirmed its intention to proceed with all our planned works where we were able to comply with the UK Government's Covid-19 safety guidelines. We have since experienced limited site closures and in some cases we have taken the opportunity to deliver some schemes ahead of plan while the network has been running at limited capacity. We are operational in all Network Rail routes and regions.

Infrastructure
Working together to meet national needs

Wireless telecoms

Capabilities
- Operational support and asset care
- Critical planned and reactive maintenance and renewals
- Acquisition, planning and design services
- Provision of 3G, 4G, 5G and Wi-Fi technologies
- Temporary sites and special events
- Maintenance and decommissioning services

Progress
We continue to deliver all aspects of wireless telecoms infrastructure, including 4G and 5G deployment, maintenance and decommissioning services. We have long-term relationships with all the main UK network operators, equipment vendors and managed service providers. In the period, we have seen a significant increase in work across all our frameworks as the 5G roll-out programme accelerates. We were awarded positions on both Telefonica's and MBNL's new three year 5G services frameworks as well as a contract to deliver Telefonica's microwave services for the next two years.

As part of the Shared Rural Network programme, to extend 4G mobile coverage to 95 per cent of the UK, collaboration between the main network operators will see them provide 220 new sites in rural areas that are currently without coverage. We have already secured a large portion of the site search activities and this places us in a strong position to deliver a full acquire, design and construct turnkey programme.

Following the Government's announcement to remove Huawei equipment from the UK's 5G networks by 2027, we are currently working with EE and BT to deliver 95 trial sites in Hull, London and Cardiff, and we expect to see significant growth in this programme over the next three years.

Wireless telecoms was designated critical to the Covid-19 response and, as such, we continued to support the network operators where it remained safe for our employees to do so. Our multi-skilled, direct delivery teams have continued to provide a responsive service with limited interruption.

Future focus
We remain focused on the requirements of the 4G and 5G wireless telecoms network programmes in the UK. The UK Government's ambition to be a leader in the provision of the next generation of mobile communications technologies is providing opportunities through long-term 5G investment programmes.

Highways

Capabilities

- General civils including structures, groundworks, drainage, fencing and geotechnical schemes
- Installation and maintenance of roadside communication assets
- Repair, refurbish and install highway drainage networks
- Unique STONEmaster filter drain refurbishment process
- Drainage surveys including pipe-jetting and record digitisation
- Full turnkey road lighting service
- SAFETYcam fleet of mobile road worker protection vehicles

Progress

In January 2020 we announced the acquisition of Carnell, a leading provider of specialist engineering services on the strategic road network. Carnell directly delivers non-discretionary renewals and maintenance through long-term framework agreements, employing plant-led technologies as part of its unique range of services deployed across the highways network. Operating nationally, Carnell has built strong relationships with key public and private sector clients, including its largest customer, Highways England, for which it is one of only three suppliers working across all Asset Delivery Areas. During the period, Carnell performed in line with expectations and saw a number of its existing frameworks extended as well as securing a new Asset Delivery Framework for Highways England in the East region.

Carnell works closely with its clients and suppliers to develop innovative solutions to improve safety, sustainability and value in the delivery of drainage, infrastructure, specialist surveys and highways technology across the strategic road network. In the last year it recycled 53,000m^3 of filter drain using its STONEmaster and STABLEdrain systems. This saved 62,000 litres of fuel and reduced HGV journeys saving over 500 tonnes of CO_2 and was recognised with an International Green Apple Award for environmental best practice. Carnell was also awarded the HRH Prince Michael International Road Safety Award for its mobile road worker protection system SAFETYcam.

During the Covid-19 restrictions, our activities in Highways have continued at levels similar to those seen prior to the pandemic. We remained operational across all Highways England areas which is reflective of the resilience of this new market sector for Renew.

Future focus

We remain focused on the increased spending in the run up to Scheme Delivery Framework contract awards and continue to position ourselves for the committed RIS2 Government investment.

Energy
High hazard risk reduction

Nuclear

Capabilities
- Operational support and asset care
- Critical planned and reactive maintenance and renewals
- Civil, mechanical and electrical engineering
- Nuclear decommissioning and decontamination
- In-house specialist fabrication and manufacturing

Progress
As a major mechanical, electrical and instrumentation ("ME&I") services contractor, our operations in the nuclear and chemical process environment focus on decontamination and decommissioning services, operational support and asset care. Working for over 75 years in civil nuclear, we deliver a multidisciplinary service through our large complement of highly skilled employees who operate to demanding nuclear standards.

Operating on the major Decommissioning Delivery Partnership Framework, which runs to 2026, we deliver work across some of the most hazardous areas of Sellafield including waste retrieval from legacy storage ponds and silos. Our activities include decontamination, decommissioning and waste management. Our long-term frameworks include the SR&DP Asset Care, Magnox Swarf Storage Silo, Bundling Spares and Tanks and Vessels Frameworks. During the period, we were appointed to both lots of the four year Fabrication and Machining Spares Framework for the delivery of highly engineered nuclear components and we remain strongly positioned for future opportunities that will emerge from the major projects programme at the site.

In line with nuclear safety protocols, the Sellafield site suspended the majority of operations at the start of the Covid-19 lockdown in March. The mobilisation of work programmes and decommissioning at Sellafield continues to gain momentum; however, we do not expect to be fully operational until April 2021. At Springfields, where we deliver operational support and decommissioning activities, we have seen a significant increase in activity since the lockdown and we have recently been appointed to a major programme of works associated with the decommissioning of the Magnox Island.

We continue to build on our relationship with Rolls Royce to secure further opportunities since our appointment to the Diesel Generator Programme at Hinkley Point "C".

Future focus
We continue to look for opportunities to broaden our range of skills and develop our service offering in the nuclear market which has high barriers to entry and requires an exceptional safety record. In the emerging new nuclear market, we focus on the supply of high integrity fabrications as well as mechanical and electrical installation support to specialist equipment vendors.

Thermal

Capabilities
- Operational support and asset care
- Critical planned and reactive maintenance and renewals
- Civil, mechanical and electrical engineering

Progress
We deliver continuing essential engineering maintenance services at four of the UK's thermal power stations at near normal levels. Our embedded maintenance teams support these sites through programmes of planned maintenance and an emergency support provision. We remain operational on the Minor Works Framework with National Grid as well as securing a Minor Civils Framework with Western Power Distribution in the period.

Future focus
We continue to develop our existing relationships with clients responsible for assets in the thermal energy market. Our range of capabilities and experience means we are well placed to meet the needs of a wide range of assets across this sector.

Carbon footprint initiative

Commitment to clean energy starts at home
As part of an initiative to reduce our carbon footprint, electric vehicle charging points have been installed at a number of our office locations.

At our AmcoGiffen office in Barnsley, our internal design department undertook a study to confirm our power supply capability as well as the capacity for additional charging points in the future. The selected area for the points had an available cable supply route, allowing the installation of ten EV charging points. The surrounding kerbs and flags were upgraded in each location to ensure that people could use the points safely. All the upgrade works were completed using in-house delivery teams.

Image courtesy of Sellafield.

Environmental Maintaining complex water infrastructure

Water

Capabilities

- Operational support and asset care
- Critical planned and reactive maintenance and renewals
- Civil, mechanical and electrical engineering
- 24/7 emergency reactive works including flood risk management programmes
- Maintenance of strategic water mains and mains drainage
- Clean and wastewater rehabilitation infrastructure
- Dam safety and pressurised pipeline specialists
- Port, harbour and sea defences

Progress

For Dŵr Cymru Welsh Water ("DCWW"), we continue to operate across the region on the Pressurised Pipelines Framework, the Major Civils Framework and the Capital Delivery Alliance Civils & Pipeline Framework. In addition to ongoing maintenance and renewals tasks, we have provided extensive 24/7 emergency reactive works across the water network, in particular supporting the response to the disruption caused by severe storms early in 2020. During the year we were awarded seven schemes as part of DCWW's dam safety programme, enhancing our position as an approved dam safety contractor and providing ongoing opportunities.

Works continue with Wessex Water and Bristol Water as they develop their plans for AMP7. With our new client Yorkshire Water, we will carry out engineering works to existing assets on operational treatment and distribution facilities over the next five years through the AMP7 Minor Civils Framework where we have recently been awarded our first project. Additionally, we were appointed to a treatment works scheme for new client Thames Water.

The Government has committed record investment of £5.2bn[2] over a six year period to improve flood defences nationally. Our clients in this market include the Environment Agency and the Canal and River Trust where we deliver essential maintenance and improvement works nationally. We continue to build on our success with other water clients working for Scottish Canals, Peel Ports and Natural Resources Wales during the year.

Work continues for all our water clients with minimal disruption albeit with enhanced safety precautions in place to comply with the UK Government's strict Covid-19 safety guidelines. The essential nature of the maintenance and renewals tasks we undertake on the water network ensured we remained fully operational across all frameworks.

For references please see page 12.

Future focus

We will continue to develop the opportunities available through our existing framework agreements with our water clients, supporting them in the day-to-day running of their water infrastructure networks.

Land Remediation and Specialist Restoration

Capabilities

- Soil and groundwater remediation
- Soil washing, biophysical treatment, solidification and stabilisation, enhanced segregation and geotechnical improvements
- Design of bespoke remediation and ground engineering solutions
- In-house technology and environmental engineering resources
- Remediation strategies combined with infrastructure delivery
- Specialist restoration

Progress

In Land Remediation during the year, we experienced significant disruption across our site activities due to the Covid-19 pandemic. This was particularly the case in Scotland where all of our schemes were suspended during the first lockdown. All activity had returned to pre-pandemic levels by July with enhanced safety protection measures in place in line with the UK Government's Covid-19 guidelines.

In Specialist Restoration, despite a temporary cessation of works, our operations at the Palace of Westminster have been at normal capacity since June. During the period we have also been appointed to a new five year conservation framework at this UNESCO World Heritage Site.

Future focus

We continue to maximise the potential of the position we have developed in the UK remediation and restoration markets.

Specialist Building

High Quality Residential and Science

Capabilities

- High quality residential refurbishment schemes in London and the Home Counties
- Development of research and laboratory schemes
- Extensive temporary structural engineering provision
- In-house design and engineering capabilities

Progress

During the initial lockdown period in March, we experienced some disruption in the High Quality Residential sector in London although operations returned to pre-pandemic levels by July. The Group continues to be selective in these markets where we have a long-established track record. During the period, work continued uninterrupted on our critical science schemes for Defra and the MRC London Institute of Medical Science where we continue to make good progress.

Future focus

We focus on delivering technically challenging High Quality Residential and Science projects in London and the Home Counties where our expertise and experience prove differentiators in this market. We continue to be selective in these markets with a focus on risk management.

Working together

Community collaboration

Walter Lilly, working with the engagement team of the Medical Research Council London Institute of Medical Sciences ("LMS"), reached out to its neighbouring school. The team began a collaborative project with students of the Ark Burlington Danes Academy to create an innovative, interactive hoarding design. The hoarding provides the perfect canvas for students to explore whether traits they possess are controlled by their genes or by their environment, a theme that runs through much of the research that takes place at LMS.

The design consists of DNA helices and reflects LMS research in genetics and epigenetics. Over 300 students contributed to the hoarding which runs the length of the academy's playing field facilitating engagement between these young stakeholders and the exciting construction project taking place within their community.

A strong performance

Sean Wyndham-Quin CA
Chief Financial Officer

Revenue

£620.4m

2019: £600.6m

Net cash

£0.3m

2019: Net debt £10.2m

1 Renew uses a range of statutory performance measures and alternative performance measures when reviewing the performance of the Group against its strategy. Definitions of the alternative performance measures, and a reconciliation to statutory performance measures, are included in note 30.

Dear Shareholder

Results

Group revenue[1] from continuing activities was £620.4m (2019: £600.6m), with an operating profit before tax[1] from continuing activities prior to amortisation and exceptional items of £39.6m (2019: £38.3m). A tax charge of £6.9m (2019: £7.3m) resulted in a profit after tax prior to amortisation and exceptional items for the year of £31.9m (2019: £30.4m), an increase of 5 per cent. After deducting £6.7m (2019: £10.8m) of amortisation and exceptional costs, the profit for the year from continuing activities was £26.3m (2019: £22.3m).

Amortisation and exceptional items

The £6.7m of exceptional items and amortisation is made up of £5.5m of amortisation charges in the year relating to contractual rights and customer relationships which are primarily associated with the acquisition of Giffen Holdings Limited, QTS Group Limited and Carnell Group Holdings Limited ("Carnell"). Following this amortisation there remains £23.1m of other intangible assets on the balance sheet. In addition, we have recognised an exceptional charge in the year of £1.2m in relation to deal expenses relating to the acquisition of Carnell.

Net cash

The Group's balance sheet shows a cash balance of £13.4m (2019: £11.7m) and bank borrowings of £13.1m (2019: £21.9m) at the year end. Consequently, the Group's net cash[1] position as at 30 September 2020 was £0.3m (2019: net debt[1] of £10.2m).

Banking facilities

The Group has a four year term loan with HSBC UK Bank plc which was used to part-fund the acquisition of QTS Group Limited in 2018. The loan is repayable in quarterly instalments and is secured by a fixed and floating charge over the Group's assets. The loan will be fully repaid during the year ended 30 September 2022.

The Group has committed debt facilities of £44.2m in the form of a revolving credit facility with HSBC UK Bank plc and National Westminster Bank plc which is committed until January 2024. In addition, the Group has a further £10.0m overdraft, also with HSBC, which is renewed annually in January.

The Group has complied with the covenants associated with all of its debt facilities throughout the year.

Going concern

The Directors continue to adopt the going concern basis in preparing the Group's 2020 financial statements.

Leasing

At 30 September 2020, the Group had £15.4m (2019: £5.8m) of lease liabilities. The increase in lease liabilities is because of the implementation of IFRS 16 for the first time this year which requires the inclusion of the liabilities associated with right of use assets to be included in the lease liabilities figure. The liability associated with right of use assets as at 30 September 2020 was £9.9m.

Impact of IFRS 16

IFRS 16 "Leases" has become effective for the year ended 30 September 2020 and replaces the requirements of IAS 17 "Leases". The Group has adopted IFRS 16 using the modified retrospective approach under which the cumulative effect of adoption is recognised through reserves, with comparatives continuing to be reported under IAS 17. An asset representing the Group's right as a lessee to use a leased item and a liability for the associated future lease payments have been recognised for all leases, subject to limited exceptions for short-term leases and low-value lease assets.

Impact of IFRS 16 continued

The cost of leases has been recognised in the Consolidated income statement split between depreciation of the lease asset and a finance charge on the lease liability. This is similar to the accounting for finance leases under IAS 17, but different to the accounting for operating leases where no lease asset or lease liability was recognised, and operating lease rentals were charged to the Consolidated income statement on a straight-line basis.

As a result of adopting the new accounting standard for the year ended 30 September 2020, the Group's profit before tax has reduced by £154,000 and operating profit has increased by £148,000. The reduction in profit before tax is the net impact of £302,000 of additional finance charges and £3,873,000 of additional depreciation, replacing £4,021,000 of operating lease rental charges. On 1 October 2019 there was no impact on the net assets of the Group; however, there was a grossing up of £10m with the creation of a new £10m right of use asset and a corresponding £10m increase in lease liabilities.

Taxation

The tax charge on profit for the year is £5.8m (2019: £4.7m), a rate of 17.9 per cent which is broadly in line with the headline rate of 19.0 per cent. Corporation tax paid in the year amounted to £8.2m (2019: £5.5m). The higher than usual amount paid during the year is as a consequence of HMRC changing the timing of when payments on account are made which resulted in the Group making six payments on account during the financial year rather than the usual four. The Group will revert to the usual four payments on account in the year ended 30 September 2021, which will normalise the payment profile. The Group has deferred payment of c.£17m of VAT to the following financial year.

Pension schemes

At 30 September 2020, the IAS 19 valuation of the Lovell Pension Scheme, which was closed to new members in 2000, resulted in an accounting surplus of £17.8m (2019: £15.6m) after accounting for deferred taxation. The net surplus has increased by £2.2m during the year, due primarily to contributions made by the Company.

During the year, the Board has continued to work with the Trustees of the Lovell Scheme, to reduce the risks associated with the scheme's liabilities by regularly reviewing the scheme's investment strategy which includes a liability driven model featuring interest rate hedging techniques. At the year end, 50 per cent (2019: 52 per cent) of the scheme's total liabilities were matched by annuities. In the triennial valuation of the scheme, which was carried out as at 31 March 2018, the scheme actuary measured the deficit in the scheme at £0.3m. In accordance with the scheme specific funding requirements of the Pensions Act 2005, the Board reached an agreement with the Trustees of the scheme on the level of future contributions at £4.3m per annum until 31 July 2023 by which point the scheme's buy-out deficit is expected to be cleared. The next triennial valuation is due on 31 March 2021.

The IAS 19 valuation of the Amco Pension Scheme shows a net surplus of £0.5m (2019: £1.0m) after accounting for deferred taxation. The net surplus has decreased by £0.5m during the year, primarily due to the reduction in the discount rate used to calculate the future liability but offset by the contributions made by the Company.

Similar to the Lovell Scheme, the Board has worked closely with the Trustees of the Amco Scheme, to reduce the risks associated with the liabilities of the scheme. At the year end, 47 per cent (2019: 49 per cent) of the scheme's total liabilities were matched by annuities. In the triennial valuation of the scheme, which was carried out as at 31 December 2016, the scheme actuary measured the deficit in the scheme at £3.4m. In accordance with the scheme specific funding requirements of the Pensions Act 2005, the Board agreed the level of future contributions with the Trustees of the scheme at £0.5m per annum. This recovery plan was projected to eliminate the deficit under the Statutory Funding Objective of the Pensions Act 2004 by 31 October 2020. The next triennial valuation is for the period ending 31 December 2019 and will be completed during the next financial year at which an updated recovery plan will be agreed with the Trustees.

Discontinued operations

The Group made a loss for the year from discontinued operations of £5.6m (2019: £0.0m). £5.3m of this relates to an additional accrual to cover latent defect liabilities in Allenbuild Limited, a business that was sold to Places for People Group Ltd in October 2014, but where the Group retains a liability for a number of historic contracts. The remaining £0.3m relates to costs incurred in the cessation of all activities at Lovell America Inc. which the Group has now fully exited and which will not incur any further costs.

Post balance sheet event

After the year end the Trustees of the Lovell Scheme used scheme assets to purchase annuities which match pensions liabilities in a transaction known as a "buy-in" where the annuity policy remains an asset of the scheme. Following the conclusion of this buy-in all of the schemes liabilities are now matched with annuities and consequently there will be a reduction of the IAS19 Retirement Benefit assets in the Group's accounts for the year ended 30 September 2021. If the buy-in had occurred during the current financial year, the effect would have been to reduce the Retirement benefit asset by £27,337,000, reverse the associated Deferred tax liability of £9,568,000 with a consequent £17,769,000 reduction in the Group's Retained earnings.

Whilst an additional cash contribution into the scheme is likely to be required once the GMP equalisation calculations have been completed in 18–24 month's time, this buy-in is a significant event in the history of the Group as it means that the cash contributions to be paid into the scheme are no longer required and all of the scheme's liabilities have been matched with corresponding annuities removing the Group's exposure to investment and funding risks in that scheme. It is the intention of the Board to use the cash savings from the reduced contributions into the Lovell Scheme to be diverted into the Amco Scheme which will enable the Group to achieve a full buy-in of the Amco scheme quicker than would otherwise have been the case and further reduce the Group's exposure to pension risks.

Earnings per share

Earnings per share[1] before exceptional items and amortisation was 41.2p (2019: 40.4p) and on a statutory basis, after the impact of exceptional items, amortisation and loss for the year from discontinued operations was 26.8p (2019: 29.6p). The weighted average number of shares in issue for the period was 77.5 million.

Distributable profits

The distributable profits of Renew Holdings plc are £46.5m (2019: £46.4m). The Board is recommending a final dividend of 8.33p per share (2019: 7.67p) bringing the total for the year to 8.33p (2019: 11.50p).

Sean Wyndham-Quin CA
Chief Financial Officer
8 December 2020

1 Renew uses a range of statutory performance measures and alternative performance measures when reviewing the performance of the Group against its strategy. Definitions of the alternative performance measures, and a reconciliation to statutory performance measures, are included in Note 30 to these accounts.

Capital Allocation Policy

Capital allocation in priority order:

For the year ending 30 September 2021

1. To maintain sufficient financial headroom to comfortably manage temporary variations in working capital and to provide headroom against known risks and contingencies.
2. To maintain a conservative approach to leverage by seeking to pay down debt quickly post-acquisitions and by ensuring that our net debt:EBITDA multiple remains at an appropriate level.
3. To appropriately invest in the business to deliver organic growth.
4. To continue to pursue a progressive dividend policy whilst maintaining an appropriate level of dividend cover.
5. To build sufficient headroom to enable us to quickly respond to acquisition opportunities that are consistent with our stated strategy and which are earnings enhancing.

To the extent that all of these priorities have been achieved, we would consider returning additional excess cash to shareholders.

Sean Wyndham-Quin CA
Chief Financial Officer
8 December 2020

A better, more sustainable future

Our purpose-led approach is based on our five commitments which ensure we continue to align our business with the Environmental, Social and Governance ("ESG") requirements of our stakeholders. It is important that we work responsibly and in a sustainable manner to leave a lasting positive impact.

Dear Shareholder,
Renew is committed to operating responsibly and as such it is my role, together with the Group's SHEQ Director, to drive the Group's approach to sustainability.

During the year we have developed our sustainability strategy which is now reported in five key areas: customer value, climate action, operating responsibly, engaging our people and supporting our local communities. This enables our subsidiary businesses to align their approach to ESG with those of the markets and communities in which they operate.

We continue to add value to our customers through sustainable innovation which assists in the delivery of the UK's net-zero carbon target by 2050. This is our first year of reporting under the Streamlined Energy and Carbon Reporting ("SECR") regulations and this data will provide us with a baseline to understand the benefit our improvements are having and how we are supporting the nation's low-carbon transition targets.

Beyond 2020
We are committed to reducing our footprint and we will continue to review our consumption data and identify areas for improvements. Sustainability data will be reported by our subsidiary businesses monthly as we look to develop our targets for 2021.

Paul Scott
Chief Executive

Our commitments

Customer value
- Customer engagement
- Sustainable innovation
- Support our customers' sustainability goals

Climate action
- Support the UK's net-zero carbon goals
- Reduce carbon emissions
- Climate related risks and opportunities

Operate responsibly
- Health and safety
- Supply chain engagement
- Resource efficiency
- Waste management
- Green infrastructure

Engage our people
- Training and development
- Diversity and inclusion
- Employee wellbeing
- Employee engagement

Support local communities
- Future skills
- Charitable giving

Customer value

We are constantly striving to extend the range of benefits we can provide for our existing and potential customers. Understanding our customers' requirements and our ability to deliver innovative solutions can assist them in achieving their own goals.

Customer engagement

Understanding a client's challenges and developing solutions to help overcome these, assists us in building lasting relationships. Engagement with our customers takes many forms with clear communication and transparent working practices at the core of how we operate.

Our subsidiaries work closely with their clients engaging in events such as workshops, training days and briefings. During the year we collaborated with new customer, Bristol Water, to produce guidance for safe excavations around buried services. In highways, we developed a customer induction and workforce training guides. We are able to provide planned and reactive services in the short and medium term whilst understanding and assisting our clients in achieving their long-term goals.

Sustainable innovation

We deliver efficiencies for our clients through the use of innovative plant and working methods. Our subsidiary businesses research and develop bespoke solutions to the challenges they face in their individual markets. An example of this is our work in rail where our plant fleet includes numerous first of type Road Rail Vehicles ("RRV") which reduce the cost of maintenance activities and increase productivity during rail possessions.

During the year, our fencing team operating for Network Rail, improved efficiency by employing innovative installation techniques. In just one region, the team achieved a record performance installing c.12,000m of fencing over a four week period against the regional target of c.7,000m.

Assisting with our clients' sustainability goals

We work to ensure the solutions we deliver assist our clients in achieving their sustainability ambitions. Our subsidiaries have been involved with a wide range of initiatives to support our clients during the year such as schemes to reduce single use plastic, carbon and energy usage.

Working together

To reduce the impact of our operations

We are constantly looking to introduce innovative working practices to reduce our site fuel usage and emissions. These include the introduction of electric vehicles including Eco excavators and alternative power sources.

We also recently worked with a site security provider to develop a solar powered site security unit to further reduce our carbon emissions.

Working together

seymour civil engineering SKILLS ACADEMY

Closing the skills gap

In recognition of the ever growing skills gap within the construction industry, Seymour has created a pioneering construction and civil engineering skills academy to support training needs across all aspects of construction and civil engineering.

Working strategically with further education, local government and industry partners, the Academy has embraced new opportunities to expand its construction training offer to proactively support new cross sector skills and employment initiatives in response to national digital infrastructure policy and market need. By blending collective industry and training skills expertise, the Academy is helping to bridge current skills gaps, creating a new gateway to sustainable jobs.

Climate action

The effects of climate change are increasingly visible and we are committed to taking measures to offset the impact of our operations. We seek to do this through governance, risk management, innovative working practices and education.

Supporting the UK's net-zero carbon goals

Aligned with the UK Government's target to achieve net zero carbon emissions by 2050, our businesses focus on improving working practices and education. The Board of Renew oversees governance and risk management to support our businesses in delivering these critical improvements.

Our subsidiary businesses incorporate innovative working practices in the course of their operations such as recycling, reducing works traffic volumes and engaging specialist waste management partners to dispose of materials.

We invest in developing technologies and solutions that cut down waste and carbon emissions for our clients. An example of this is the STONEmaster process deployed in our highways operations which provides significant benefits compared to traditional filter drain recycling methods. In the last year it recycled 53,000m^3 of filter drain saving 62,000 litres of fuel and over 500 tonnes of CO_2. During the year the STONEmaster product won two International Green Apple Environment Awards in the Environmental Improvement and Sustainable Development categories.

We operate some of the most innovative plant on the rail network with many one of a kind Road Rail Vehicles ("RRV") which have been designed by our rail teams and built specifically for our business. These RRVs deliver both environmental and cost efficiencies for our clients.

Reducing our impact

Working to reduce climate change within our business is focused on two key areas, the reduction of carbon emissions and energy. During 2020 our commitment to reducing our carbon emissions and energy included hire, lease and procurement of more efficient plant and equipment, the introduction of electric motor vehicles and renewable energy sources and schemes to eliminate single use plastics.

The Group continued with its implementation of Lightfoot, a Government-supported technology, designed to make our roads safer, our environment cleaner and our fleet operations more economically sound by monitoring drivers' behaviour and encouraging efficient and environmentally friendly driving behaviours. The introduction of this technology has reduced the Group's fuel usage by around 10% in the year.

In 2019 the Group was awarded the London Stock Exchange Green Economy Mark which recognises businesses where at least 50% of revenue is derived from delivering environmental solutions.

Climate related risks and opportunities

Climate change has the potential to impact our business in a variety of ways from resource constraints to the changing energy and political landscape as well as market regulation, changes in technology and increased costs. Our subsidiary businesses manage the risks posed by climate change in their individual markets and report to the Board on a monthly basis.

Streamlined Energy and Carbon Reporting ("SECR")

We measure and report our energy and carbon data across the entire Group, providing comprehensive data to substantiate our overall environmental impact. Our Streamlined Energy and Carbon Reporting statement includes all emission sources required under the 2019 regulations for the financial year ended 30 September 2020. This is our first year of reporting and we will be using the 2019/20 reporting year as our benchmark for improvements moving forwards.

Renew emitted 38,084.88 carbon dioxide equivalent tonnes ("tCO_2e") of energy during the year. 60% of these emissions were from commercial vehicles and 31% from gas oil use.

We have chosen two carbon intensity ratios that reflect our business performance. Our carbon intensity ratio was 11.57 tCO_2e per average employee headcount, and 0.06 tCO_2e per £000 of revenue. Moving forward, we will set both absolute and percentage reduction targets for carbon emissions, so we can begin to measure energy efficiency performance alongside business performance.

In order to calculate the carbon emissions, we have used the emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2020. The scope 1 and 2 emissions reported are for all facilities across the Group under our operational control. This includes all the Group's subsidiaries as listed at the back of this report. We have also voluntarily chosen to report scope 3 emissions from grey fleet i.e. employee vehicles driven on company business, and emissions from leased vehicles. This will provide a full picture of our vehicle emissions.

Greenhouse gas emissions

Carbon emissions (tCO_2e)* * tCO_2e/year defined as tonnes of CO_2 equivalent per year.	
Transport (scope 1)	24,193.4
Transport (scope 3)	922.8
Electricity (scope 2)	841.5
Purchased gas (scope 1)	400.6
Gas Oil (scope 1)	11,656.1
Other fuels (scope 1)	70.4
Total emissions	**38,084.88**
Carbon intensity ratio 1 (tCO_2e/£000)	0.06
Carbon intensity ratio 2 (tCO_2e/avg. headcount)	11.57
Total UK energy usage (kWh)	**155,619,622**

Operate responsibly

Renew is responsible for operating in a way that benefits, and does not cause any negative impact on, a wide range of stakeholders including our responsibility to our employees, clients and supply chain as well as the communities in which we operate.

Health and safety

Health and safety remains a priority across the Group and as such is led by the Chief Executive with the support of the Renew Board and the Group's SHEQ Director. Our directly employed regional safety practitioners are based within our subsidiary businesses and have industry experience and specific knowledge of the challenging environments in which we work.

Ensuring the safety of all the Group's stakeholders is the key focus of the Group's Safety and Environmental Management Group forum, which met four times in the year. The forum is attended by senior operational personnel and senior safety practitioners from around the Group and is a forum for the sharing of best practice and knowledge.

Our focus during the year

The Group's focus during the year was driven by events and close call incidents and these included:

- road risk including fatigue management;
- slips, trips and falls;
- environmental management; and
- incident investigation.

Covid-19

We have implemented Covid-19 precautions throughout our business to ensure the safety of everyone involved with the work we undertake. We have ensured office layouts have been changed to implement a strict 2m distance between our employees and one-way systems limit the contact between our employees. We have increased access to hand sanitiser and masks and increased the amount and frequency of cleaning operations across the business. A large number of our employees now work from home and we continue to support our colleagues in a number of ways including through the Group's Employee Assistance Programme.

A safety focused culture

The Group continues to develop its positive learning culture with a focus on behavioural change. Health and safety remains the priority at all management and Board meetings. The positive learning culture continues to be driven by close call reporting, incident investigations and culture reinforcement.

Safety action

Safety Stand Down days involve employees participating in workshops and presentations on specific topics. Our subsidiary businesses undertake a wide range of health and safety initiatives to deliver improvements in our health and safety performance targets. The year has also seen many of our businesses focus on raising awareness of mental health issues and the support that is available through our mental health first aid training and our Employee Assistance Programme.

Awards and accreditations

Our businesses continue to be accredited with various health and safety schemes, including Constructionline, SafeContractor, the Contractors Health & Safety Assessment Scheme, Achilles Verify and the Railway Industry Supplier Qualification Scheme. Our businesses also conform to the ISO 14001 and ISO 18001 standards.

Many of our businesses have also achieved awards for their health and safety achievements during the period including Shepley Engineers which received an RoSPA Order of Distinction for health and safety performance, and Clarke Telecom which received a merit in the British Safety Council's International Safety Awards 2020.

Supply chain engagement

We work with our supply chain to increase the range of sustainable materials we incorporate in our operations. Innovations include sustainable retaining wall systems, green concrete and grey water collection systems. Initiatives include using Hydrotreated Vegetable Oil ("HVO") fuel in our plant and onsite generation activities.

Materials and waste management

We are making good progress in reducing the volume of material we send as waste. Examples of this include recycling aggregate and materials on many of our renewals programmes and in land remediation we adopt in situ remediation techniques.

Green infrastructure

Green infrastructure plays a crucial role in making a positive contribution to the environment. A significant proportion of our activity is associated with green infrastructure, including the decarbonisation agenda in rail and all of our environmental activity as well as our services to civil nuclear.

Aden Ashurst

On the 8th of April 2020, our colleague Aden Ashurst was fatally injured when he was struck by a train at one of our work sites near Roade, Northamptonshire. At the time of the incident, Aden was performing his role as Controller of Site Safety and this tragic event remains the subject of ongoing investigations led by Network Rail, the Office of Rail and Road and the Rail Accident Investigation Branch. Our thoughts remain with the family and friends of our colleague who lost his life in the conduct of delivering essential rail services.

Working together

Green infrastructure

We recently completed a 1.3km haul road using lime and cement stabilisation allowing access to a remote rail infrastructure works site near Wootton Bassett.

This innovative technique avoided the need for the importation and disposal of thousands of tonnes of aggregates.

Engaging with our people

Engagement of our employees is critical to the success of the Group. As a direct delivery organisation our people are our biggest asset.

Training and development

Investing in training is key to recruiting and retaining our highly skilled workforce. The Group supports a range of training and professional development opportunities for its employees throughout the business. Examples include Walter Lilly with 13 day release and sponsored students studying in construction and engineering management, commercial management and quantity surveying. Additionally, it also has two site managers completing their NVQ Level 6 in Construction Site Management.

Working together

AmcoGiffen's Training Academy provides construction, mechanical and electrical engineering qualifications for students from across the North East. AmcoGiffen take on a number of apprentices each year as part of their commitment to protect the future of engineering skills. In collaboration with Barnsley College, AmcoGiffen also provide upskilling opportunities to their employees through various courses in maths, English, and computer skills.

Shepley continues to develop its apprenticeship training programme in partnership with Lakes College. VHE extends its long tradition of providing vocational training through university placements.

In conjunction with Barnsley College's Science, Technology, Engineering and Maths ("STEM") centre, the AmcoGiffen Academy provides 16 and 17 year olds with the opportunity to progress to apprenticeships. Although the academy is based in South Yorkshire, it provides training and apprenticeships nationally, supplying weekday accommodation for those students who will be travelling a long distance. The academy provides mechanical and electrical engineering qualifications and takes in around 16 apprentices annually.

Diversity and inclusion

The Group strives to create a diverse workforce and a positive working environment that allows all employees, regardless of their gender, disabilities, sexuality, race or religion to build their careers in an open and collaborative culture.

The industry in which we operate is historically male dominated and our subsidiaries work hard to recruit women into the industry through specific recruitment drives, supporting and increasing the opportunities available to women.

Currently female representation on the Renew Board accounts for 14%. As at 30 September 2020, women accounted for 13% of the total number of employees in the Group.

Employee wellbeing

Our employees' wellbeing is supported with a range of initiatives across the Group from health checks to healthy eating initiatives which our subsidiaries manage within their businesses. Examples include QTS which, through July and August as part of its rolling health surveillance programme, delivered over 120 face to face appointments for employees with Ayrshire Medical's occupational health specialist. These appointments will continue through to 2021 to support the health and wellbeing of their employees.

At Group level the Employee Assistance Programme ("EAP") provides support to employees in a number of our subsidiary businesses on topics such as finance, general health matters and mental health. The scheme has recently launched a new app "My Healthy Advantage" to improve engagement and reach within our workforce and includes the use of personal metrics to set goals and achievements.

During the year initiatives designed to improve awareness around the stigma of mental health were a focus and included training Mental Health Champions in a number of our businesses as well as having Mental Health First Aiders within the workplace to provide support to employees.

Since the Covid-19 'work from home' restrictions were announced by the UK Government in March, we established a Covid-19 task force to co-ordinate advice and guidance to our subsidiary businesses, assisting them in supporting their employees.

Employee engagement

Our subsidiaries used a range of employee engagement initiatives during the year including workshops, newsletters, social events, team briefings, employee surveys as well as training and development opportunities.

Specific initiatives to support our employees during the ongoing Covid-19 pandemic included a cook-along with Home Cook School which helped bring employees together. QTS also undertook "The Great QTS Tour", a virtual challenge that saw employees walk, jog, run or cycle 6,486km, the distance around the UK coastline, with the aim of helping to keep minds and bodies active.

Number of training days undertaken across our business

11,259

2019: 16,337

Support local communities

Our subsidiaries are committed to engaging with their communities to understand what is important to them. Our teams provide support for charitable causes, environmental schemes and education programmes as an integral part of the work they undertake.

Many of our businesses undertake community volunteering days including AmcoGiffen where employees completed a number of volunteering days during the year.

Shepley Engineers continued to work with the Cumbria Community Foundation which supports charitable projects across West Cumbria. The Foundation aims to break down inequality barriers and improve health, wellbeing and learning opportunities in the community. Senior managers from Shepley Engineers also helped to create a 'Green Gym' at the "Grow West" market garden in Allerby, Cumbria as part of the national "Green Gym" scheme. The scheme encourages people of all abilities to take part in free outdoor activities such as planting trees, sowing meadows and establishing wildlife ponds, while getting some exercise and improving their physical and mental wellbeing.

Future skills

Dedicated to bridging the industry skills gap, raising awareness of careers in construction and engineering, and safeguarding the future of tomorrow's generation, AmcoGiffen participates in numerous school based activities and training days including delivering interactive employability panels, workshops and attending various "world of work days".

QTS remains the principal sponsor in Ayrshire for the Youth & Philanthropy Initiative for a fourth year. The initiative allows pupils from each school in the region the opportunity to win support for a charity in their local community. QTS also visited primary schools in Kilmarnock to deliver sessions promoting Science, Technology, Engineering and Maths ("STEM"). The pupils learnt more about the work QTS does and looked at some of the equipment the team uses during a typical working day.

Seymour employees continue to attend industry and community events as STEM and Construction Industry Training Board ("CITB") Ambassadors. Seymour continues to have strong connections with a number of schools and colleges in its local area.

Charitable giving

Our subsidiaries support a range of charitable causes. In February, a team from Walter Lilly travelled to Rwanda to build a bridge between two communities which currently lack safe access between their villages. The charity behind the project, Bridges to Prosperity, works with isolated communities to create access to essential health care, education and economic opportunities to help remove rural isolation as a cause of poverty.

AmcoGiffen supported "Children with Cancer UK" throughout the year with various fundraising activities. Children with Cancer UK works to improve survival rates in young cancer patients.

In October, responding to a call out in the local community, VHE joined a group of volunteers to help transform the churchyard at St Oswald's Church, Methley, back to its former tranquil space. VHE also supports its local community sports teams and is sponsoring Methley Utd under 13s for the coming season.

Earlier this year VHE also volunteered to replace the play area at the Rotunda Liverpool Nursery in Kirkdale. The team removed the old cover materials from the garden, uneven paving was re-laid, stone and soil were imported and compacted to level and existing fencing was repainted. The play area was topped off with rubber tarmac prior to opening. The aim of the works was to provide a new nursery garden for the children to be able to play safely.

A QTS team working near Garelochhead volunteered its time to participate in the Keep Britain Tidy campaign which recognises the importance of contributing to the communities in which we live and work.

As part of the Highways England East Midlands Asset Delivery Community, Carnell joined in an initiative to raise food and essential items for food banks helping to support families in crisis.

As part of 3D Crowd, a group of almost 5,000 volunteers around the UK who are using 3D printers to supply face shields for NHS staff, QTS has been using its 3D printer to create the shields' frames (top headbands and bottom reinforcements) which were carefully packaged and sent to a central hub in Sheffield. The frames were assembled with clear visors to create the face shields to be distributed to frontline NHS staff. Also alongside Network Rail Scotland, QTS provided protective eyewear for theatre staff at the Queen Elizabeth University Hospital.

QTS also supported a number of food banks and charities in their local office areas including Hope Nottingham, Leeds, North and West Foodbank, Clyde, Avon & Nethan Foodbank, Blackburn Foodbank, West FM Cash for Kids, Ayrshire East Foodbank, Malmesbury & District Foodbank and the Penrith Salvation Army.

Embedding effective risk management

The Group keeps its principal risks under continuous review and ensures those identified risks are being effectively managed.

Risk management structure

Our subsidiary businesses are governed by a system of controls that includes our Group minimum standards. These standards are monitored by an internal audit process to ensure compliance. Group minimum standards ensure compliance in areas such as risk management, control environment and activities, information and communication, and the evaluation of our ability to deliver robust commercial risk management.

Regular operational and financial reporting is supported by monthly management meetings attended by a senior group representative, Executive Management Committee meetings and monthly Board meetings.

Board

- Review and agree risk profile
- Identify new risks
- Agree principal risks

Audit and Risk Committee	• Review results of the internal audit and process • Review external audits • Review Group risk register and actions taken to mitigate risks
Executive Directors	• Risk management reviewed in monthly management reports • Oversee Group minimum requirements for risk
Operating subsidiaries	• Identify and control local risk • Delivery of risk management processes and procedures • Risk mitigation

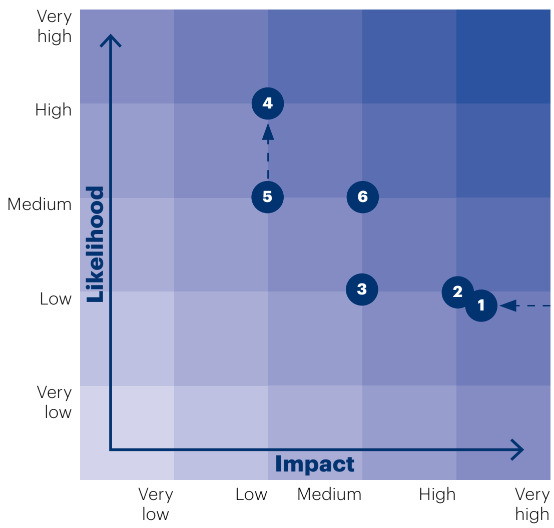
Principal risks

The Group's principal risks are identified as those risks which have the potential for the highest impact on the Group. The Board reviews the principal risks annually along with the mitigation measures in place.

Read about how our strategy helps mitigate our principal risks on pages **22 & 23**

1. Major accident or hazard
2. Loss of a major customer
3. Major project loss
4. Economic conditions
5. Business continuity and cyber risk
6. Management and succession planning

- - ► Change from previous year



Decrease · Increase · Same as last year

Covid-19
The Board has reviewed the principal risks and uncertainties affecting the Group in the context of the impact of the Covid-19 pandemic. The Board recognises that the impact of Covid-19 is being felt across all aspects of the Group's operations and that the overall risk environment has increased as a result of the pandemic. Despite this, the Board considers that the principal risks and uncertainties are still appropriate and therefore remain unchanged. The Board has taken additional actions to address those risks specifically arising from Covid-19.

Brexit
The Board has considered the risk of the impact of the UK's withdrawal from the European Union and has concluded that it is unlikely to have any material effect on the performance of the Group. This is because Renew is a UK-only business operating in markets with long-term, non-discretionary spending programmes and it has very little exposure to European supply chains or labour.

1

Major accident or hazard

Risk trend

Decrease

Link to strategy
Read more on pages **22 & 23**

1 2 4

Potential impact
A major accident or incident for which we are held primarily accountable could result in personal or environmental harm and lead to operational loss, regulatory, legal or financial penalties and/or reputational loss.

Mitigation
Our established and proven processes, policies and approach provide mitigation to such an occurrence.

We directly employ safety practitioners within our individual businesses who understand the complex needs of the individual environments in which they work.

Change in the year
Taking account of the increasingly diverse activities of the Group, the Board has reassessed the impact of a major accident or hazard during the year and have concluded that the impact of such an event has moved from 'Very high' to 'High'.

2

Loss of a major customer

Risk trend

Same as last year

Link to strategy
Read more on pages **22 & 23**

1 2 4

Potential impact
As a consequence of the market in which we operate we inevitably have fewer, larger clients. The loss of one such client could result in both financial and reputational consequences for the business.

Mitigation
We mitigate this risk by keeping close to our clients and by being seen as responsive, compliant, safe, innovative and proactive. The business strategy also includes ambition to expand our client base to further lessen the reliance on larger clients.

Change in the year
A number of appointments with new clients were made in the year. Our engineering services are usually provided through long-term framework agreements, often over many years.

Decrease Increase Same as last year

3

Major project loss

Risk trend

Same as last year

Link to strategy
Read more on pages **22 & 23**

4 5

Potential impact
A major project loss could result in a significant financial loss to the business. Discontinued activities could present legacy risk that could potentially incur financial costs.

Mitigation
We continue to mitigate this risk by ensuring rigorous selection procedures, carrying out thorough risk management and maintaining first class records to enable effective management of any disputes. Projects within focus carrying risk are fully discussed in the business unit plans.

Change in the year
Progress has been made in the year to close out a number of remaining legacy issues. The risk relating to these has been significantly reduced over the year.

4

Economic conditions

Risk trend

Increase

Link to strategy
Read more on pages **22 & 23**

2 3 4

Potential impact
Potential uncertainty in the economic outlook includes a risk of inflation in supply chain costs and availability of suitably qualified and experienced personnel.

Mitigation
We focus on non-discretionary markets and activities where expenditure is delivered through long-term frameworks with committed levels of funding.

Change in the year
In light of Covid-19 and its serious economic impact, the Board has determined that the likelihood of a major economic downturn has increased from 'Medium' to 'High'.

5

Business continuity and cyber risk

Risk trend

Same as last year

Link to strategy
Read more on pages **22 & 23**

1 4

Potential impact
With the ever-increasing dependence on electronic communication and management systems in the conduct of our activities, the potential for a serious business interruption event has increased.

Mitigation
We recognise the importance of maintaining the integrity of the businesses' electronic communications and management systems from both failure and cyber-attack. Defence mechanisms are in place using industry best practice tools and a business continuity approach to disaster recovery is maintained with automated offsite backup facilities and secondary communication systems.

Change in the year
We continue to develop our approach to cyber risk management through improvements to IT security and through the continuation of our user awareness training programme. Minimum standards are in place, with all businesses audited to ensure compliance.

Viability statement

6

Management and succession planning

Risk trend

Link to strategy
Read more on pages **22 & 23**

1 3 4

Potential impact
Lack of continuity of business leadership is recognised as a risk to the business which has the potential for both financial and reputational damage to the business.

Mitigation
Each year, the Group carries out a review of succession planning and management in each of its subsidiary businesses. The review looks at succession planning for the senior teams in the short, medium and long term.

Change in the year
The Group has further developed its succession planning procedures during the year and continues to carefully monitor any changes at regular intervals with our subsidiaries.

Assessing the business

The Directors have conducted a review and assessed the prospects and viability of the Group.

Although the Directors have no reason to believe that the Group will not be viable over a longer period, the Board has chosen to conduct this review for a period of three years. The Group believes that this is an appropriate timeframe as it aligns with its strategic and financial planning horizon.

The Directors have taken account of the Group's financial forecasts for the three year period following the balance sheet date, comparing future funding requirements with committed external borrowing facilities. These external facilities are due for refinancing by January 2024, which is after the period being considered.

The Directors confirm that they have a reasonable expectation that the Group will continue in operation, meet liabilities as they fall due and not breach banking covenants within this period.

In support of the Viability statement the Group financial forecasts have been stress tested by estimating the potential impact of key risks. These estimates reflected the Directors' judgement as to the net potential financial impact and the likelihood of these key risks occurring.

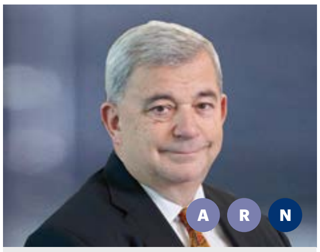
Working together

to deliver environmental and safety improvements

In the last year Carnell recycled 53,000m³ of filter drain using its STONEmaster and STABLEdrain systems. This saved 62,000 litres of fuel and reduced HGV journeys, saving over 500 tonnes of CO_2 and was recognised with an International Green Apple Award for environmental best practice. Carnell were also awarded the HRH Prince Michael International Road Safety Award for its mobile road worker protection system SAFETYcam.

Our Board

The members of the Board bring a range of expertise on issues of performance, strategy and governance, which are vital to the success of the Group. The Board is satisfied that, between the Directors, it has an effective and appropriate balance of skills and experience. The Group continues to review the composition and effectiveness of its Board through its biannual Board performance review process.



David Forbes

Chairman

Appointment date:
Non-executive Director from June 2011.

Chairman from January 2018.

Experience:
Qualified as a Chartered Accountant in 1984 with over 20 years' experience in corporate advisory services with N M Rothschild & Son Limited. David has held a variety of non-executive director appointments at listed and private equity backed companies since 2004.

External appointments:
None.

Skills brought to the Board:
Expertise in mergers and acquisitions, corporate strategy and corporate finance.

Number of Board meetings attended:
15 out of 15.

Sector experience:
Construction, retail, engineering, communications and support services.

Shatish Dasani

Non-executive Director

Appointment date:
Non-executive Director from February 2019.

Experience:
A Chartered Accountant with over 20 years' experience in senior public company finance roles across various sectors including building materials, advanced electronics, general industrial and business services. He was previously the chief financial officer of Forterra plc and chief financial officer of TT Electronics plc and has also been alternate non-executive director of Camelot Group plc and public member at Network Rail plc.

External appointments:
Interim chair of Unicef UK.

Skills brought to the Board:
Strategy development and execution, performance improvement, financial management, corporate finance, mergers and acquisitions.

Number of Board meetings attended:
15 out of 15.

Sector experience:
Building materials, advanced electronics, general industrial, business services and infrastructure.

David Brown

Non-executive Director

Appointment date:
Non-executive Director from April 2017.

Experience:
Over 35 years of experience in the transport industry with particular expertise in the London bus market. Former managing director of Surface Transport at Transport for London and chief executive of Go-Ahead's London Bus business.

External appointments:
Group chief executive of The Go-Ahead Group Plc and director of the Rail Delivery Group Limited.

Skills brought to the Board:
Transport industry experience.

Number of Board meetings attended:
15 out of 15.

Sector experience:
Transport.

Stephanie Hazell

Non-executive Director

Appointment date:
Non-executive Director from 1 March 2020.

Experience:
Over 20 years' relevant experience working in high profile businesses including PricewaterhouseCoopers LLP, Orange SA, Virgin Management Ltd and National Grid Plc where she held the position of director, strategy and corporate development.

External appointments:
Industrial partner at Infracapital and a non-executive director for a number of its investments.

Skills brought to the Board:
Infrastructure sector experience.

Number of Board meetings attended:
10 out of 10.

Sector experience:
Utilities and telecoms.

A Audit and Risk Committee
R Remuneration Committee
N Nomination Committee
Chairman

Paul Scott
Chief Executive

Appointment date:
As Chief Executive from 1 October 2016, previously as Group Engineering Services Director from 21 July 2014.

Experience:
A qualified engineer who has been with the Group for over 21 years. Having directly led subsidiaries through substantial growth in line with the Group strategy, Paul's responsibilities gradually developed into a wider Group role before being appointed as the CEO.

External appointments:
None.

Skills brought to the Board:
Strong experienced leadership capability with a track record of compliant delivery. Proven capability in terms of developing a culture to support the execution of our agreed growth strategy.

Number of Board meetings attended:
15 out of 15.

Sector experience:
Highly experienced across the UK Infrastructure sectors that remain our strategic focus.

Sean Wyndham-Quin
Chief Financial Officer

Appointment date:
Appointed to the Board on 8 November 2017.

Appointed Chief Financial Officer on 29 November 2017.

Experience:
Previously served as a partner at SPARK Advisory Partners, a business he co-founded in early 2012. Prior to that Sean worked for Brewin Dolphin and Ernst & Young where he qualified as a Chartered Accountant.

External appointments:
None.

Skills brought to the Board:
Track record in advising boards on strategy, corporate governance and mergers and acquisitions. Experience in financial modelling, forecasting and business planning.

Number of Board meetings attended:
15 out of 15.

Sector experience:
A broad range of experience across a number of sectors including support services and construction.

Andries Liebenberg
Executive Director

Appointment date:
Appointed as Executive Director on 31 March 2016.

Experience:
Previously managing director of Renew subsidiary AmcoGiffen, Andries has been with the Group for over eleven years. Prior to this Andries worked internationally in Africa and the UK overseeing multi-million pound multidisciplinary fast track construction projects and long-term framework agreements.

External appointments:
None.

Skills brought to the Board:
Experienced in strategic business management including mergers and acquisitions.

Number of Board meetings attended:
15 out of 15.

Sector experience:
Multidisciplinary infrastructure project delivery with a bias towards Rail, Energy and Environmental sectors.

Experience and skills
The Board has a complementary range of skills which are relevant to the Group's medium and longer-term objectives.

Regulated markets

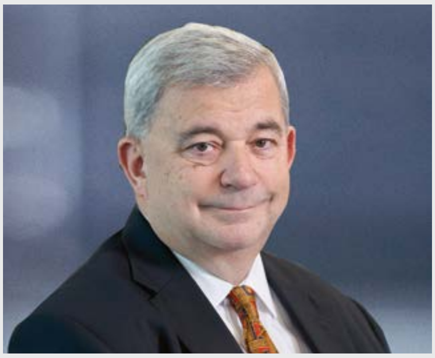
Infrastructure

Corporate governance

Financial

Strategy and development

Our business is supported by strong corporate governance



David Forbes
Chairman

Dear Shareholder,

The Board of Renew Holdings has continued to drive the highest standards of corporate governance throughout the business during what has been a challenging year due to the Covid-19 pandemic. Our corporate governance provides the Group with a reliable and robust framework with which to navigate these unique challenges.

Compliance with the QCA Corporate Governance Code 2018

The Group complies with the principles of the Quoted Companies Alliance ("QCA") Corporate Governance Code 2018 to the extent considered appropriate for a company of this size and in many areas we exceed and continue to improve on the requirements of the QCA Code where we are able to.

The ten principles of the QCA Code are set out on the following pages with details as to how Renew complies with each principle or an explanation as to why it does not. More details of how the Group complies can be found in the Corporate Governance section of our website at www.renewholdings.com.

Company values

The Group's core values remain central to the way we operate. Our values of compliance, consideration, responsibility, progression, reliability, sustainability, responsiveness and integrity set out the expectations of the Renew Board and ensure, as a Group, we consider the wider responsibilities we have to all our stakeholders when making key decisions and undertaking our operations.

Shareholder engagement

Despite the challenges Covid-19 brings to shareholder engagement the Board continues to welcome the views of its shareholders. Throughout the year we have communicated with our shareholders through the delivery of our results information, virtual meetings and the Company's Annual General Meeting ("AGM").

Future focus

The Board is focused on continuing to improve the application of corporate governance throughout the business. To ensure we continue to have an effective balance of skills and experience on the Board we will continue to review the diversity of the Board as we move through 2021.

The Board looks forward to driving further improvements through 2021 as well as continuing to develop our core values which underpin the delivery of sustainable economic, social and environmental value for all our stakeholders.

David Forbes
Chairman
8 December 2020

Board induction process

The Board has a robust Board induction process led by the Chief Executive. Once appointed, new members of the Board are provided with a comprehensive set of documents to facilitate their understanding of the Group including, amongst others, minutes of previous meetings, overview of Committees and their membership, the Group's three year Strategic Plan, details of the Group's subsidiary businesses, organisation charts and details of the Executive team.

Subsequently the Chief Executive provides a detailed one to one meeting to outline how the business operates using the Strategic Plan and covering in detail areas such as health and safety, risk management, strategy and culture. This includes an introduction to the senior team.

The Board usually meets at one of the Group's operating subsidiaries at least twice a year and a visit is usually arranged shortly after a new Board member is appointed so they can meet members of the business and view the facilities.

Whilst the core elements of the onboarding process are the same for all new Board members, the process is also flexible to take account of a new member's Board experience. This approach ensures the process fits the needs of each new member.

Covid-19 has imposed practical limitations on this process this year, as a result of which it is intended to hold board meetings at four of the Group's businesses in the next 12 months.

Our strategy

Our long-term strategy is focused on continuing to develop our range of engineering services capabilities, both organically and through selective acquisitions in order to deliver value to our shareholders.

Strategic priorities

1. To be a key provider of engineering services in our target markets
2. Focus on asset support, maintenance and renewals programmes with non-discretionary funding
3. Expand our direct delivery model through strong local brands
4. Establish long-term relationships through responsiveness to clients' needs
5. Continue to deliver organic growth combined with selective complementary acquisitions

Read more about our strategy on pages **22 & 23**

Principle 1: Establish a strategy and business model which promote long-term value for shareholders.

We seek to deliver value to shareholders through our established and proven strategy, providing reliable capital growth. As a holding company, Renew grants a degree of autonomy to its operating subsidiaries, enabling them to be competitive and effective in their individual markets whilst setting overall standards. Our independently branded subsidiary businesses have expert knowledge in their individual markets and directly deliver engineering services aligned to the needs of our clients, many of which are responsible for the long-term maintenance and renewal of national infrastructure networks.

Read more about how we manage risk to ensure the successful delivery of our strategy on pages **44 to 47**

Read more about our strategy on pages **22 & 23**

Read more about our business model on pages **14 & 15**

Principle 2: Seek to understand and meet shareholder needs and expectations.

Individual shareholders

Members of the Board have dialogue with individual shareholders during the year and the Chairman addresses shareholders at the Group's Annual General Meeting ("AGM") where questions are invited. Notice of the Group's AGM is provided to shareholders at least 21 days in advance of the meeting. Where resolutions at the AGM are dealt with by show of hands, the results of proxy votes are also announced by the Company Secretary.

Financial and other information about the Group is available via the Company's website: www.renewholdings.com. Shareholders can also find a link to the website of Link Asset Services Limited for details of their shareholding.

Shareholders wishing to contact the Company directly should address communication to the Group's Company Secretary, Sean Wyndham-Quin, by email to info@renewholdings.com or by post to Renew Holdings plc, 3175 Century Way, Thorpe Park, Leeds LS15 8ZB.

Institutional shareholders

The Chief Executive and Chief Financial Officer communicate with institutional investors frequently through formal meetings immediately following the Group's interim and preliminary financial results as well as through capital markets presentations and informal briefings. It is the intention of the Directors to understand the objectives and concerns of its institutional shareholders through both direct communications and through analyst and broker briefings.

The Chief Financial Officer is responsible for informing the Board of the views and concerns of its major shareholders. The Board makes itself available to meet with institutional investors as required to discuss matters as they arise.

Shareholder engagement activities

December	Preliminary results roadshow
January	Annual General Meeting
May	Interim results roadshow

Read more about how we engage with our shareholders on pages **16 & 17**

Read more about our Board of Directors on pages **48 & 49**

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success.

By the effective management and control of our subsidiary businesses, we deliver the key elements of the Group's business model and ultimately shareholder value. Our business is supported in this through its key resources and relationships. Effective relationships with our stakeholders are critical to the continued success of our business.

Employees

Effective communication with our employees is key to successfully managing our business. Renew's subsidiaries benefit from Group-wide communications on shared topics including health and safety, HR, IT, commercial and finance policies and procedures. Our subsidiary businesses undertake a range of initiatives to engage with their employees including employee newsletters, social media channels and employee surveys. The Board recognises the critical role our employees play in the delivery of the Group's success.

Operating companies

Our Executive Directors are in daily contact with our subsidiary businesses. Each month the subsidiary management meetings are attended by at least one member of the senior management team. Our subsidiary businesses are supported by the central Renew team across its business functions. During the year the Group's safety advisors shared their knowledge and best practice at an internal safety forum. Similarly in IT, commercial, HR and finance, knowledge sharing is key to achieving our improvement targets. Our Executive team frequently visits the Group's subsidiary businesses and has an in-depth knowledge of their day-to-day operations. Communication between our subsidiary businesses and the Executive team is a critical element of the effective running of the Group's operations.

Communities

Our businesses work hard to ensure they effectively communicate with the public when undertaking their work. Our businesses hold public events to inform and update the public on the nature and progress of work as appropriate.

Where we receive feedback from the public on societal matters we would seek to amend our programme of works where possible to address any concerns raised.

Shareholders
Communication with our shareholders takes place throughout the year and includes dialogue at our AGM, through participation in investor and analyst site visits as well as meetings with institutional investors. The feedback we receive through these channels helps guide the structure of future communications. In addition to the Regulatory News Service announcements the Company releases we also provide information to shareholders via the Group's website at www.renewholdings.com.

Customers
Strong communication with our customers is critical for our businesses to understand and deliver the requirements of their clients. The long-term nature of the work we undertake means this assists us in forging close working relationships where recognising both current and future requirements supports the entire life cycle of these relationships.

Suppliers
Trusted suppliers assist us in delivering a "right first time" and responsive service.

Read more about how we engage with our stakeholders on pages **16 & 17**

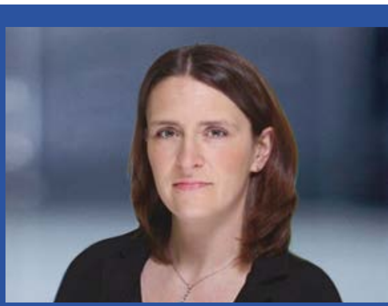
Read more about how we deliver value for our stakeholders on pages **14 & 15**

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation.
The Executive Directors provide regular updates to the Board on the principal risks and controls across the Group, including the roles and responsibilities of key management in managing those risks. The Executive team works with its subsidiary businesses to identify and assess key risks in their businesses. It also facilitates the embedding and monitoring of the Board's agreed risk management process within the business, under the direction of the Executive Directors ensuring controls are implemented effectively.

Read more about how we identify and manage risk on pages **44–47**

Internal controls
The Directors acknowledge that they have overall responsibility for the Group's system of internal control and for reviewing and monitoring its effectiveness. The system of internal control is designed to manage and mitigate, rather than eliminate, the risks to which the Group is exposed and therefore provides a reasonable, but not absolute, assurance against a company failing to meet its business objectives or against material misstatement or loss. The Group operates a risk management process, which is embedded in normal management and governance processes. There is a system of self-examination of risk areas and controls by subsidiaries and departments within the Group. Where significant risks are identified, the probability of those risks occurring, their potential impact and the plans for managing and mitigating each of those risks is reported.

The Group operates a series of controls which include the annual strategic planning and budgeting process; short, medium and long-term cash monitoring achieved by means of daily, weekly and monthly forecasts which are compared against budget and previous forecasts; clearly defined capital investment guidelines and levels of authority; and a clear organisational structure within which individuals' responsibilities are identified and monitored. These results and processes are monitored, updated, reviewed and considered by the Board.



Q&A

Stephanie Hazell
Non-executive Director

Stephanie, you joined the Board of Renew in March 2020; how have you found the experience?
My experience has been very positive. I joined the Board just as we entered lockdown for Covid-19 so the majority of my onboarding has been undertaken remotely. There was a clear process which involved a detailed review of the business with the Chief Executive, Paul Scott.

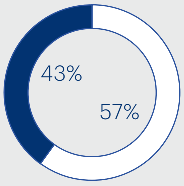
What key skills do you bring to the Board?
My background is in the infrastructure sector and in particular in the areas of business strategy and corporate development. I have direct experience in the telecoms and utilities sectors and I am an industrial partner at Infracapital.

Tell us about how the Board are working together to create value for Renew.
Renew is a business with a differentiated business model, which provides stability and opportunities even in difficult economic environments.

I am looking forward to helping the business move forwards with its growth strategy.

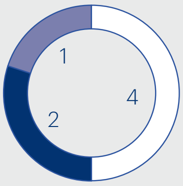
Our Board

Members



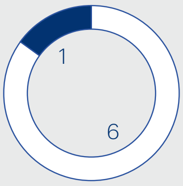
Non-executive
Executive

Length of tenure



Up to 3 years
4–6 years
7+ years

Diversity



Male
Female

The Group has established a series of Group minimum requirements in a number of financial, commercial and operational areas with which each business within the Group must comply. The senior management team monitors and reviews compliance with these requirements on a regular basis. Due to the size and nature of the Group, the Board does not consider that a separate internal audit function is necessary. For the last 14 years and including 2020, the Group has carried out a programme of internal audit conducted by the Group Commercial Director and by members of the various subsidiaries' finance teams. This system of peer review promotes best practice as well as ensuring that Group minimum requirements, as well as procedures and internal controls, are being complied with.

The reports from these internal audits are made available both to the Board and to the external auditor. Senior management and employees play a critical role in the identification of risk. Employees are often the first to become aware of risk and the effective communication between employees and senior management is considered key in this area.

Principle 5: Maintain the Board as a well-functioning, balanced team led by the Chair.

Independence of Non-executive Directors

The Board adopts the principles of the QCA Corporate Governance Code 2018 regarding tenure of the Board and seeks to balance experience and the need to refresh the Board. In assessing the continued independence of Directors, where they have served more than nine years, the Board considers their independence of judgement and ability to continue to challenge the Board.

Renew complies with the provision of Board independence as the Group has at least two independent Non-executive Directors.

D M Forbes	Non-executive Chairman Independent
D A Brown	Non-executive Director Independent
S D Dasani	Non-executive Director Independent
S A Hazell	Non-executive Director Independent
P Scott	Chief Executive Officer
S C Wyndham-Quin	Chief Financial Officer
A P Liebenberg	Executive Director

Board Committees

The Board operates with a number of Committees. Shatish Dasani acts as Chairman of the Audit and Risk Committee, David Forbes acts as Chairman of the Nomination Committee and David Brown, the Senior Independent Non-executive Director, chairs the Remuneration Committee. The Board delegates clearly defined powers to its Remuneration, Nomination and Audit and Risk Committees. Each of the Board's Committees has carefully drafted terms of reference.

Remuneration Committee

The Remuneration Committee, which comprises all the Non-executive Directors, determines and agrees with the Board the framework and policy of executive remuneration packages, including bonuses, incentive payments, share options or awards and pension arrangements. The Remuneration Committee has held four meetings in the year.

Read more about the Remuneration Committee's key responsibilities and activity during 2020 on pages **62–67**

Nomination Committee

The Nomination Committee, which comprises all the Non-executive Directors, monitors the composition of the Board and recommends the appointment of new Directors. The Nomination Committee has held two meetings during the year.

Read more about the Nomination Committee's key responsibilities and activity during 2020 on page **61**

Audit and Risk Committee

The Audit and Risk Committee has held four meetings to consider matters within its terms of reference as set out in its report. The Audit and Risk Committee consists of all four Non-executive Directors. The Executive Directors are invited to attend Audit and Risk Committee meetings but at least one meeting each year is held with the external auditor at which the Executive Directors are not present.

Read more about the Audit and Risk Committee's key responsibilities and activity during 2020 on pages **59 & 60**

General Purposes Committee

The Board forms a General Purposes Committee from time to time as it deems necessary. This Committee comprises any two of the Executive Directors as determined by the Board to consider individual business matters, which have been specifically delegated to it by the Board.

Board and Committee meetings

The Board met formally 15 times in the year ended 30 September 2020 with all Directors in attendance. Committee meetings dealing with the daily business of the Company were held as necessary. The Board receives written and oral reports from the Executive Directors ensuring matters are considered fully and enabling Directors to discharge their duties properly. There is a formal schedule of matters reserved for the Board's decision ensuring the maintenance of control over strategic, financial and operational matters.

Board effectiveness

Board composition

The Board comprises the independent Non-executive Chairman, the Chief Executive Officer, two Executive Directors and three independent Non-executive Directors.

Stephanie Hazell was appointed as a Non-executive Director on 1 March 2020. The Board comprises four independent Non-executive Directors and three Executive Directors.

Time commitment

Directors are expected to commit as much time as is necessary to fully undertake their duties. Board members are expected to attend all Board meetings and Committee meetings as well as any additional meetings as requested.

Brief biographies of the Directors can be viewed on pages **48 & 49**

Read more about how we evaluate Board performance on page **57**

Working together

How the Board worked together

2020 has been a challenging year due to the effects of the Covid-19 pandemic. The Board has played a critical role in steering the Group through what remain unprecedented times. During the initial phase of the pandemic in March/April the Board increased the frequency in which it met formally to every two weeks in addition to providing more informal counsel as required.

As well as the additional requirements of responding to Covid-19, the Board worked on its processes and procedures to improve the running of the Board and its Committees. The Board also implemented a new Board portal to facilitate efficiency improvements and will continue to develop the portal to assist with longer-term planning and governance requirements.

Skills of the Board members

The Board members bring a range of complementary skills and experience from across the markets in which the Group operates. In March, the Board was delighted to welcome Stephanie Hazell who joined as Non-executive Director. Stephanie increased the Board's infrastructure expertise with experience across regulated sectors including utilities and telecoms.

Stephanie has over 20 years' relevant experience working in high profile businesses including PricewaterhouseCoopers LLP, Orange SA, Virgin Management Ltd and National Grid Plc where she held the position of director, strategy and corporate development.

Principle 6: Ensure that, between them, the Directors have the necessary up-to-date experience, skills and capabilities.

Details of the Board members' skills and experience are noted on pages 48 and 49 of this report.

The members of the Board bring a range of expertise on issues of performance, strategy and governance, which are vital to the success of the Group. The Board is satisfied that, between the Directors, it has an effective and appropriate balance of skills and experience.

Senior Independent Director

David Brown is the Senior Independent Director and undertakes a key role in supporting the Chairman in the effective running of the Board.

Company Secretary

Sean Wyndham-Quin is responsible for assisting the Board in discharging its statutory duties and responsibilities as well as liaising with the Group's shareholders and other stakeholder groups.

External advisors

For the appointment of a new Non-executive Director, a specialist executive search agency was engaged.

Professional development

Appropriate training, briefings and inductions are available to all Directors on appointment and subsequently as necessary, considering existing qualifications and experience. The Board members have many years of relevant experience and each is responsible for ensuring their continuing professional development to maintain their effective skills and knowledge.

Independent advice

Procedures are in place for the Directors to seek independent professional advice, if necessary, at the Company's expense.

Read more about our onboarding process on page **50**

Board and Committee meetings

The Directors attended the following meetings in the year ended 30 September 2020:

	Main Board	Audit and Risk Committee	Remuneration Committee	Nomination Committee
D M Forbes	15/15	4/4	4/4	2/2
D A Brown	15/15	4/4	4/4	2/2
S A Hazell*	10/10	2/2	2/2	2/2
S D Dasani	15/15	4/4	4/4	2/2
P Scott	15/15	—	—	—
S C Wyndham-Quin	15/15	—	—	—
A P Liebenberg	15/15	—	—	—

* Stephanie Hazell joined the Board in March 2020.

Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.

The Chairman and fellow members of the Board are responsible for making sure Board members are updated with information concerning the state of the business and its performance, and information necessary for them to effectively discharge their duties and responsibilities, in a timely manner.

Every two years Board members are required to complete a questionnaire to evaluate both the Board as a whole and its individual members providing an opportunity for comment and suggestions for improvements. The responses to the surveys are provided to the Chairman who prepares a report and actions are shared with the Board. The last formal Board review was undertaken in 2020.

It is the ambition of the Board that the evaluation of the Board will be externally facilitated every three years to assess the Board and its Committees to ensure they are equipped to support the Group's evolving requirements. This process takes the format of an initial questionnaire followed by interviews and Board observations. Areas of focus are identified, and an action plan is prepared for the Board.

Succession planning

Continuity of leadership is recognised as a critical factor in maintaining both short-term and longer-term business success. Succession planning and management are key to delivering this continuity. Each year the Board carries out its annual review of succession planning at both Board and subsidiary business level as part of its strategic review process.

Board

The Nomination Committee considers succession planning for the Board each year, considering the challenges specific to the required role. The Chairman is responsible for overseeing the process of succession planning for the Board.

In identifying suitable external Board candidates, independent executive search consultants will normally be used.

Senior management

The executive level succession framework, which addresses senior management succession in the Group's subsidiary businesses, forms part of the subsidiary budget and strategic planning process and is reported to the Board on an annual basis.

Read more about our Board performance evaluation process on page **57**

Read more on how our Board works together on page **54**

Principle 8: Promote a corporate culture that is based on ethical values and behaviours.

Renew's vision is to safely and responsibly deliver essential engineering services to some of the country's key infrastructure assets: "Engineering Infrastructure for the future". To deliver a growing business in the challenging Rail, Energy, Environmental and Infrastructure market sectors we set overall standards for our subsidiary businesses through a formal framework to promote best practice and knowledge sharing. The Board is responsible for ensuring the corporate culture is implemented throughout the business and it will continue to evolve the governance framework as we move through 2021.

Our business model and strategy drive our corporate culture and in the year the Group focused on further developing its behavioural safety initiatives supported across the subsidiary businesses with campaigns to empower employees to improve the safety of their individual environments.

The Board monitors and promotes its corporate culture assisted by its senior management team which plays a vital role in disseminating the Company's shared values with its employees. Within our subsidiary businesses, monthly management meetings are attended by at least one member of the senior management team. Regular Executive Management Committee meetings are held with the involvement of all the Managing Directors and the senior management team. In conjunction with annual events, including the Senior Managers' Conference, the Board can assess the Group's culture on an ongoing basis.

Read more about our sustainability on pages **38–43**

Read more about our core values on page **14**

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision making by the Board.

Roles and responsibilities

Chairman

The Board, run by Chairman David Forbes, is responsible for Group strategy, results, direction, risk management and business performance. The Board is ultimately responsible for overseeing the success of the Group.

Chief Executive

Chief Executive Paul Scott oversees the management of the business supported by his Executive team with responsibility for delivery of the Group's strategic direction and management of its day-to-day performance.

The Senior Independent Director

David Brown is the Senior Independent Director and undertakes a key role in supporting the Chairman in the effective running of the Board.

Chief Financial Officer and Company Secretary

Sean Wyndham-Quin is responsible for assisting the Board in discharging its statutory duties and responsibilities as well as liaising with the Group's shareholders and other stakeholder groups.

Appropriate training, briefings and inductions are available to all Directors on appointment and subsequently as necessary, taking into account existing qualifications and experience.

Procedures are in place for the Directors to seek independent professional advice, if necessary, at the Company's expense.

Board and Committee meetings

The Board met 15 times during the year. Committee meetings dealing with the daily business of the Company were held as necessary. The Board receives written and oral reports from the Executive Directors ensuring matters are considered fully and enabling Directors to discharge their duties properly. There is a formal schedule of matters reserved for the Board's decision ensuring the maintenance of control over strategic, financial and operational matters.

Board Committees

The Board delegates clearly defined powers to its Remuneration, Nomination and Audit and Risk Committees. Each of the Board's Committees has carefully drafted terms of reference.

Remuneration Committee

The Remuneration Committee, which comprises of David Forbes, David Brown, Shatish Dasani and Stephanie Hazell, determines and agrees with the Board the framework and policy of executive remuneration packages.

Read about the Remuneration Committee's responsibilities and activity during 2020 on pages **62–67**

Nomination Committee

The Nomination Committee, which comprises all four Non-executive Directors, monitors the composition of the Board and recommends the appointment of new Directors.

Read more about the Nomination Committee's responsibilities and activity during 2020 on page **61**

Audit and Risk Committee

The Audit and Risk Committee consists of all four Non-executive Directors. The Executive Directors are invited to attend Audit and Risk Committee meetings but at least one meeting is held each year with the external auditor at which the Executive Directors are not present.

Read more about the Audit and Risk Committee's responsibilities and activity during 2020 on pages **59 & 60**

The Board is responsible for ensuring thorough corporate governance is applied throughout its business and will be continuing to work towards improving its governance framework throughout 2021. The continued growth of the Group has necessitated further review and revaluation of the governance framework the Group applies. The Group has a series of Group minimum requirements in a number of financial and operational areas with which each business within the Group must comply.

Read more about how we manage risk on pages **44–47**

Principle 10: Communicate how the Company is governed and is performing by maintaining dialogue with shareholders and other relevant stakeholders.

Board and Committee meetings

The Board met formally 15 times in the year ended 30 September 2020 with all Directors in attendance. Committee meetings dealing with the daily business of the Company were held as necessary. The Board receives written and oral reports from the Executive Directors ensuring matters are considered fully and enabling Directors to discharge their duties properly. There is a formal schedule of matters reserved for the Board's decision ensuring the maintenance of control over strategic, financial and operational matters.

Committee reporting

The Audit and Risk Committee report is set out on pages 59 and 60.

The Remuneration Committee report is set out on pages 62 to 67.

The Nomination Committee report is set out on page 61.

Shareholder engagement

We regularly engage with our shareholders including through results presentations and roadshows, our Annual General Meeting, investor and analyst site visits and institutional investor meetings. Feedback received via these channels is an important element of shaping the Group's future communications.

Corporate information (including all Company announcements and presentations) is available to shareholders, investors and the public in the Investors section of the Company's corporate website, www.renewholdings.com/investors.

The Chief Financial Officer and Company Secretary, Sean Wyndham-Quin, is the primary contact for all investor relations queries and can be contacted by email at info@renewholdings.com or by post at Renew Holdings plc, 3175 Century Way, Thorpe Park, Leeds LS15 8ZB.

Working together

Our Board evaluation process

As part of the Board's commitment to continuous improvement, a Board performance evaluation process is undertaken every two years. The evaluation looks at how the Board members feel they perform as individuals as well as how they interact with the rest of the Board. The Board performance evaluation takes the form of an online questionnaire with the anonymised results reviewed by the Chairman. Areas for further discussion or action are agreed at subsequent Board meetings.

The last Board performance evaluation took place in July 2020 and the results highlighted some areas for further consideration by the Board. The Board will use the areas identified in this review to develop an action plan to work through during 2021.

Timeline for Board performance evaluation process

July 2020	Board performance evaluation survey distributed to Board members electronically.
August 2020	Board performance evaluation survey responses received.
September 2020	Confidential survey responses collated for Chairman's review.
November 2020	Key areas for discussion outlined at the Board meeting and an action plan agreed.
2021	The Board will work through the areas raised in the Board performance evaluation process.

Shareholder voting

The tables below show the votes cast at the 2020 Annual General Meeting held on 29 January 2020.

2020 Annual General Meeting voting results

The 60th Annual General Meeting of Renew Holdings plc was held at Thorpe Park Hotel on 29 January 2020 at 11.00am. Voting on the resolutions put to the meeting was as follows:

	Voting for	Voting against	Voting withheld
Ordinary resolution 1			
To receive, approve and adopt the Company's audited financial statements for the year ended 30 September 2019 and the reports of the Directors and auditor thereon.	43,695,491	2,697	0
Ordinary resolution 2			
To declare a final dividend for the year ended 30 September 2019 of 7.67p per Ordinary Share in the capital of the Company to be paid on 6 March 2020 to shareholders who appear on the register at the close of business on 31 January 2020.	43,696,991	1,197	0
Ordinary resolution 3			
To re-elect Paul Scott as a Director of the Company. Mr Scott retires as a Director in accordance with the Company's Articles of Association and offers himself for re-election.	42,730,591	2,341	965,256
Ordinary resolution 4			
To re-elect Shatish Dasani as a Director of the Company. Mr Dasani was appointed as a Director during the year and, in accordance with the Company's Articles of Association, retires as a Director and offers himself for re-election.	43,376,651	102,341	219,196
Ordinary resolution 5			
To approve the Remuneration Report for the year ended 30 September 2019.	43,167,104	429,084	102,000
Ordinary resolution 6			
To appoint KPMG LLP as auditor of the Company.	43,165,226	527,351	5,611
Ordinary resolution 7			
To authorise the Audit Committee of the Board of Directors of the Company to determine the remuneration of the auditor.	43,589,847	103,841	4,500

	Voting for	Voting against	Voting withheld
Ordinary resolution 8			
THAT the directors of the Company (the "Directors") be and are generally and unconditionally authorised pursuant to and in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the capital of the Company ("Shares") or grant rights to subscribe for or to convert any security into shares in the Company ("Rights") up to a nominal amount of £2,510,974 such authority to apply in substitution for all previous authorities pursuant to Section 551 of the Act and to expire at the end of the next Annual General Meeting of the Company or, if earlier, at the close of business on 30 April 2021 whichever is the earlier (unless renewed, varied or revoked by the Company prior to or on such date) but, in each case, save that the Company may make offers and enter into agreements before this authority expires which would, or might, require shares to be allotted or rights to be granted after this authority ends and the Directors may allot such shares or grant such rights pursuant to any such agreement as if this authority had not expired.	43,365,651	307,009	25,528
Special resolution 9			
THAT, subject to the passing of resolution 8, the directors of the Company (the "Directors") be empowered to allot equity securities (as defined in the Companies Act 2006 (the "Act")) for cash under the authority given by resolution 8 and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Act did not apply to any such allotment or sale, such authority to be limited: (A) in connection with an offer by way of rights issue to holders of ordinary shares in the capital of the Company in proportion (as nearly may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, record dates, or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and (B) to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (A) above) up to a nominal amount of £376,646, such power to expire at the end of the next annual general meeting of the Company or, if earlier, at the close of business on 30 April 2021 but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would or might require equity securities to be allotted (and treasury shares to be sold) after the power expires and the Directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not expired.	43,365,651	307,009	25,528
Special resolution 10			
THAT, subject to the passing of resolution 8 above, the directors of the Company (the "Directors") be empowered in addition to any authority granted under resolution 9 to allot equity securities (as defined in the Companies Act 2006 (the "Act")) for cash under the authority given by resolution 8 and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Act did not apply to any such allotment or sale, such power to be: (A) limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £376,646; and (B) used only for the purposes of financing (or refinancing, if the power is to be used within six months after the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice, such power to expire at the end of the next annual general meeting of the Company or, if earlier, at the close of business on 30 April 2021 but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would or might require equity securities to be allotted (and treasury shares to be sold) after the power expires and the Directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not expired.	42,844,006	843,572	10,610

By order of the Board

Sean Wyndham-Quin CA
Company Secretary
8 December 2020

Managing risk through effective controls

Shatish Dasani
Chairman of the Audit and Risk Committee

Audit and Risk Committee key areas of focus

- Monitor the integrity, clarity and completeness of the financial statements, the half year report and any other announcements relating to the Group's financial performance or position;
- review and challenge, where necessary, the appropriateness of accounting policies, key accounting judgements and sources of estimation;
- keep under review the adequacy and effectiveness of the Group's internal control and risk management systems;
- evaluate the effectiveness of the Group's internal audit process;
- review the policies and process for identifying and assessing business risks and managing their impact on the Group;
- review the Group's systems and controls for preventing bribery, fraud and ensuring compliance with relevant legal and regulatory requirements;
- ensuring that the Group has adequate whistleblowing policies and procedures; and
- review the effectiveness and independence of the external auditor, negotiate and agree its remuneration and make recommendations to the Board in respect of its appointment.

Committee focus areas in the year

- Managing risk in the Covid-19 environment
- Risk management framework, including implementation of new whistleblowing policy

Priorities for 2021

- Continued focus on risk management and control environment during period of economic uncertainty

The members of the Committee as at the date of this report are:

David Forbes
Shatish Dasani
David Brown
Stephanie Hazell

Meeting attendance[1]

David Forbes	
Shatish Dasani	
David Brown	
Stephanie Hazell[2]	

1 There were four meetings during the year.
2 Stephanie Hazell joined the Board in March 2020.

Introduction

Dear Shareholder,

I am pleased to present the Audit and Risk Committee report for the financial year ended 30 September 2020. The role of the Audit and Risk Committee is to protect the interests of shareholders by ensuring the integrity of the Group's financial reporting and by monitoring the ongoing effectiveness of the Group's internal controls. The Committee is appointed by the Board and comprises independent Non-executive Directors and provides independent monitoring, guidance and challenge to the Executive Directors. The Audit and Risk Committee report sets out the responsibilities of the Committee, its composition and the work undertaken during the year.

Responsibilities and terms of reference

The terms of reference are approved by the Board and are available for review on the Company website (www.renewholdings.com). The principal responsibilities of the Committee are set out on the left.

Committee composition

The Audit and Risk Committee consists of all four Non-executive Directors and is chaired by me as an independent Non-executive Director with recent and relevant financial experience. The Board believes that the members have sufficient skills, qualifications and experience to discharge their duties in accordance with the Committee's terms of reference and as a Committee has competence in the sector within which the Group operates.

Summary of activity

The Audit and Risk Committee formally met on four occasions since the date of the last report. The Chief Executive Officer, the Chief Financial Officer and the Executive Director attend Committee meetings by invitation to ensure that the Committee is fully informed of material matters within the Group. The external auditor attended two of the meetings and on one of these occasions also met separately with the Audit and Risk Committee without any of the Executive Directors present.

Internal financial audit process

The Group carries out a programme of internal financial audits where a review of the processes and procedures used in financial management is undertaken. The audits are undertaken by a senior member of the finance team and reviews processes such as payroll, ledgers, fixed assets and cash amongst others.

The findings of the internal audit include any recommendations for corrective or preventative action and are reviewed with the business and the Group's Chief Financial Officer before being shared with the Audit and Risk Committee.

The Group has a rolling schedule of internal audits ensuring each subsidiary is audited at least every three years.

During the period to the date of this report, the principal activities of the Committee were as follows:

- conduct a detailed assessment of the risks faced by the Group in light of the Covid-19 pandemic;
- implement a new whistleblowing policy;
- review the Group's financial statements and preliminary results announcements including consideration of significant financial reporting issues and matters of judgement inherent within the above;
- review the content of the Annual Report and Accounts to ensure it provides the information necessary for shareholders to assess the Group's financial position and performance, business model and strategy;
- monitor and review the Group's internal control and risk management systems;
- consider the external auditor's audit plan, scope and coverage of audit work, internal quality procedures and independence and agree the audit fee;
- update the policy for the use of the external auditor to perform non-audit services in order to ensure auditor independence and objectivity; and
- agree changes to the terms of reference of the Committee in order to clarify its responsibilities, including changing the name of the Committee to include both audit and risk.

Significant financial reporting risks and judgement areas considered

The following judgement areas and significant estimates were considered by the Committee in the review and approval of the 2019/20 financial statements:

Revenue recognition and valuation of contract balances

In accordance with IFRS 15, the Group makes assessments as to the stage of completion of a contract in order to determine the amount of revenue it is able to recognise. The Committee has critically reviewed the process adopted to make these assessments and discussed key contract issues with exposure to recognition risks with management.

It also considered the work undertaken by the external auditor in relation to key contract judgements.

Valuation of the defined benefit obligation in relation to both the AMCO and Lovell pension schemes

The valuation of the defined benefit plan liabilities is based on a number of key assumptions including inflation, discount rate and mortality rates. The Committee received reports from management outlining the assumptions used, including input from the Group's actuaries. It has also considered the external benchmark of key assumptions provided by the external auditor and the sensitivity of changes to these assumptions.

Valuation of intangibles recognised on acquisition

The acquisition of Carnell on 30 January 2020 required the valuation of separately identifiable intangible assets which involved a degree of judgement. An independent accounting firm (PwC) was commissioned to produce a report on this matter which was reviewed and approved by the Committee.

External auditor

KPMG has been the external auditor since 2007 but has regularly rotated its audit partner in line with best practice. As required, the external auditor provided the Audit and Risk Committee with information about its policies and processes for maintaining independence and compliance regarding the rotation of audit partners and staff.

The use of the external auditor for performing non-audit services is only permitted where the service is not prohibited by the FRC Ethical Guideline and where the external auditor is best placed to provide the service. In this case, the engagement needs to be authorised in line with the policy agreed by the Committee.

The Audit and Risk Committee considered all relationships between the external auditor and the Group and was satisfied that they did not compromise the external auditor's judgement or independence, particularly with the provision of non-audit services.

With input from management, the Committee was satisfied with the external audit team's knowledge of the business, that the scope of the audit was appropriate and that all significant accounting judgements had been challenged robustly.

All of the above was considered before a recommendation was made by the Committee to the Board to propose KPMG LLP for re-election at the AGM.

Approval

The Audit and Risk Committee report was approved by the Board on 8 December 2020 and signed on its behalf by:

Shatish Dasani
Chairman of the Audit and Risk Committee
8 December 2020

Ensuring an effective Board

David Forbes
Chairman of the Nomination Committee

Nomination Committee key areas of focus

- Review the structure, size and composition of the Board and its Committees
- Succession planning for Directors and senior executives
- Keep under review the leadership needs of the organisation, both Executive and Non-executive

Committee focus in the year

- The appointment of a new Non-executive Director to the Board
- Continued QCA Corporate Governance Code compliance
- Succession planning

Priorities for 2021

- Continue to develop the diversity of the Board in its widest sense
- Ensure the skills of the Board are aligned to the Group's Strategic Plan
- Succession planning

The members of the Committee as at the date of this report are:

David Forbes
Shatish Dasani
David Brown
Stephanie Hazell

Meeting attendance[1]

David Forbes	
Shatish Dasani	
David Brown	
Stephanie Hazell[2]	

1 There were two meetings during the year.
2 Stephanie Hazell joined the Board in March 2020.

Introduction

Dear Shareholder,

As Chairman of the Nomination Committee, below is my report on the Committee's activities during the year.

Board changes

In March 2020 we appointed Stephanie Hazell as Non-executive Director to the Board. Stephanie brings infrastructure sector experience in particular in the regulated telecoms and utilities sectors where she gained valuable strategy and corporate development experience.

Board effectiveness

We have recently undertaken our Board performance evaluation to assess the performance and effectiveness of the Board. The issues raised from this process will shape our improvement plans as we move forward.

Board composition and diversity

The composition of the Board and its Committees is reviewed annually. In previous reviews the diversity of the Board was challenged. Over the last two years we have worked to improve the diversity of the Board in its widest sense with two new appointments. The Board recognises there is still work to do in this area and diversity remains a focus of the Nomination Committee as we look towards 2021.

Succession planning

Succession planning for the Board and its senior executives is reviewed on an annual basis as part of the Group's strategic planning process. Succession for all identified roles is reviewed for the short, medium and long term and this underpins the development of individuals at both Group and subsidiary business level.

Retirement by rotation

Sean Wyndham-Quin, David Brown and Stephanie Hazell will retire from the Board by rotation at the Group's AGM in 2021.

2021 and beyond

The Nomination Committee will focus on ensuring the Board retains the appropriate set of skills, experience and diversity that is required to execute the Group's long-term Strategic Plan and ensure the continued success of the Group.

David Forbes
Chairman of the Nomination Committee
8 December 2020

David A Brown
Chairman of the Remuneration Committee

Remuneration Committee key areas of focus

- Determine and agree with the Board the framework and policy for the remuneration packages, including bonuses, incentive payments and share options or share awards of the Executive Directors and members of the Executive Management;
- Review and approve the design of all share incentive plans and performance related pay schemes for approval by the Board and shareholders as applicable;
- Determine targets and awards made under share incentive plans and performance related pay schemes;
- Determine the policy for, and scope of, pension arrangements for each Executive Director and other senior executives; and
- Ensure that contractual terms and payments made on termination are fair to the individual and the Company and that failure is not rewarded.

Committee focus in the year

- Ensuring continued compliance with best practice and the QCA Remuneration Guidance
- LTIP scheme
- 2020 Remuneration report
- Board and senior management remuneration

Priorities for 2021

- Remuneration policy review
- Board and senior management remuneration

The members of the Committee as at the date of this report are:

David Forbes
Shatish Dasani
David Brown
Stephanie Hazell

Meeting attendance[1]

David Forbes	
Shatish Dasani	
David Brown	
Stephanie Hazell[2]	

1 There were four meetings during the year.
2 Stephanie Hazell joined the Board in March 2020.

Introduction

Dear Shareholder,

On behalf of the Remuneration Committee I am pleased to present the Directors' remuneration report (the "Remuneration report") for the financial year ended 30 September 2020.

The Remuneration report sets out the details of the Remuneration Committee including its terms of reference, the Company's remuneration policy, remuneration for the year ended 30 September 2020 and the intended remuneration for the year ending 30 September 2021.

As an AIM company, whilst we are not required to prepare this Remuneration Report in accordance with the UK Corporate Governance Code 2018, we follow it to the fullest extent considered relevant/appropriate for an AIM listed company of our size. The Remuneration Committee will continue to ensure that this report provides disclosures at least as good as current best practice for AIM listed companies.

The auditor is not required to report to the shareholders on the Remuneration report.

The Remuneration report will be presented at the AGM on 27 January 2021 and will be the subject of an advisory vote.

Remuneration Committee

The Remuneration Committee is chaired by David Brown and comprises David Forbes, Stephanie Hazell and Shatish Dasani. The Committee held four meetings during the financial year to discuss remuneration arrangements.

Stephanie Hazell was appointed to the Board and the Remuneration Committee on 1 March 2020.

At the last Annual General Meeting, votes on the advisory resolution relating to the Remuneration report were cast as follows:

In favour	– 43,167,104 (98.8 per cent)
Against	– 429,084 (1.0 per cent)
Withheld	– 102,000 (0.2 per cent)
Total votes cast	– 43,698,188 (100 per cent)

The Remuneration Committee typically consults with major shareholders when any significant change in the structure or scale of Directors' remuneration is being considered and will continue to do so where appropriate. No material matters have been raised by shareholders relating to Directors' remuneration during the year.

Terms of reference

The Remuneration Committee's terms of reference include:

a. to determine and agree with the Board the framework and policy for the remuneration packages, including bonuses, incentive payments and share options or share awards of the Executive Directors and members of the Executive Management;

b. to review and approve the design of all share incentive plans and performance related pay schemes for approval by the Board and shareholders as applicable;

c. to determine targets and awards made under share incentive plans and performance related pay schemes;

d. to determine the policy for, and scope of, pension arrangements for each Executive Director and other senior executives; and

e. to ensure that contractual terms and payments made on termination are fair to the individual and the Company and that failure is not rewarded.

Non-executive Directors do not have any personal interest in the matters to be decided by the Committee other than as shareholders, nor any potential conflicts of interest arising from cross-directorships and no day-to-day involvement in the running of the Company. The Executive Directors and other senior personnel may be invited to attend meetings when appropriate to provide advice. However, no Director is present or takes part in discussions concerning their own remuneration.

Remuneration policy

The Remuneration Committee has reviewed the remuneration policy during the year and remains satisfied that the policy is appropriate for our Company at its current stage of development, is aligned to both shareholders' and other key stakeholders' interests and continues to support our long-term business strategy, values and culture.

The Company's remuneration policy is that the remuneration packages of the Executive Directors should be sufficiently competitive to attract, retain and motivate those Directors to achieve the Company's long-term strategic objectives, including the creation of sustainable shareholder returns, without making excessive payments. The annual performance-related bonus rewards Executive Directors for delivering our short-term financial and operational goals. The long-term focus of our strategy is supported through our LTIP under which performance is tested over three years.

The remuneration and employment terms of the Executive Directors are determined by the Remuneration Committee by comparison with salaries paid to, and terms agreed with, directors in similar companies in the same sector and of a similar size and after a review of the performance of the individual. For guidance, the Remuneration Committee refers to published survey data. The Board determines the terms and conditions of Non-executive Directors.

There are four main elements to the remuneration packages of the Executive Directors and other senior executives:

- basic salary and benefits;
- annual bonus awards;
- long-term equity incentive plans; and
- pension arrangements.

Basic salary and benefits

Basic salaries are reviewed annually by the Remuneration Committee and adjusted where the Committee believes that adjustments are appropriate to reflect performance, changed responsibilities and/or market conditions. Other benefits for Executive Directors include car allowances and certain medical cover for Directors and their immediate family. The Company also has a permanent health insurance policy to provide cover for the Executive Directors.

Annual bonus awards

It is the Company's policy to provide a bonus incentive scheme for Directors linked directly to the financial performance of the Group. The Executive Directors' bonuses are related to the performance of the Group as a whole, including the health and safety performance of the Group. All performance criteria are subject to approval by the Remuneration Committee at the beginning of the year and all payments are made only when approved by the Remuneration Committee.

Details of the annual bonus scheme for the year under review and the following year are set out below.

Long-term equity incentive plans

The Remuneration Committee implemented a new long-term incentive plan ("LTIP") which was approved at an Extraordinary General Meeting ("EGM") held on 25 January 2012. The LTIP has been designed so as to comply with ABI guidelines in all material respects and to align a material part of an Executive Director's remuneration more closely with shareholders.

The performance criteria to be achieved by the Company in respect of the LTIP are as follows:

Vesting of one-half of the options is dependent on absolute growth in the Company's Total Shareholder Return ("TSR"), and the other half dependent on the Company's TSR performance as compared to the TSR achieved by other companies in a comparator group of companies selected by the Remuneration Committee.

The constituents of the comparator group are reconsidered by the Remuneration Committee each year. All TSR calculations are based on the average of the opening and closing share price over a 30 day period prior to the commencement and end of the performance period.

The absolute TSR growth target requires the Company's TSR over the three year performance period to have grown by more than 25 per cent. For aggregate TSR growth between 25 per cent and 100 per cent, the half of the option which is subject to the absolute TSR growth target vests on a straight-line basis from nil vesting at 25 per cent growth, to 100 per cent vesting at 100 per cent growth. There is no vesting if aggregate TSR growth over the 3 year performance period is 25 per cent or less. The Remuneration Committee considers this mechanism important to ensure that it meets the overall objectives of the LTIP.

The relative TSR target requires the companies TSR performance over the three year period to be better than the median TSR performance of the comparator group. There is no vesting if the relative TSR is less than the median of the TSR comparator group. If the company's relative TSR performance is in the top decile of the TSR comparator group then 100 per cent of this portion of the LTIP will vest. Relative TSR performance between the median and the top decile will result in the LTIP vesting on a straight line basis.

In the event of a material correction of any accounts of the Company used to assess satisfaction of any performance conditions, or in the event of a participant's gross misconduct, options may be reduced, adjusted or cancelled as determined by the Remuneration Committee. To the extent that options have already been exercised, the Remuneration Committee may (having considered all the circumstances) require the participant to return any shares received, or the amounts of any proceeds of the sale of such shares (net of tax).

Long-term equity incentive plans continued

The Remuneration Committee is empowered to grant a maximum number of LTIP options over 10p Ordinary Shares equivalent in value to 150 per cent of basic salary per financial year. The options may be granted with an exercise price equal to their nominal value or as nil-cost options. The Company also has the ability, but not the obligation, to provide a cash alternative to participants equal to the net benefit of their LTIP option. This simplifies the settlement process, reducing complexity and cost to both the Company and the participant and reducing dilution to the shareholders, all whilst preserving the overall economic effect of the LTIP award.

The LTIP rules allow, at the discretion of the Remuneration Committee, for the amount of dividends paid (including the tax credit) during the vesting period that are applicable to the number of shares over which the option has become exercisable to be paid to the LTIP participant once the LTIP has vested as either a cash payment or in the form of additional shares.

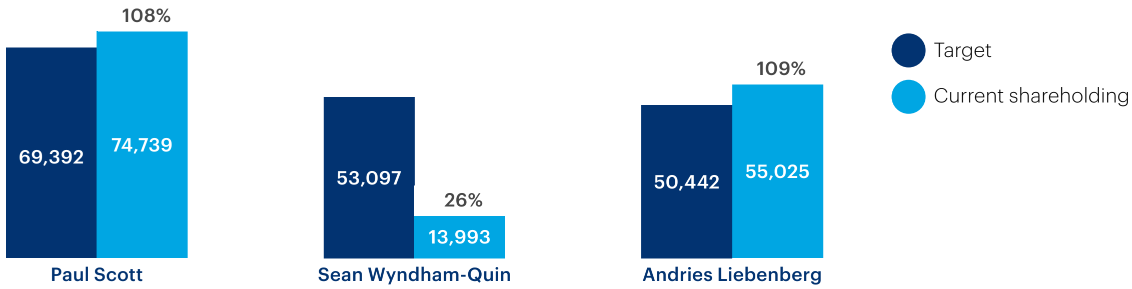
Pension arrangements

Under their terms of engagement, the Executive Directors are entitled to receive an annual pension contribution of 15 per cent of their basic salary or an equivalent cash amount. The Remuneration Committee believes that these payments are broadly in line with senior management in other comparable public companies.

Executive Director minimum shareholding requirement

The Executive Directors are required by the Remuneration Committee to build up and hold a minimum of 100 per cent of their basic annual salary equivalent value in Ordinary Shares in the Group before they are permitted to sell any shares. In exceptional circumstances, and at the sole discretion of the Remuneration Committee, or if shares are sold to cover a tax liability that arises as a result of an exercise of an LTIP, this requirement may be waived.

Shareholding requirement % of salary



Notes

The current shareholding as a percentage of salary has been calculated using the Group Chief Executive's, Chief Financial Officer's and Rail Director's full base salaries of £313,650, £240,000 and £228,000 respectively.

The value of the Ordinary Shares shown above has been based on the average share price between the period 30 September 2019 and 1 October 2020, being £4.52.

Unvested LTIP shares do not count towards satisfaction of the shareholding requirement but the Board note that in addition to the shareholdings above, the executive directors also have an interest in the unvested share options detailed on page 66.

Remuneration for the year ended 30 September 2020

Service contracts and letters of appointment

The Company's policy is for all of the Executive Directors to have rolling service contracts that provide for a twelve month notice period.

The fees of Non-executive Directors are determined by the full Board within the limits set out in the Articles of Association. The Non-executive Directors are not eligible for bonuses, pension benefits, share options or other benefits. The Directors are indemnified to the full extent permitted by statute under the Articles of Association. All Non-executive Directors are subject to re-election at least every three years.

The service contracts of the Directors, who served during the year ended 30 September 2020 and were in post on that date, include the following terms:

Directors	Executive/Non-executive	Date of contract	Unexpired term	Notice period (months)
D M Forbes	Non-executive	1 June 2011	Rolling one month	1
D A Brown	Non-executive	2 April 2017	Rolling one month	1
S D Dasani	Non-executive	8 February 2019	Rolling one month	1
S A Hazell	Non-executive	1 March 2020	Rolling one month	1
P Scott	Executive	1 July 2014	Rolling one year	12
A P Liebenberg	Executive	31 March 2016	Rolling one year	12
S C Wyndham-Quin	Executive	8 November 2017	Rolling one year	12

Stephanie Hazell was appointed to the Board on 1 March 2020.

GOVERNANCE

Directors' remuneration

Due to the uncertainty caused by the Covid-19 pandemic the Board decided to implement a temporary 20% reduction to the basic salaries/fees of the all the Directors with effect from 1 April 2020. This temporary measure was removed with effect from 1 July 2020 once it became clear that the business was continuing to trade well throughout the pandemic and that the salary/fee reductions were no longer necessary.

Information is provided below for Directors who served during the financial year and as at 30 September 2020:

	Notes	Salary/fees £000	Bonuses £000	LTIP £000	Benefits £000	Total emoluments 2020 £000	Total emoluments 2019 £000
Executive Directors							
P Scott	1,2,3,4,5	292	270	208	63	833	797
A P Liebenberg	2,3,4,5,6	210	194	154	51	609	607
S C Wyndham-Quin	2,3,4,5	219	203	—	52	474	509
						1,916	1,913
Non-executive Directors							
D M Forbes		73	—	—	—	73	75
D A Brown		44	—	—	—	44	45
S D Dasani	7	44	—	—	—	44	30
S A Hazell	8	25	—	—	—	25	—
J Bishop	9	—	—	—	—	—	19
						2,104	2,082

Notes:

1. The highest paid Director for 2020 was P Scott who received emoluments of £833,000 (2019: £797,000).
2. Bonuses were earned by P Scott, A P Liebenberg and S C Wyndham-Quin during the current financial year and will be paid in the year ending 30 September 2021.
3. Details of the LTIP options exercised during the year can be found in the Remuneration report.
4. Benefits include car allowances and certain medical cover for the Director and immediate family.
5. Executive Directors received payments amounting to 15 per cent of their basic salary, in lieu of Company pension contributions. These were paid through the payroll and taxed as salary and are included in Benefits above.
6. All of A P Liebenberg's emoluments were borne by a subsidiary undertaking.
7. S D Dasani was appointed as a Non-executive Director with effect from 8 February 2019 and so the comparative emoluments represent the period from 8 February 2019 until 30 September 2019.
8. S A Hazell was appointed as a Non-executive Director with effect from 1 March 2020 and so the emoluments represent the period from 1 March 2020 until 30 September 2020.
9. J Bishop resigned as a Non-executive Director on 8 February 2019 and so the comparative emoluments represent the period from 1 October 2018 until 8 February 2019.

Annual bonus awards

The Company provides a bonus incentive scheme for Executive Directors which is linked to the performance of the Group.

At the beginning of the current financial year, the Remuneration Committee agreed a target for operating profit before exceptional items for the Group. In this year, if the Group meets that target, then the Executive Directors were entitled to receive an annual bonus equal to 100 per cent of their salary. The level of over and under performance results in the level of annual bonus to be varied on a straight-line basis, with the maximum bonus of 130 per cent of salary being paid if the performance exceeded the target by 30 per cent with no bonus being payable if performance was 50 per cent or more below target. Any bonus payable in excess of 100 per cent of basic salary will be paid in shares and will be subject to the minimum shareholding requirements set out in this report; however, the Remuneration Committee can, in exceptional circumstances and at its discretion, make the payment in cash. The Remuneration Committee makes such adjustments to the target and/or results to remove distortions such as acquisitions and disposals during the year and other items as they believe are necessary. At the beginning of the year ended 30 September 2020, the Remuneration Committee agreed a target for operating profit[1] before exceptional items for the Group of £39,023,000. This was revised to £42,156,000 following the acquisition of Carnell in January 2020. The operating profit before exceptional items for the Group fell short of this target by approximately 6 per cent. Accordingly, under the terms of the scheme, the Executive Directors are entitled to receive an annual bonus equal to 88 per cent of salary.

Because the Directors were in an unusually long close period (from 25 October 2019 until 31 January 2020) due to the acquisition of Carnell Support Services Limited the Board was unable to issue shares or grant options to the Directors. Given these exceptional circumstances, and the relatively small sums involved, the Remuneration Committee decided to make a cash payment to the Executive Directors for the element of their bonuses that would ordinarily have been paid in shares in respect of the bonus payable for the year ended 30 September 2019. The total amount paid to P Scott, A P Liebenberg and S C Wyndham-Quin was £22,306 in aggregate, representing 3% of their basic salary.

Long-term equity incentive plans

The market price of the Company's shares at 30 September 2020 (being the last trading day of the month) was 455p and the range of market prices during the year was between 335p and 568p.

Information is provided below for Directors who served during the financial year and as at 30 September 2020.

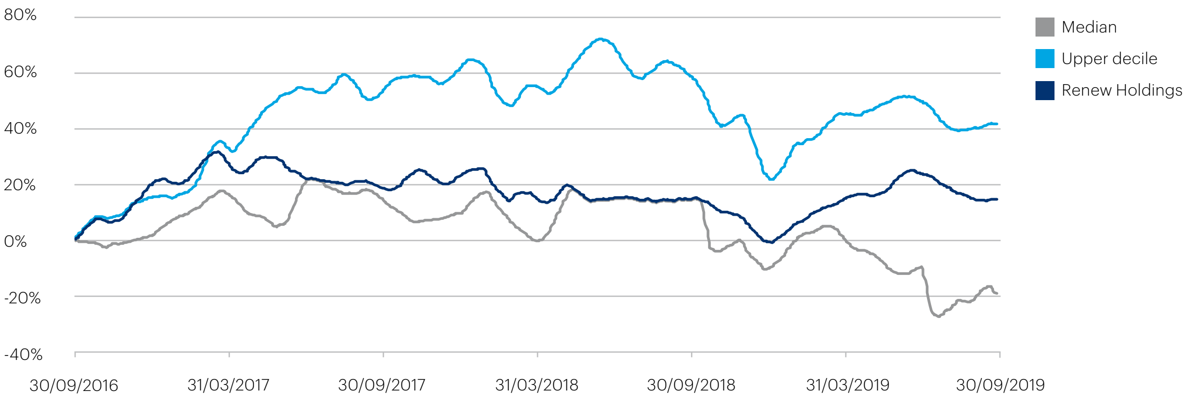
Pursuant to the long-term incentive plan ("LTIP"), the Board has granted options to the Executive Directors as set out in the following table:

Number of Ordinary Shares under option	Exercisable between 23 Nov 2020 and 22 Nov 2027	Exercisable between 4 Dec 2021 and 3 Dec 2028	Exercisable between 21 Feb 2023 and 20 Feb 2030
LTIP options			
P Scott	99,000	129,310	118,269
A P Liebenberg	73,500	92,833	84,907
S C Wyndham-Quin	73,500	96,983	88,702

The LTIP options are exercisable at a nominal cost but are only exercisable to the extent that certain performance criteria are achieved by the Company over a three year performance period. For consistency with previous years, the close of market on the Friday following the Group's preliminary results announcement was used as the valuation point for the LTIP grant albeit the grant was not made until after the end of the extended close period caused by the acquisition of Carnell, this was to ensure the Directors were not at any advantage or disadvantage due to the extended close period.

During the year, options awarded on 24 November 2016 amounting to 67,936 shares in aggregate vested in accordance with their vesting conditions. This represents 83.3 per cent of the relative TSR measure and 0 per cent of the absolute measure in accordance with the scheme rules, as set out in the graph below. These options were subsequently exercised on 4 February 2020 and 39,028 shares were issued to P Scott and 28,908 shares to A P Liebenberg.

Renew Holdings TSR performance vs comparator group



In addition, and in accordance with the rules of the LTIP, payments of £13,992 and £10,364 were made to P Scott and A P Liebenberg respectively representing dividends accrued during the vesting period on the shares vested as detailed above. As a consequence of the LTIP vesting, P Scott made a gain on exercise of options of £193,579 and A P Liebenberg made a gain on exercise of options of £143,384.

Post the period end, on 23 November 2020, 126,280 options awarded on 22 November 2017 vested in accordance with their vesting conditions but have not yet been exercised. During the year £244,000 (2019: £(122,000)) was charged/(credited) to the income statement with a corresponding (credit)/charge to the share based payments reserve in accordance with IFRS 2. Performance criteria for the vesting of the share options under the LTIP are set out in the remuneration policy above and in Note 24 to the accounts.

Directors' pension information

No Director has pension entitlements under the Group's defined benefit pension scheme arrangements. The Group has established individual stakeholder plans for each employee who elects to join into which the Group makes contributions; P Scott, A P Liebenberg and S C Wyndham-Quin receive a sum equivalent to 15 per cent of their basic salary in lieu of pension contributions from the Company. Under their terms of engagement, the Executive Directors are entitled to receive an annual pension contribution of 15 per cent of their basic salary or an equivalent cash amount. The Remuneration Committee believes that these payments are broadly in line with senior management in other comparable public companies.

Directors' share interests

Those Directors serving at the end of the year and their immediate families had interests in the share capital of the Company at 30 September 2020 as follows:

Ordinary Shares of 10p each.

	30 September				
	2020	2019	2018	2017	2016
D M Forbes	**35,000**	35,000	35,000	20,000	20,000
D A Brown	**7,042**	7,042	7,042	—	—
S D Dasani	**15,000**	5,000	—	—	—
S A Hazell	**4,476**	—	—	—	—
P Scott	**74,739**	47,412	29,042	5,000	5,000
A P Liebenberg	**55,025**	33,371	17,634	—	—
S C Wyndham-Quin	**13,993**	11,628	11,628	—	—

Remuneration for the year ending 30 September 2021

Basic salary and benefits

The basic salary of P Scott has increased by 2.0 per cent to £313,650 which is closely aligned to the average annual pay award across the Group as a whole excluding rises for promotions or other changes in responsibility. The basic salary of S C Wyndham-Quin and A P Liebenberg increased by 4.1 per cent to £240,000 and 3.3 per cent to £228,000 respectively. These increases are closely aligned to the average annual pay award across the Group as a whole and contain an additional increase to reflect changes in responsibility and market rates. There have been no material changes in the benefits which the Executive Directors are entitled to receive. The Non-executive Directors' fees increased by 2.0 per cent.

Annual bonus awards

The structure of the annual bonus scheme for the year ending 30 September 2021 is the same as for the previous year, as set out above, in all material respects (except for the targets). Executive Directors will therefore be entitled to receive a cash bonus of 100 per cent of their basic salary if the Group achieves target operating profit and a maximum of 130 per cent of their basic salary if the Group achieves 130 per cent of target operating profit. No bonus will be paid if the Group achieves 50 per cent or less of target operating profit. Any bonus payable in excess of 100 per cent of basic salary will be paid in shares and will be subject to the minimum shareholding requirements set out earlier in this report. As in previous years, the bonus payable will be reduced by the Remuneration Committee if certain health and safety targets are not achieved during the year.

Long-term equity incentive plan

The Remuneration Committee has made annual awards under the LTIP since it was set up in 2012 and will do so again this year. Each award has been made as soon as practicable after the publication of the Company's annual results, or in circumstances where the rules are being amended at the Company's AGM, then shortly after that meeting. It is expected that the next award will be announced shortly after the publication of the Company's annual results. Awards for each participant in the Scheme are limited in amount to 150 per cent of that participant's basic salary. The seventh tranche of options granted under the LTIP, granted on 22 November 2017 as detailed above, vested on 23 November 2020 subject to the performance criteria contained therein.

Approval

The Directors' remuneration report was approved by the Board on 8 December 2020 and signed on its behalf by:

David A Brown
Chairman of the Remuneration Committee
8 December 2020

The Directors present their report and the audited accounts for the year ended 30 September 2020.

Principal activities

For the year ended 30 September 2020 the principal activity of the Group continued to be as contractors in Engineering Services and Specialist Building. The main activities are carried out in the United Kingdom. More details of these activities, the year's trading and future developments are contained in the Chairman's statement, the Chief Executive's review, the Strategic report and the Financial review. A list of the Group's subsidiaries as at 30 September 2020 is listed in Note S to the Company's financial statements.

Results and dividends

The Group profit for the year after tax and after accounting for discontinued operations was £23,052,000 (2019: £22,257,000). The Directors recommend the payment of a final dividend on the Ordinary Shares of 8.33p (2019: 7.67p) giving a total for the year of 8.33p (2019: 11.50p).

Business review

Information that fulfils the business review requirements applicable to the Group can be found in this report, the Chief Executive's review and the Strategic report.

Derivatives and other financial instruments

The Group's principal financial instruments comprise bank loans, cash and short-term deposits and obligations under finance leases. The main purpose of these financial instruments is to provide finance for the Group's operations. The Group has various other financial instruments such as trade receivables and trade payables that arise directly from its operations. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, credit risk and foreign currency risk.

Interest rate risk

Interest bearing assets comprise cash and bank deposits and earn interest at floating rates. The Group's bank loan, revolving credit facility and overdraft facility bear interest at floating rates.

Liquidity risk

The Group's policy is to ensure availability of operating funds by maintaining an appropriate cash balance in both current and deposit accounts and, when necessary, to establish appropriate levels of borrowing facilities to provide short-term flexibility.

Foreign currency risk

As a result of the discontinuation of the Group's operations in the United States the remaining investment in operations in the United States is no longer material and therefore movements in the US dollar/sterling exchange will not materially affect the Group's and the Company's balance sheet. As at 30 September 2020 £439,000 (2019: £474,000) of the Group's net assets are denominated in US dollars. The Group does not use derivative financial instruments in its management of foreign currency risk.

Credit risk

The Group's principal financial assets are bank balances, cash, contract assets and trade receivables, which represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group's credit risk is primarily attributable to its contract assets and trade receivables. Credit risk is managed by monitoring the aggregate amount and duration of exposure to any one customer depending upon their credit rating. The amounts presented in the balance sheet are net of allowances for doubtful debts, estimated by the Group's management based on prior experience and their assessment of the current economic environment.

Payment of creditors

The Group recognises the importance of good relationships with its suppliers and sub-contractors and has established the following payment policy:

(a) agree payment terms in advance of any commitment being entered into;

(b) ensure suppliers are made aware of these terms by inclusion of the terms of payment on the order or contract; and

(c) ensure that payments are made in accordance with the terms of the contract or order providing that the presented documentation is complete and accurate.

Employees

The Directors recognise the need for communication with employees at every level. All employees have access to a copy of the Annual Report and Accounts which, together with staff briefings, internal noticeboard statements and newsletters, keeps them informed of the Group's progress.

The Group continues to be committed to the health, safety and welfare of its employees and to observe the terms of the Health and Safety at Work Act 1974, and all other relevant regulatory and legislative requirements.

It is the policy of the Group that there shall be no discrimination or less favourable treatment of employees, workers or job applicants in respect of race, colour, ethnic or national origins, religious beliefs, sex, sexual orientation, disability, political beliefs, age or marital status. Full consideration will be given to suitable applications for employment from disabled persons, where they have the necessary abilities and skills for that position, and wherever possible to re-train employees who become disabled, so that they can continue their employment in another position. The Group engages, promotes and trains staff on the basis of their capabilities, qualifications and experience, without discrimination, giving all employees an equal opportunity to progress.

Health and safety management

Paul Scott, the Chief Executive Officer, was the designated Director of Health and Safety with Group responsibility for safety and environmental management throughout the year. Health, safety and environmental management issues and reports are reviewed at every Group Board meeting with the Head of Department in attendance when necessary.

The Executive Management Committee, chaired by the Chief Executive Officer, discusses and progresses policy, legislative changes, best practice, training needs, inspections, audits (internal and external), performance measurement and statistical information. All topics are discussed with a specific focus on improvement.

Control at business level remains with subsidiary Managing Directors who are required to appoint a Director who is responsible for safety and environmental matters. Health, safety and environmental issues are discussed as the first agenda item at monthly Board meetings. Each business safety and environmental meeting encourages open communication between all employees and is a key part of the Group's efforts to gather and disseminate good practice for inclusion in business-based management systems. Our safety and environmental standards are contained within bespoke business safety and environmental management systems. This system is based on Group activities and provides specific standards, procedures, information, forms and advice which accommodate changes in legislation expected during the coming financial year. Management advice is provided by the Group Health, Safety, Environmental and Quality ("SHEQ") Director.

Certain Group companies employ their own specialist advisors who liaise directly with the Group SHEQ Director on common issues. The Group maintains its membership with the Royal Society for the Prevention of Accidents and locally based construction safety groups. All safety and environmental department personnel hold membership with the Institution of Occupational Safety and Health. Attendance on the five day Construction Industry Training Board Site Safety Management Training Scheme continues to be a requirement for all construction management personnel, with a two day refresher required every five years.

A one day Directors and senior managers course is available internally and is used to introduce new systems and detail changes to construction legislation. Short duration "tool box talks" and "safety briefings" are used to enhance the knowledge and competence of supervisory management.

Group policy requires each business to report and record all injuries, diseases and dangerous occurrences, regardless of severity. An incident database is maintained to collate this information, provide statistical data allowing performance to be measured and determine system amendments and future training requirements. A system of Safety and Environmental Alerts ensures lessons learnt and changes to working practices are rapidly transmitted to our workforce, businesses and their contractors. The Accident Frequency Rate ("AFR") for the year is a key area where the Group measures its performance.

Sustainability

The Group's Sustainability report, which includes its report on corporate social responsibility, is on pages 38 to 43.

Directors

The Directors of the Company who served, or were appointed, during the year and their brief biographical details are set out below.

Non-executive Directors

David Brown – Director, 59, was appointed to the Board on 3 April 2017. He is currently group chief executive of The Go-Ahead Group Plc, a position he has held since 2011. Prior to that, he was managing director of Surface Transport for Transport for London and chief executive of Go-Ahead's London Bus business. He is also a director of the Rail Delivery Group Limited.

David Forbes – Director, 60, was appointed to the Board as a Non-executive Director in June 2011 and became Chairman in January 2018. He qualified as a Chartered Accountant in 1984 and has over 20 years' experience in corporate advisory services with N M Rothschild & Son Limited.

Shatish Dasani – Director, 58, was appointed to the Board as a Non-executive Director in February 2019. He is currently interim chair of Unicef UK. Shatish is a Chartered Accountant with over 20 years' experience in senior public company finance roles across various sectors including building materials, advanced electronics, general industrial and business services. Previously he was the chief financial officer of Forterra plc and TT Electronics plc and has also been alternate non-executive director of Camelot Group plc and public member at Network Rail plc.

Stephanie Hazell – Director ,45, was appointed to the Board as a Non-executive Director in March 2020. Stephanie is currently industrial partner at Infracapital and a non-executive director for a number of their investments. Stephanie has over 20 years' relevant experience working in high profile businesses including PricewaterhouseCoopers LLP, Orange SA, Virgin Management Ltd and National Grid Plc where she held the position of Director, Strategy and Corporate Development.

Executive Directors

Andries Liebenberg – Director, 52, was appointed to the Board on 31 March 2016. Andries was previously Managing Director of Renew's largest business, Amalgamated Construction Limited, and has been with the Group over ten years.

Paul Scott – Director, 56, was appointed to the Board as Engineering Services Director on 21 July 2014 and as Chief Executive on 1 October 2016. Paul has been with the Group for 20 years, serving as Managing Director of Shepley Engineers Limited, the Group's nuclear services business, prior to assuming the Group-wide Engineering Services role.

Sean Wyndham-Quin – Director, 40, was appointed to the Board on 8 November 2017 and as Chief Financial Officer on 29 November 2017. Previously, he served as a partner at SPARK Advisory Partners, a business he co-founded in early 2012. Prior to that he worked for Brewin Dolphin and Ernst & Young where he qualified as a Chartered Accountant.

Sean Wyndham-Quin and David Brown retire by rotation at the 2021 Annual General Meeting ("AGM") and offer themselves for reappointment. Additionally, Stephanie Hazell, who was appointed during the year, offers herself for reappointment. The Board recommends their reappointment as it considers that they continue to perform their roles well and bring considerable strategic, financial and management experience to the Group's business.

Disclosable interests

As at 30 September 2020, the Company has been notified of the following disclosable interests in the voting rights of the Company:

	Number of Ordinary Shares	Percentage of issued share capital
Octopus Investments Nominees Limited	13,774,335	17.5%
Investec Wealth & Investment Limited	6,346,917	8.1%
Charles Stanley Group PLC	5,273,238	6.7%
Canaccord Genuity Group Inc.	4,130,741	5.3%
Polar Capital LLP	3,301,215	4.2%
BlackRock Asset Management Limited	3,247,096	4.1%
Rathbone Brothers PLC	3,023,483	3.9%

The Articles of Association provide that each Director shall be indemnified by the Company against losses, costs and expenses they may sustain or incur in connection with the performance of their duties of office, to the fullest extent permitted by law. The Company has purchased and maintained throughout the year directors' and officers' liability insurance in respect of its Directors.

Directors' interests

The beneficial interests of the Directors (and their immediate family members) in the shares of the Company and options for shares as at 30 September 2020 are set out on pages 66 and 67. No Director has any interest in any other Group company.

Details of the Directors' remuneration and service contracts appear on pages 64 and 65.

Share capital

As at the date of this report, the total number of shares in issue (being Ordinary Shares of 10p each) is 78,555,054. During the year, the Company has not bought back any of its own shares. 3,157,894 new Ordinary Shares of 10p each were issued at 475p during the year as part of the placing to fund the acquisition of Carnell Support Services Limited and 67,936 new Ordinary Shares of 10p each were issued at nominal cost during the year to satisfy the exercise of share options.

Forward-looking statements

This Annual Report contains certain forward-looking statements. These statements are made by the Directors in good faith, based on the information available to them up to the time of approval of this report. Actual results may differ to those expressed in such statements, depending on a variety of factors. These factors include customer acceptance of the Group's services, levels of demand in the market, restrictions to market access, competitive pressure on pricing or additional costs, failure to retain or recruit key personnel and overall economic conditions.

Viability statement

The Directors have conducted a review and assessed the prospects and viability of the Group.

Although the Directors have no reason to believe that the Group will not be viable over a longer period, the Board has chosen to conduct this review for a period of three years. The Group believes that this is an appropriate timeframe as it aligns with its strategic and financial planning horizon.

The Directors have taken account of the Group's financial forecasts for the three year period following the balance sheet date, comparing future funding requirements with committed external borrowing facilities. These external facilities are due for refinancing by January 2024, which is after the period being considered.

The Directors confirm that they have a reasonable expectation that the Group will continue in operation, meet liabilities as they fall due and will not breach banking covenants within this period.

In support of the Viability statement the Group financial forecasts have been stress tested by estimating the potential impact of key risks. These estimates reflected the Directors' judgement as to the net potential financial impact and the likelihood of these key risks occurring.

Section 172(1) Statement

As required by Section 172 of the Companies Act 2006, the Directors confirm that, during the year, they continued to act in such a way as to promote the success of the Company for the benefit of all its stakeholders. Our full Section 172(1) Statement can be read on page 13.

Disclosure of information to the auditor

The Directors who held office at the date of approval of this Directors' report confirm the following:

- so far as each Director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Auditor

Resolutions will be proposed at the forthcoming AGM to reappoint KPMG LLP as auditor to the Group and to authorise the Directors to determine its remuneration.

Approval

The Board approved the Report of the Directors on 8 December 2020.

By order of the Board

Sean Wyndham-Quin
Company Secretary
8 December 2020

Company number 650447

STATEMENT OF DIRECTORS' RESPONSIBILITIES

in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual Report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent company financial statements for each financial year. Under the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRSs as adopted by the EU") and applicable law and they have elected to prepare the parent company financial statements in accordance with UK accounting standards and applicable law ("UK Generally Accepted Accounting Practice"), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of their profit or loss for that period. In preparing each of the Group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic report and a Directors' report that comply with that law and those regulations.

1 Our opinion is unmodified

We have audited the financial statements of Renew Holdings plc ("the Company") for the year ended 30 September 2020 which comprise the Group income statement, Group statement of comprehensive income, Group statement of changes in equity, Group balance sheet, Group cashflow statement, Company balance sheet, Company statement of comprehensive income, Company statement of changes in equity, and the related notes, including the accounting policies in notes 1 and A.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 September 2020 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

2 Key audit matters: including our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters were as follows.

Recognition of revenue and profit, and carrying value of contract balances

Recurring risk

£121.9 million of contract balances (2019: £113.5 million).

£620.3 million of revenue (2019: £600.6 million)

Refer to pages 82 and 83 (accounting policy) and pages 87 and 97 (financial disclosures).

Subjective estimate

The Group's activities are undertaken via construction contracts.

The carrying value of construction contract assets as well as revenue and profit recognised are based on estimates of work performed and may also include an element of variable considerations, such as in instances where the value of variations is not yet agreed.

Estimated contract costs, and as a result revenues, can be affected by a variety of uncertainties, including associated customer claims, that depend on the outcome of future events resulting in revisions throughout the contract period. These uncertainties have increased as a result of Covid-19.

The effect of these matters is that, as part of our risk assessment for audit planning purposes, we determined that the carrying value of contract assets, revenue and profit recognised on construction contracts has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole.

Our procedures included:

- **Test of detail:** Identifying contracts with risk indicators, including material contracts with low margin or loss making, large carrying values of contract assets, large margin movements and contracts with known recoverability risks. For these contracts we agreed the year-end contract balance to certification received post year end or the work certified to date;
- **Test of detail:** Challenging the Group in respect of contract balances in the sample identified, where cash has not been received or work has not been certified post year end, by inspecting correspondence with the customer including agreed variation schedules, and where relevant third party legal correspondence, to corroborate the position. We challenged the Group on uncertain variable consideration and contract asset positions where evidence of customer agreement was not available;
- **Test of detail:** Inspecting a sample of contract agreements with customers to identify key terms and conditions, including contracting parties, contract sum, the scope of work and evaluating whether these key terms and conditions had been appropriately reflected in the total estimated revenue and costs to complete in the forecast cost to complete, including consideration of Covid-19 related impacts;
- **Test of detail:** Assessed the existence of customer claims and disputes to external correspondence and challenging the Group's assessment of these involving our own major project advisory specialists to challenge the position taken on such higher risk contracts;
- **Test of detail:** Assessing the accuracy of costs incurred to date through sample testing, including an assessment of whether the cost sampled was allocated to the appropriate contract;

2 Key audit matters: including our assessment of risks of material misstatement continued

Recognition of revenue and profit, and carrying value of contract balances continued

- **Historical comparisons:** Assessing the reliability of the Group's forecasting process by performing a retrospective review by comparing the final margin achieved on a sample of completed contracts with previous margin estimates made for those contracts; and
- **Assessing transparency:** Assessing the adequacy of the Group's disclosures on revenue recognition and the degree of estimation involved in arriving at the contract balances and associated revenue and profit recognition.

Valuation of intangible assets identified in relation to the acquisition of Carnell Group

Goodwill: £19.4m

Intangible Assets: £17.5m (net of in year amortisation of £1.6m).

Refer to page 83 (accounting policy) and page 93 (financial disclosures).

Subjective Valuation

On 30 January 2020, the Group acquired Carnell Group for a total cash consideration of £43.7 million. In accounting for the acquisition, the Group needs to ensure all identifiable assets are recognised at their acquisition-date fair values.

The valuation of intangible assets requires a significant degree of judgement with estimates including the trading performance of Carnell Group, the timing of future cashflows and the discount rate applied.

The effect of these matters is that, as part of our risk assessment, we determined that valuation of intangible assets identified in relation to Carnell Group acquisition has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole.

Our procedures included:

- **Our sector experience:** Evaluating assumptions used, in particular those relating to forecast revenue and EBITDA performance, and customer attrition rates, engaging our own valuation specialists to evaluate assumptions such as the discount rate used;
- **Methodology choice:** Using our own valuation specialists to assess the methodology used in valuing the intangible assets recognised, such as the customer contracts intangible assets;
- **Tests of detail:** Corroborating management's calculations to supporting documentation such as Sale Purchase Agreement, and supporting documentation relating to the balance sheet on acquisition;
- **Sensitivity analysis:** We performed our own analysis to assess the sensitivity of the valuation of intangible assets to changes in the key assumptions, noted above.
- **Historical comparisons:** Evaluating how management's assumptions for future performance at acquisition date compared to actual performance, both prior to acquisition and since.
- **Assessing transparency:** Assessing the adequacy of the Group's disclosures in respect of the identification and valuation of acquisition related intangible assets.

Recoverability of parent company's investment in subsidiaries

Recurring risk

£195.0 million (2019: £164.3 million) of investments in subsidiaries.

Refer to page 113 (accounting policy) and page 116 (financial disclosures).

Forecast-based valuation

The carrying amount of the parent company's investments in subsidiaries is significant and the estimated recoverable amount is subjective due to the inherent uncertainty involved in forecasting and discounting their future cashflows.

The discounted expected future cashflows are based on assumptions of forecast future financial performance, which inherently contain an element of judgement and uncertainty.

Significant assumptions in the forecast future financial performance include sales growth rates, operating margins and the discount rate applied to future cashflows.

- **Tests of detail:** Comparing the carrying amount of the investments with management's value in use calculation, being an estimate of the minimum recoverable amount, to consider whether there is an indicator of potential impairment;
- **Benchmarking assumptions:** Challenging the assumptions used in the cashflow forecasts included in the budgets based on our knowledge of the Group and the markets in which the subsidiaries operate;
- **Historical comparisons:** Assessing the reasonableness of the budgets by considering the historical accuracy of the previous forecasts;
- **Tests of detail:** For investments where the carrying amount exceeded the value in use, comparing the carrying amount of the investment with the recoverable value of the business based on a fair value less cost to sell model, using a suitable multiple of the subsidiaries' sustainable earnings;
- **Assessing transparency:** Assessing the adequacy of the parent company's disclosures in respect of the investment in subsidiaries.

3 Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £1.5 million (2019: £1.5 million), determined with reference to a benchmark of Group profit before taxation from continuing operations normalised to exclude the charge related to acquisition costs of Carnell Group, totalling £1.2m (2019: normalised to exclude the charge related to the defined benefit scheme guaranteed minimum pension equalisation, totalling £4.3 million), of which it represents 5% (2019: 5%).

Materiality for the parent company financial statements as a whole was set at £1.3 million (2019: £1.13 million), determined with reference to a benchmark of the Company net assets, of which it represents 1.0% (2019: 1.0%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.074 million (2019: £0.075 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 31 (2019: 29) reporting components, we subjected 21 (2019: 20) to full scope audits for Group purposes. These audits covered 97% (2019: 100%) of total Group revenue, 95% (2019: 98%) of Group profit before tax, and 97% (2019: 98%) of Group total assets. Component materiality levels were set individually for all components having regard to the mix of size and risk profile of the Group across the components, and ranged from £1,197,600 to £41,500 (2019: £1,173,000 to £19,200).

The work on all component was performed by the Group team. The Group team performed procedures on the items excluded from profit before tax before continuing operations.

4 We have nothing to report on going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or the Group or to cease their operations, and as they have concluded that the Company's and the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group or the Company will continue in operation.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group's and Company's business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Company's available financial resources over this period was:

- The ongoing availability & headroom on bank facilities in order to meet working capital requirements.

As this was a risk that could potentially cast significant doubt on the Group's and the Company's ability to continue as a going concern, we considered sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from this risk and evaluated the achievability of the actions the Directors consider they would take to improve the position should the risks materialise. We also considered less predictable but realistic second order impacts, such as the impact of Brexit and Covid-19 on the erosion of customer confidence which could result in a reduction of available financial resources.

Based on this work, we are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

5 We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

6 We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

7 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 71, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

8 The purpose of our audit work and to whom we owe our responsibilities

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

David Morritt (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA
8 December 2020

GROUP INCOME STATEMENT

for the year ended 30 September

	Note	Before exceptional items and amortisation of intangible assets 2020 £000	Exceptional items and amortisation of intangible assets (see Note 3) 2020 £000	Total 2020 £000	Before exceptional items and amortisation of intangible assets 2019 £000	Exceptional items and amortisation of intangible assets (see Note 3) 2019 £000	Total 2019 £000
Revenue: Group including share of joint venture		**620,375**	**—**	**620,375**	600,631	—	600,631
Less share of joint venture's revenue		**—**	**—**	**—**	(709)	—	(709)
Group revenue from continuing activities	2	**620,375**	**—**	**620,375**	599,922	—	599,922
Cost of sales		**(527,274)**	**—**	**(527,274)**	(514,299)	—	(514,299)
Gross profit		**93,101**	**—**	**93,101**	85,623	—	85,623
Administrative expenses		**(53,453)**	**(6,741)**	**(60,194)**	(47,390)	(10,788)	(58,178)
Share of post-tax result of joint venture	15	**(39)**	**—**	**(39)**	96	—	96
Operating profit	3	**39,609**	**(6,741)**	**32,868**	38,329	(10,788)	27,541
Finance income	5	**44**	**—**	**44**	50	—	50
Finance costs	5	**(1,343)**	**—**	**(1,343)**	(1,244)	—	(1,244)
Other finance income - defined benefit pension schemes	5	**532**	**—**	**532**	615	—	615
Profit before income tax		**38,842**	**(6,741)**	**32,101**	37,750	(10,788)	26,962
Income tax expense	7	**(6,905)**	**1,146**	**(5,759)**	(7,306)	2,601	(4,705)
Profit for the year from continuing activities		**31,937**	**(5,595)**	**26,342**	30,444	(8,187)	22,257
Loss for the year from discontinued operations	4			**(5,590)**			—
Profit for the year attributable to equity holders of the parent company				**20,752**			22,257
Basic earnings per share from continuing activities	9			**34.00p**			29.55p
Diluted earnings per share from continuing activities	9			**33.72p**			29.34p
Basic earnings per share	9			**26.78p**			29.55p
Diluted earnings per share	9			**26.57p**			29.34p

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 September

	Note	2020 £000	2019 £000
Profit for the year attributable to equity holders of the parent company		**20,752**	22,257
Items that will not be reclassified to profit or loss:			
Movement in actuarial valuation of the defined benefit pension schemes	28	**(2,775)**	3,543
Movement on deferred tax relating to the pension schemes		**971**	(1,240)
Total items that will not be reclassified to profit or loss		**(1,804)**	2,303
Items that are or may be reclassified subsequently to profit or loss:			
Exchange movement in reserves		**(23)**	28
Total items that are or may be reclassified subsequently to profit or loss		**(23)**	28
Total comprehensive income for the year attributable to equity holders of the parent company		**18,925**	24,588

GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Cumulative translation adjustment £000	Share based payments reserve £000	Retained earnings £000	Total equity £000
At 1 October 2018	7,527	51,684	3,896	1,311	698	10,355	75,471
Transfer from income statement for the year						22,257	22,257
Dividends paid						(7,905)	(7,905)
New shares issued	6	220					226
Recognition of share based payments					(122)		(122)
Exchange differences				28			28
Actuarial movement recognised in pension schemes						3,543	3,543
Movement on deferred tax relating to the pension schemes						(1,240)	(1,240)
At 30 September 2019	7,533	51,904	3,896	1,339	576	27,010	92,258
Transfer from income statement for the year						20,752	20,752
Dividends paid						(5,778)	(5,778)
New shares issued	323	14,474					14,797
Recognition of share based payments					245		245
Exchange differences				(23)			(23)
Actuarial movement recognised in pension schemes						(2,775)	(2,775)
Movement on deferred tax relating to the pension schemes						971	971
At 30 September 2020	**7,856**	**66,378**	**3,896**	**1,316**	**821**	**40,180**	**120,447**

GROUP BALANCE SHEET

at 30 September

	Note	2020 £000	2019 £000
Non-current assets			
Intangible assets – goodwill	10	**124,691**	105,282
– other	10	**23,062**	9,463
Property, plant and equipment	11	**14,806**	20,932
Right of use assets	12	**17,481**	—
Investment in joint venture	15	**—**	139
Retirement benefit asset	28	**28,059**	25,554
Deferred tax assets	7	**2,164**	1,416
		210,263	162,786
Current assets			
Inventories	13	**1,619**	2,632
Assets held for resale	14	**1,500**	1,500
Trade and other receivables	16	**129,838**	118,623
Current tax assets		**2,174**	—
Cash and cash equivalents	18	**13,396**	11,667
		148,527	134,422
Total assets		**358,790**	297,208
Non-current liabilities			
Borrowings	20	**(4,373)**	(13,123)
Lease liabilities	21	**(9,347)**	—
Obligations under finance leases	21	**—**	(3,214)
Deferred tax liabilities	7	**(14,252)**	(10,598)
Provisions	22	**(441)**	(452)
		(28,413)	(27,387)
Current liabilities			
Borrowings	20	**(8,752)**	(8,752)
Trade and other payables	19	**(192,370)**	(164,450)
Lease liabilities	21	**(6,047)**	—
Obligations under finance leases	21	**—**	(2,546)
Current tax liabilities		**—**	(1,804)
Provisions	22	**(2,761)**	(11)
		(209,930)	(177,563)
Total liabilities		**(238,343)**	(204,950)
Net assets		**120,447**	92,258
Share capital	24	**7,856**	7,533
Share premium account	25	**66,378**	51,904
Capital redemption reserve	25	**3,896**	3,896
Cumulative translation adjustment	25	**1,316**	1,339
Share based payments reserve	25	**821**	576
Retained earnings	25	**40,180**	27,010
Total equity		**120,447**	92,258

Approved by the Board and signed on its behalf by:

D M Forbes
Chairman
8 December 2020

GROUP CASHFLOW STATEMENT

for the year ended 30 September

	Note	2020 £000	2019 £000
Profit for the year from continuing operating activities		**26,342**	22,257
Share of post-tax trading result of joint venture	15	**39**	(96)
Impairment and amortisation of intangible assets	10	**5,529**	6,528
Defined benefit pension scheme guaranteed minimum pension equalisation	3	**—**	4,260
Depreciation of property, plant and equipment and right of use assets	11,12	**9,672**	5,561
Profit on sale of property, plant and equipment	3	**(483)**	(621)
Decrease/(increase) in inventories		**301**	(210)
Decrease in receivables		**1,465**	7,769
Increase/(decrease) in payables and provisions		**17,080**	(15,239)
Current and past service cost in respect of defined benefit pension scheme	28	**69**	46
Cash contribution to defined benefit pension schemes	28	**(4,817)**	(5,279)
Charge/(credit) in respect of share options	25	**245**	(122)
Finance income	5	**(44)**	(50)
Finance expense	5	**811**	629
Interest paid		**(1,343)**	(1,244)
Income taxes paid		**(8,179)**	(5,524)
Income tax expense	7	**5,759**	4,705
Net cash inflow from continuing operating activities		**52,446**	23,370
Net cash (outflow)/inflow from discontinued operating activities		**(592)**	71
Net cash inflow from operating activities		**51,854**	23,441
Investing activities			
Interest received		**44**	50
Dividend received from joint venture	15	**100**	80
Proceeds on disposal of property, plant and equipment		**725**	939
Purchases of property, plant and equipment		**(3,756)**	(2,619)
Acquisition of subsidiaries net of cash acquired		**(40,512)**	—
Net cash outflow from investing activities		**(43,399)**	(1,550)
Financing activities			
Dividends paid	8	**(5,778)**	(7,905)
Issue of share equity		**14,797**	226
Loan repayments		**(8,750)**	(8,750)
Repayments of obligations under lease liabilities		**(6,972)**	(3,076)
Net cash outflow from financing activities		**(6,703)**	(19,505)
Net increase in continuing cash and cash equivalents		**2,344**	2,315
Net (decrease)/increase in discontinued cash and cash equivalents		**(592)**	71
Net increase in cash and cash equivalents		**1,752**	2,386
Cash and cash equivalents at beginning of year		**11,667**	9,179
Effect of foreign exchange rate changes on cash and cash equivalents		**(23)**	102
Cash and cash equivalents at end of year	32	**13,396**	11,667
Bank balances and cash		**13,396**	11,667

1 Accounting policies

Presentation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") as adopted by the EU ("adopted IFRSs"). The financial statements are presented in sterling since this is the currency in which the majority of the Group's transactions are denominated.

Accounting estimates involving judgements

In the preparation of these financial statements the Board has made certain judgements and estimates which impact the measurement of various assets and liabilities in the Group balance sheet, the value of transactions recorded in the Group income statement and the movements in equity as shown in the Group statement of changes in equity. The actual financial outcomes may ultimately differ from that which is indicated by these judgements and estimates. Estimates and judgements are reviewed by management and the Board on an ongoing basis and changes which may arise in them are reflected in the financial statements for the period in which such changes are made.

The Board has determined that the following areas are those in which estimates and judgements have been made and where material impacts could arise in the financial statements were such estimates and judgements to be varied.

a) Construction contract revenue

IFRS 15 "Revenue from Contracts with Customers" is applicable to these financial statements which commenced on 1 October 2018. Whilst it applies to all revenue recognition, it has replaced IAS 11 Construction contracts and represents a key area of judgement. Management must assess the performance obligations under each contract and the point at which those obligations have been fulfilled, allocating the transaction price as necessary to each obligation. The estimates and judgements which management must carry out to assess the total expected cost on a contract remain necessary under IFRS 15. The Group has control and review procedures in place to regularly monitor and evaluate the estimates being made to ensure that they are consistent and appropriate. This includes reviewing the independent certification of the value of work done, the progress of work against contracted timescales and the costs incurred against plan. In particular, management makes judgements on the expected recoverability of value recorded in respect of performance obligations which have been completed but not yet agreed with the customer and on the likelihood of the entitlement to any variable consideration. Differences arising on the ultimate completion of the contract and any unforeseen changes or events as the contract progresses may result in material changes to the expected financial outcome.

b) Accounting for the defined benefit pension schemes in accordance with IAS 19 "Employee Benefits"

Independent actuaries calculate the Group's asset/liability in respect of the defined benefit pension schemes. The actuaries make assumptions as to discount rates, salary escalations, net interest on scheme assets/liabilities, future pension increases, mortality rates applicable to members and future rates of inflation. These assumptions are made under the Board's direction. The Board determines the appropriateness of these assumptions by benchmarking them against those used by other schemes and by taking advice from the independent actuaries. The only assumption where it is considered that a reasonably possible change could give rise to a materially different value is the discount rate. More information is given in Note 28 to these financial statements.

c) Carrying value of intangible fixed assets

A number of commercial and financial assumptions and judgements have been made to support both the initial recognition and the current carrying value of the intangible asset, categories of goodwill, customer related intangible assets, order book and software for own use.

The Group undertakes a fair value assessment of any acquisition during the year. This assessment includes a detailed analysis of the accounting policies and methods adopted by the acquired business and an estimate of the value of the separately identifiable intangible assets, principally customer related intangible assets and order book. The estimate requires the Directors to estimate the likely revenues from and costs of the delivery of the future services to the customers of the acquired business at the date that the business was acquired.

d) Provisions

Provisions are made where the outcome of a legal or contractual liability cannot be assessed with a high degree of certainty. A liability is only recognised where, based on the Group's view or legal advice, it is considered probable that an outflow of resource will be required to settle a present obligation that can be measured reliably.

Accounting judgements

e) Going concern

The Group's business activities, together with the factors likely to affect its future development performance and position, are set out in the Operating Review. The financial position of the Group, its cashflows, liquidity position and borrowing facilities are described in the Financial Review. In addition, Note 23 to the financial statements includes: the Group's objective, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposure to credit, liquidity, currency and market risk.

(i) Basis of accounting and preparation

The accounts have been prepared on the going concern basis and in accordance with applicable accounting standards under the historical cost convention. In determining that the going concern basis is appropriate the Directors have reviewed budgets which consider the Group's future development, performance and its financial position, including cashflows, liquidity position and borrowing facilities, as well as the risks and uncertainties relating to the Group's business activities. The budgets cover a three year period.

1 Accounting policies continued

(i) Basis of accounting and preparation continued

The following factors were considered relevant:

- the current order book and pipeline of potential future framework orders;
- the Group's liquidity and its bank facilities which are committed until January 2024, including both the level of those facilities and the covenants attached to them; and
- the continued potential impact of Covid-19 on the Group's profit and cashflows

The Board has reviewed the principal risks and uncertainties affecting the Group in the context of the Covid-19 pandemic. The Board recognises that the impact of Covid-19 is being felt across all aspects of the Group's operations and that the overall risk environment has increased as a result of the pandemic. Despite this, the Board considers that it has taken additional actions to address those risks specifically arising from Covid-19. In this context the directors have modelled a base-case and a severe but plausible scenario. However, even with a severe downturn, with a strong balance sheet the directors are confident that the Group has sufficient cash and committed funding in place to meet its obligations for a period of at least 12 months from the approval of the financial statements.

Consequently, the directors are confident that the Group and Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

The consolidated financial statements have been prepared in accordance with IFRSs as adopted for use in the EU. The Group has applied all accounting standards and interpretations issued by the IASB and the International Financial Reporting Committee relevant to its operations and which are effective in respect of these financial statements.

EU endorsed standards effective in the year

In these financial statements various IFRSs which are effective for the first time have been adopted, including the following standards, amendments and interpretations:

IFRS 16 "Leases"

IFRS 16 "Leases" has become effective for the year ended 30 September 2020 and replaces the requirements of IAS 17 "Leases". The Group has adopted IFRS 16 using the modified retrospective approach under which the cumulative effect of adoption is recognised through reserves, with comparatives continuing to be reported under IAS 17. An asset representing the Group's right as a lessee to use a leased item and a liability for the associated future lease payments has been recognised for all leases, subject to limited exceptions for short term leases and low value lease assets. The cost of leases has been recognised in the consolidated income statement split between depreciation of the lease asset and a finance charge on the lease liability. This is similar to the accounting for finance leases under IAS 17, but different to the accounting for operating leases (under which no lease asset or lease liability was recognised, and operating lease rentals were charged to the consolidated income statement on a straight-line basis).

As a result of adopting the new accounting standard for the year ended 30 September 2020, the Group's profit before tax has reduced by £154,000 and operating profit has increased by £148,000. The reduction in profit before tax is the net impact of £302,000 of additional finance charges and £3,873,000 of additional depreciation, replacing £4,021,000 of operating lease rental charges. Finance charges under IFRS 16 are front-loaded in the early part of the lease term and, when using the modified retrospective approach, this resulted in the overall cost of the lease being greater than the operating lease rental charges would have been under IAS 17.

The Group adopted IFRS 16 with a date of initial application of 1 October 2019 using the modified retrospective approach whereby the right of use asset on transition equalled the lease liability. The comparative information for the year ended 30 September 2019 has not been restated and continues to be reported under IAS 17.

The Group applied the following measures/exemptions available on transition to IFRS 16, to leases previously classified as operating leases:

- on transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applies IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 October 2019;
- the Group has relied on its previous assessment of whether leases are onerous in accordance with IAS 37 immediately before the date of the initial application as an alternative to performing an impairment review.
- the Group has not recognised right of use assets and liabilities for leases of low value or for which the lease term ends within 12 months of the date of initial application, on a lease-by-lease basis;
- the Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term in a similar class of underlying assets).
- the Group has excluded initial direct costs from the measurement of the right of use asset at the date of initial application; and
- the Group may use hindsight in determining the lease term if the contract contains options to extend or terminate the lease.

The Group has changed its accounting policies and updated its internal processes and controls related to leasing. The new definition of lease has been applied to contracts entered into from 1 October 2019.

1 Accounting policies continued

(i) Basis of accounting and preparation continued

EU endorsed standards effective in the year continued

IFRS 16 "Leases" continued

The impact on the Group's opening balance sheet at 1 October 2019 as a result of the adoption of IFRS 16 was as follows:

	£000
Net assets at 30 September 2019	92,258
Right of use asset recognised	10,001
Lease liabilities recognised	(10,001)
Net assets at 1 October 2019	**92,258**

Applying the Group's incremental borrowing rate to discount the operating lease commitments reported at 30 September 2019 results in a liability of £10.0m. This reconciles to the right of use asset recognised as follows:

	£000
Operating lease commitments at 30 September 2019	10,885
Recognition exemption for short-term and low-value leases	(272)
Discount using the incremental borrowing rate at 1 October 2019	(612)
Lease liability recognised at 1 October 2019	10,001

Of which are:	
Current lease liabilities	1,482
Non-current lease liabilities	8,519
	10,001

The change in accounting policy affected the following items in the consolidated balance sheet on 1 October 2019:

- plant, vehicles and equipment: decrease by £8,437,000
- right of use assets: increase by £18,438,000
- lease liabilities: increase by £10,001,000

The Group did not need to make any adjustments to the accounting for assets held as a lessor under operating leases as a result of the adoption of IFRS 16.

The other standards and interpretations that are applicable for the first time in the Group's financial statements for the year ended 30 September 2020 have had no effect on these financial statements.

(ii) Basis of consolidation

The Group accounts consolidate the accounts of the Company and its subsidiary undertakings. The results and net assets of undertakings acquired are included in the Group income statement and balance sheet using the acquisition method of accounting. The results of undertakings acquired/disposed of are included from the date the Group obtains/loses control as defined in IFRS 10.

Business combinations are accounted for under IFRS 3 Business combinations using the purchase method.

The Group's interests in joint ventures are accounted for using the equity method. Under this method the Group's share of the profits less losses of joint ventures is included in the consolidated income statement and its interest in their net assets is included in investments in the consolidated balance sheet. Where the share of losses exceeds the Group's interest in the entity and there is no obligation to fund these losses, the carrying value is reduced to nil, following which no further losses are recognised.

(iii) Revenue

Revenue, which excludes intra-group revenue and Value Added Tax, comprises:

- value of performance obligations satisfied over time on construction contracts; and
- sales of land which are recorded upon legal completion.

The Engineering segment encompasses businesses in the rail, environmental, infrastructure and energy sectors. The nature of the deliverables and performance obligations within these businesses is, however, consistent since revenue is earned from the maintenance of infrastructure assets, with a high volume of relatively short duration contracts, the terms of which are usually governed by larger frameworks.

The Specialist Building segment earns revenues from the refurbishment of private residential assets and the construction, renovation and refurbishment of science facilities. Revenues in this segment are earned from a low volume of high value contracts, each of which is governed by a separate contract with the customer.

Each contract represents a separate performance obligation on the basis that performance is not interdependent with other contracts, and each contract represents a deliverable which is a distinct promise, separately agreed and negotiated, and whose progress can be individually and reliably measured.

1 Accounting policies continued

(iii) Revenue continued

Revenue from each performance obligation is recognised over time, on the basis that contractual performance takes place on the customer's premises and the Group has a legally enforceable right to payment for performance to date.

As each contract represents a separate single performance obligation, the transaction price allocated to each performance obligation is usually stated within either the contract or the wider framework agreement. Variable consideration arises from pain/gain sharing arrangements in addition to contract variations where not stated in the contract. Variable consideration is recognised only to the extent that it is considered highly probable that it will be agreed by the customer.

(iv) Construction contracts

When the outcome of individual contracts can be estimated reliably, contract revenue and costs are recognised as revenue and expenses respectively over time by reference to the fulfilment of performance obligations using the input method of estimating progress of delivery at the reporting date. Costs are recognised as incurred, and revenue is recognised using the input method. The stage of completion of a contract is assessed by reference to the contract costs incurred to date as a proportion of estimated total contract costs. Revenue includes the initial amount agreed in the contract plus any variations in contracted work, to the extent that it is probable that they will result in revenue and can be measured reliably. Revenue includes an assessment of any variable which may become receivable based upon relevant performance measures. Variable consideration is included based on the expected amount or most likely amount only to the extent that it is highly probable that there will not be a significant reversal in the amount of the cumulative revenue recognised. When an amendment to an existing contract arises, the Group reviews the nature of the modification and whether or not it reflects a separate or new performance obligation to be satisfied or whether it is an amendment to an existing performance obligation.

Provision is made for all known or expected losses on contracts as soon as they are foreseen. These provisions are reviewed throughout the contract life and are adjusted as required. However, the nature of the risks on contracts are such that it is often not possible to resolve them until the end of the contract and therefore the provisions may not reverse until the contract is concluded.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payments by the customer exceeds one year. As a consequence, the Group does not adjust its transaction price for the time value of money.

(v) Segment reporting

The operating segments are based on the components that the Board, the Group's principal decision-making body (the Chief Operating Decision Maker), monitors in making decisions about operating matters. Such components are identified on the basis of information that is provided internally in the form of monthly management account reporting, budgets and forecasts to formulate allocation of resources to segments and to assess performance.

Revenue from reportable segments is measured on a basis consistent with the income statement. Revenue is principally generated from within the UK, the Group's country of domicile. Segment results show the contribution directly attributable to each segment in arriving at the Group's operating profit. Segment assets and liabilities comprise those assets and liabilities directly attributable to each segment. Group eliminations represent such consolidation adjustments that are necessary to determine the Group's assets and liabilities.

(vi) Intangible assets

a) Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary, associate or jointly-controlled entity at the date of acquisition. Goodwill is recognised as an asset and is tested for impairment annually, or on such other occasions that events or changes in circumstances indicate that it might be impaired. For the purpose of such impairment reviews, goodwill is allocated to the relevant cash-generating unit (CGU), or group of CGUs, which is expected to benefit from synergies of the combination. A goodwill impairment loss is recognised in the income statement for the amount by which the carrying value of the related CGU, or group of CGUs, exceeds the recoverable amount, which is the higher of a CGU's net realisable value and its value in use.

   On disposal of a subsidiary undertaking, the attributable amount of unamortised goodwill which has not been subject to impairment is included in the determination of the profit or loss on disposal.

b) Intangible assets acquired as part of a business combination are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition. Other intangible assets are stated at cost less accumulated amortisation and impairment losses. The cost of intangible assets is amortised over their expected useful lives. These intangibles relate to customer relationships and contractual rights and are amortised over the period over which the Board has determined that future cashflows are likely to arise from these relationships and rights.

(vii) Property, plant and equipment

Property, plant and equipment is recorded at cost less provision for impairment if required. Depreciation is provided on all property, plant and equipment, other than freehold land. Provision is made at rates calculated to write off the cost of each asset, less estimated residual value, evenly over its expected useful life as follows:

Freehold land	– no depreciation charge
Freehold buildings	– fifty years
Plant, vehicles and equipment	– three to ten years

Right of use assets are depreciated from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term.

1 Accounting policies continued

(viii) Impairments

Goodwill arising on acquisitions and other assets that has an indefinite useful life and is therefore not subject to amortisation, is reviewed at least annually for impairment. Other intangible assets and property, plant and equipment are reviewed for impairment whenever there is any indication that the carrying amount of the asset may not be recoverable. If the recoverable amount of any asset is less than its carrying amount, a loss on impairment is recognised. Recoverable amount is the higher of the fair value of the asset less any costs which would be incurred in selling the asset and its value in use. Value in use is assessed by discounting the estimated future cashflows that the asset is expected to generate. For this purpose, assets are grouped into cash generating units which represent the lowest level for which there are separately identifiable cashflows. Impairment losses in respect of goodwill are not reversed in future accounting periods. Reversals of other impairment losses are recognised in income when they arise.

(ix) Inventories

Inventories comprise land and raw materials and are stated at the lower of cost and net realisable value. Cost includes appropriate attributable overheads and excludes interest. Where necessary, provision is made for obsolete, slow moving and defective inventories.

(x) Trade receivables

Trade receivables do not carry any interest and are initially recognised at their fair value and then at amortised cost.

(xi) Contract assets

Contract assets represent amounts for which the Group has an unconditional right to consideration in respect of unbilled revenue recognised at the balance sheet date and comprise costs incurred plus attributable margin.

(xii) Trade payables

Trade payables on normal terms are not interest bearing and are initially recognised at their fair value and then at amortised cost.

(xiii) Contract liabilities

Contract liabilities represent the obligation to transfer goods or services to a customer for which the consideration has been received, or consideration is due, from the customer.

(xiv) Cash and cash equivalents

Cash and cash equivalents in the cashflow statement comprise cash at bank and in hand, including bank deposits with original maturities of less than three months, net of bank overdrafts.

Bank overdrafts are included within borrowings within current liabilities in the balance sheet.

(xv) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event and where it is probable that an outflow will be required to settle that obligation and where the amount can be reliably estimated.

(xvi) Leasing accounting policy

The Group has relied upon the exemption under IFRS 16 to exclude the impact of low-value leases and leases that are short-term in nature (defined as leases with a term of 12 months or less). Costs on those leases are recognised on a straight-line basis as an operating expense within the income statement. All other leases are accounted for in accordance with this policy.

The Group has various lease arrangements for properties (e.g. office buildings and storage facilities), vehicles, and other equipment including plant and machinery. At the inception of a lease contract, the Group assesses whether the contract conveys the right to control the use of an identified asset for a certain period of time and whether it obtains substantially all the economic benefits from the use of that asset, in exchange for consideration. The Group recognises a lease liability and a corresponding right of use asset with respect to all such lease arrangements in which it is a lessee.

A right of use asset is capitalised on the balance sheet at cost which comprises the present value of future lease payments determined at the inception of the lease adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred in addition to an estimate of costs to remove or restore the underlying asset. Where a lease incentive is receivable, the amount is offset against the right of use asset at inception. Right of use assets are depreciated using the straight-line method over the shorter of the estimated useful life of the asset or the lease term and are assessed in accordance with IAS 36 "Impairment to Assets" to determine whether the asset is impaired and to account for any loss.

The lease liability is initially measured at the present value of lease payments as outlined above and is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. Lease payments comprise fixed lease rental payments. Lease liabilities are classified between current and non-current on the balance sheet.

Since the discount rate implicit in the leases could not be readily determined, the key estimate applied by management relates to the assessment of the incremental borrowing rate adopted by the Group to discount the future lease rentals to present value in order to measure the lease liabilities. The weighted average rate applied by the Group at transition was 3.0%.

If an underlying asset is re-leased by the Group to a third party and the Group retains the primary obligation under the original lease, the transaction is deemed to be a sub-lease. The Group continues to account for the original lease (the head lease) as a lessee and accounts for the sublease as a lessor (intermediate lessor). When the head lease is a short-term lease, the sublease is classified as an operating lease. Otherwise, the sublease is classified using the classification criteria applicable to Lessor Accounting in IFRS 16 by reference to the right of use asset in the head lease (and not the underlying asset of the head lease). After classification lessor accounting is applied to the sublease.

1 Accounting policies continued

(xvii) Defined benefit pension schemes

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Any increase in the present value of liabilities within the Group's defined benefit pension schemes expected to arise from employee service in the period is charged to the income statement. The Group determines the net interest income/(expense) on the net defined benefit asset/(liability) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit asset/(liability) taking account of changes arising as a result of contributions and benefit payments. This is recognised in the income statement. Movement in actuarial measurement of the net defined benefit asset/(liability) is recognised in other comprehensive income in the period in which it occurs. Pension scheme surpluses, to the extent they are considered recoverable, or deficits are recognised in full and presented on the face of the Group balance sheet.

(xviii) Defined contribution pension plans

Contributions to defined contribution pension plans are charged to the income statement as incurred.

(xix) Taxation

The tax charge is composed of current tax and deferred tax, calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. Current tax and deferred tax are charged or credited to the income statement, except when they relate to items charged or credited directly to equity, in which case the relevant tax is also dealt with in equity.

Current tax is based on the profit for the year. Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax on such assets and liabilities is not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current assets and liabilities on a net basis.

(xx) Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. The income statements of overseas subsidiary undertakings are translated at the average rate of exchange ruling throughout the financial year. The balance sheets of overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date. Exchange differences arising from this policy and arising on the retranslation of the opening net assets are taken directly to reserves. All other exchange differences are taken to the income statement.

(xxi) Financial instruments

Financial assets classified as "loans and receivables" under IAS 39 (being trade and other receivables and amounts due from undertakings in which the Group has a participating interest) continue to be classified within the "amortised cost" category according to IFRS 9. The Group has no derivative financial assets or hedging instruments. Non-derivative financial assets include trade and other receivables and contract assets, as defined by IFRS 15. Neither of these two categories contain a significant financing element and, as such, expected credit losses are measured under IFRS 9 using the simplified impairment approach. This approach requires expected lifetime losses to be recognised upon the initial recognition of the asset. At initial recognition, the Group measures a non-derivative financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. The Group subsequently measures trade and other receivables and contract receivables at amortised cost.

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGUs and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

1 Accounting policies continued

(xxii) Share based payments

IFRS 2 "Share Based Payment" requires a fair value to be established for any equity settled share based payments. Fair value has been independently measured using a Monte Carlo valuation model. The fair value determined at the grant date of the equity settled share based payments is expensed on a straight-line basis over the vesting period based on the Directors' estimate of shares that will eventually vest.

(xxiii) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its Ordinary Shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding in the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of Ordinary Shares outstanding for the effects of all dilutive potential Ordinary Shares, which comprise share options granted to employees.

(xxiv) Rental income

Rental income from property is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(xxv) Finance income and expense

Finance income comprises interest income on funds invested that are recognised in income or expense. Interest income is recognised as it accrues in income or expense, using the effective interest method. Finance expense comprises interest expense on borrowings, unwinding of the discount on provisions that are recognised in income or expense. All borrowing costs are recognised in income or expense using the effective interest method.

(xxvi) Exceptional items

Exceptional items are defined as items of income and expenditure which are material and unusual in nature and which are considered to be of such significance that they require separate disclosure on the face of the income statement. Any future movement on items previously classified as exceptional will also be classified as exceptional.

(xxvii) Government grants

Government grant income is recognised at the point that there is reasonable assurance that the Group will comply with the conditions attached to it, and that the grant will be received. During the year, Coronavirus Job Retention Scheme ("CJRS") income has been received and offset against cost of sales or administrative expenses depending on where the employee costs are recorded.

2 Segmental analysis

The Chief Operating Decision Maker ("CODM") is responsible for the overall resource allocation and performance assessment of the Group. The Board approves major capital expenditure and assesses the performance of the Group and its progress against the strategic plan through monitoring key performance indicators. The Board also determines key financing decisions such as raising equity, all loan or bank borrowing arrangements and the granting of security over the Group's assets. As such the Group considers that the Board is the CODM.

Operating segments have been identified based on the internal reporting information provided to the CODM. From such information Engineering Services and Specialist Building have been determined to represent operating segments. Following the identification of the operating segments the Group has assessed the similarity of the characteristics of the operating segments. Given the different performance targets and markets operated within each operating segment it is not appropriate to aggregate the operating segments for reporting purposes and therefore both of the identified operating segments are disclosed as reportable segments. The information received by the CODM shows results both pre and post exceptional items. The Group had one customer within the Engineering Services sector which represented 47.0% (2019: 49.4%) of Group revenue. No other customer represented more than 10% of the Group's revenue.

The segments are:

- Engineering Services, which comprises the Group's engineering activities which are characterised by the use of the Group's skilled engineering workforce, supplemented by specialist subcontractors where appropriate, in a range of civil, mechanical and electrical engineering applications;
- Specialist Building, which comprises the Group's building activities which are characterised by the use of a supply chain of subcontractors to carry out building works under the control of the Group as principal contractor; and
- Central activities, which include the sale of land, the leasing and sub-leasing of some UK properties and the provision of central services to the operating subsidiaries.

On 31 October 2014, the Group entered into a contract to dispose of part of its Specialist Building segment, Allenbuild Limited. Following a strategic review during the financial year ended 30 September 2018, the Board decided to close Lovell America Inc, which was completed in the current financial year. The results of these businesses are shown as discontinued operations.

2 Segmental analysis continued

(a) Business analysis

Revenue is analysed as follows:

	Group revenue from continuing activities 2020 £000	Group revenue from continuing activities 2019 £000
Engineering Services	577,238	563,769
Specialist Building	43,207	36,125
Inter segment revenue	(2,025)	(1,461)
Segment revenue	618,420	598,433
Central activities	1,955	1,489
	620,375	599,922

Analysis of profit on ordinary activities before taxation from continuing activities

	Before exceptional items and amortisation of intangible assets 2020 £000	Exceptional items and amortisation of intangible assets 2020 £000	2020 £000	Before exceptional items and amortisation of intangible assets 2019 £000	Exceptional items and amortisation of intangible assets 2019 £000	2019 £000
Engineering Services	40,754	(6,741)	34,013	39,410	(6,788)	32,622
Specialist Building	1,014	—	1,014	882	—	882
Segment operating profit	41,768	(6,741)	35,027	40,292	(6,788)	33,504
Central activities	(2,159)	—	(2,159)	(1,963)	(4,000)	(5,963)
Operating profit	39,609	(6,741)	32,868	38,329	(10,788)	27,541
Net financing costs	(767)	—	(767)	(579)	—	(579)
Profit on ordinary activities before income tax	38,842	(6,741)	32,101	37,750	(10,788)	26,962

Balance sheet analysis of business segments

	2020			2019		
	Assets £000	Liabilities £000	Net assets £000	Assets £000	Liabilities £000	Net assets £000
Engineering Services	282,885	(206,020)	76,865	235,435	(168,024)	67,411
Specialist Building	63,306	(57,069)	6,237	60,288	(54,815)	5,473
Central activities	217,860	(165,132)	52,728	173,497	(142,840)	30,657
Discontinued operations	3,348	(18,731)	(15,383)	4,999	(16,282)	(11,283)
Group eliminations	(208,609)	208,609	—	(177,011)	177,011	—
Group net assets	358,790	(238,343)	120,447	297,208	(204,950)	92,258

Other information

	2020			2019		
	Capital additions £000	Depreciation £000	Amortisation £000	Capital additions £000	Depreciation £000	Amortisation £000
Engineering Services	8,878	7,610	5,529	4,480	4,256	6,528
Specialist Building	24	225	—	27	89	—
Central activities	1,460	1,837	—	2,594	1,216	—
	10,362	9,672	5,529	7,101	5,561	6,528

(b) Geographical analysis

Group revenue for both financial years is derived from continuing activities in the UK.

All of the Group's non-current assets are deployed in the UK.

3 Operating profit

	2020 £000	2019 £000
Operating profit is arrived at after charging/(crediting)		
Auditor's remuneration - audit services	**610**	380
Auditor's remuneration - non audit services	**11**	13
Depreciation of owned assets	**3,769**	3,884
Depreciation of assets held as leases (2019: Depreciation of assets held under finance leases)	**5,903**	1,677
Operating lease rentals - plant and machinery	**—**	1,708
Operating lease rentals - motor vehicles	**—**	2,312
Operating lease rentals - other	**—**	2,690
Rental income	**(197)**	(252)
CJRS government grants	**(4,751)**	—
Profit on sale of property, plant and equipment	**(483)**	(621)

During the year, the following services were provided by the Group's auditor:

	2020 £000	2019 £000
Fees payable to the Company's auditor for the audit of the financial statements	**194**	83
Fees payable to the Company's auditor and its associates for other services:		
Audit of the financial statements of the Company's subsidiaries pursuant to legislation	**416**	297
Tax advisory services	**9**	11
Other non-audit services	**—**	—
Other assurance services	**2**	2
	621	393

Details of the Group's policy on the use of the auditor for non-audit services, the reason why the auditor was used and how the auditor's independence and objectivity were safeguarded, are set out in the Audit Committee report. No services were performed pursuant to contingent fee arrangements.

Exceptional items and amortisation of intangible assets

	2020 £000	2019 £000
Defined benefit pension scheme guaranteed minimum pension equalisation	**—**	4,260
Acquisition costs	**1,212**	—
Total losses arising from exceptional items	**1,212**	4,260
Amortisation of intangible assets (see Note 10)	**5,529**	6,528
Total exceptional items and amortisation charge before income tax	**6,741**	10,788
Taxation credit on exceptional items and amortisation	**(1,146)**	(2,601)
Total exceptional items and amortisation charge	**5,595**	8,187

Acquisition costs relate to the acquisition of Carnell on 30 January 2020.

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The impact of additional liabilities amounted to £260,000 for the Amco Pension Scheme and £4,000,000 for the Lovell Pension Scheme.

The Board has separately identified the charge of £5,529,000 (2019: £6,528,000) for the amortisation of the fair value ascribed to certain intangible assets, other than goodwill, arising from the acquisitions of Giffen Holdings Ltd, QTS Group Ltd and Carnell Group Holdings Ltd. Further details are given in Note 10.

4 Loss for the year from discontinued operations

	2020 £000	2019 £000
Revenue	—	—
Expenses	(5,590)	—
Loss before income tax	(5,590)	—
Income tax charge	—	—
Loss for the year from discontinued operations	(5,590)	—

During the year the Group completed the closure of Lovell America Inc having incurred £271,000 additional costs in finalising historical taxation issues. Once any surplus cash has been repatriated, the Group will no longer have any overseas exposure.

On 31 October 2014, the Board reached an agreement to sell Allenbuild Ltd to Places for People Group Ltd. As a term of the disposal Renew Holdings plc retained both the benefits and the obligations associated with a number of Allenbuild contracts which have resulted in the requirement for an additional £5,319,000 accrual. This is as a result of new latent defects coming to light during the financial year and a subsequent internal reassessment of the costs required to settle other known contractual disputes.

5 Finance income and costs

Finance income

Finance income of £44,000 (2019: £50,000) has been earned during the year on bank deposits.

	2020 £000	2019 £000
Finance costs		
On bank loans and overdrafts	(871)	(1,086)
Other interest payable	(472)	(158)
	(1,343)	(1,244)

Other finance income - defined benefit pension schemes		
Interest on scheme assets	3,961	5,230
Interest on scheme obligations	(3,429)	(4,615)
Net pension interest	532	615

Further information on the defined benefit pension schemes is set out in Note 28 to the accounts.

6 Employee numbers and remuneration

	2020 Number	2019 Number
The average monthly number of employees, including Executive Directors, employed in continuing activities during the year was:	3,292	2,775
At 30 September:	3,338	3,338
Production	2,087	1,893
Administrative	1,204	882
	3,292	2,775

Cost of staff, including Executive Directors, during the year amounted to:

	2020 £000	2019 £000
Wages and salaries	140,612	137,811
Social security costs	15,381	14,467
Other pension costs	6,932	10,115
Share based payments	245	(122)
	163,170	162,271

6 Employee numbers and remuneration continued
Directors' emoluments

	2020 £000	2019 £000
Aggregate emoluments	**2,102**	2,082
Highest paid director: aggregate emoluments	**833**	797

	Salary/fees £000	Bonuses £000	LTIP £000	Benefits £000	Total emoluments 2020 £000	Total emoluments 2019 £000
Executive Directors						
P Scott	**292**	**270**	**208**	**63**	**833**	797
A P Liebenberg	**210**	**194**	**154**	**51**	**609**	607
S C Wyndham-Quin	**219**	**203**	**—**	**52**	**474**	509
					1,916	1,913
Non-executive Directors						
D M Forbes	**73**	**—**	**—**	**—**	**73**	75
D A Brown	**44**	**—**	**—**	**—**	**44**	45
S D Dasani	**44**	**—**	**—**	**—**	**44**	30
S A Hazell	**25**	**—**	**—**	**—**	**25**	—
J Bishop	**—**	**—**	**—**	**—**	**—**	19
					2,102	2,082

Directors' share options
Pursuant to the long term incentive plan ("LTIP"), the Board has granted options to the Executive Directors as set out in the following table.

The LTIP options are exercisable at a nominal cost but are only exercisable to the extent that certain performance criteria are achieved by the Company over a three year performance period.

Number of Ordinary Shares under option

	Exercisable between 23 Nov 2020 & 22 Nov 2027	Exercisable between 3 Dec 2021 & 2 Dec 2028	Exercisable between 20 Feb 2023 & 19 Feb 2030
LTIP Options			
P Scott	99,000	129,310	118,269
A P Liebenberg	73,500	92,833	84,907
S C Wyndham-Quin	73,500	96,983	88,702

During the year £244,000 (2019: £(122,000)) was charged/(credited) to the income statement with a corresponding (credit)/charge to the share based payments reserve in accordance with IFRS 2.

7 Income tax expense
(a) Analysis of expense in year

	2020 £000	2019 £000
Current tax:		
UK corporation tax on profits of the year	**(5,732)**	(5,291)
Adjustments in respect of previous period	**216**	208
Total current tax	**(5,516)**	(5,083)
Deferred tax - defined benefit pension schemes	**(1,848)**	(556)
Deferred tax - other timing differences	**1,605**	934
Total deferred tax	**(243)**	378
Income tax expense in respect of continuing activities	**(5,759)**	(4,705)

7 Income tax expense continued

(b) Factors affecting income tax expense for the year

	2020 £000	2019 £000
Profit before income tax	**32,101**	26,962
Profit multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	**(6,099)**	(5,123)
Effects of:		
Expenses not deductible for tax purposes	**(297)**	(114)
Timing differences not provided in deferred tax	**433**	326
Change in tax rate	**(12)**	(2)
Adjustments in respect of previous period	**216**	208
	(5,759)	(4,705)

Timing differences not provided for in deferred tax arise principally from the utilisation of tax losses not previously recognised.

Deferred tax has been provided at a rate of 19% (2019: 17%) following the decision that the UK corporation tax rate should remain at 19% (effective from 1 April 2020 and substantively enacted on 17 March 2020). The Group has available further unused UK tax losses of £29.3m (2019: £31m) to carry forward against future taxable profits. A substantial element of these losses relates to activities which are not forecast to generate the level of profits needed to utilise these losses. A deferred tax asset has been provided to the extent considered reasonable by the Directors, where recovery is expected to be recognisable within the foreseeable future. The unrecognised deferred tax asset in respect of these losses amounts to £4.0m (2019: £4.5m).

(c) Deferred tax asset

	2020 £000	2019 £000
Accelerated capital allowances	**689**	625
Other timing differences	**241**	—
Future tax losses	**1,234**	791
	2,164	1,416

(d) Deferred tax liabilities

	2020 £000	2019 £000
Defined benefit pension schemes	**(9,821)**	(8,944)
Fair value adjustments	**(4,431)**	(1,654)
	(14,252)	(10,598)

(e) Reconciliation of deferred tax asset

	2020 £000	2019 £000
As at 1 October	**1,416**	1,592
Origination of timing differences	**582**	(176)
Change of deferred tax rate	**166**	—
At 30 September	**2,164**	1,416

7 Income tax expense continued

(f) Reconciliation of deferred tax liability

	2020 £000	2019 £000
As at 1 October	**(10,598)**	(9,912)
Acquisition of subsidiary undertaking	**(3,634)**	—
Arising on fair value adjustments	**1,051**	1,110
Change of deferred tax rate	**(194)**	—
Defined benefit pension schemes - income statement	**(1,848)**	(556)
Defined benefit pension schemes - SOCI	**971**	(1,240)
At 30 September	**(14,252)**	(10,598)

8 Dividends

	2020 Pence/share	2019 Pence/share
Interim (related to the year ended 30 September 2020)	**—**	3.83
Final (related to the year ended 30 September 2019)	**7.67**	6.67
Total dividend paid	**7.67**	10.50

	£000	£000
Interim (related to the year ended 30 September 2020)	**—**	2,885
Final (related to the year ended 30 September 2019)	**5,778**	5,020
Total dividend paid	**5,778**	7,905

Dividends are recorded only when authorised and are shown as a movement in equity rather than as a charge in the income statement. The Directors are proposing that a final dividend of 8.33p per Ordinary Share be paid in respect of the year ended 30 September 2020. This will be accounted for in the 2020/21 financial year.

9 Earnings per share

	2020			2019		
	Earnings £000	EPS Pence	DEPS Pence	Earnings £000	EPS Pence	DEPS Pence
Earnings before exceptional items and amortisation	**31,937**	**41.22**	**40.89**	30,444	40.43	40.13
Exceptional items and amortisation	**(5,595)**	**(7.22)**	**(7.17)**	(8,187)	(10.88)	(10.79)
Basic earnings per share - continuing activities	**26,342**	**34.00**	**33.72**	22,257	29.55	29.34
Loss for the year from discontinued operations	**(5,590)**	**(7.22)**	**(7.15)**	—	—	—
Basic earnings per share	**20,752**	**26.78**	**26.57**	22,257	29.55	29.34
Weighted average number of shares		**77,480**	**78,114**		75,308	75,856

The dilutive effect of share options is to increase the number of shares by 634,000 (2019: 548,000) and reduce basic earnings per share by 0.21p (2019: 0.21p).

10 Intangible assets

	Goodwill £000	Contractual rights and customer relationships £000
Cost:		
At 1 October 2018 and 30 September 2019	105,282	30,976
Addition	19,409	19,128
At 30 September 2020	**124,691**	**50,104**
Impairment losses/amortisation:		
At 1 October 2018	—	14,985
Charge for year	—	6,528
At 1 October 2019	—	21,513
Charge for year	—	5,529
At 30 September 2020	**—**	**27,042**
Carrying amount:		
At 30 September 2020	**124,691**	**23,062**
At 30 September 2019	105,282	9,463
At 30 September 2018	105,282	15,991

The carrying amounts of goodwill classified as cash generating units ("CGUs") are as follows:

	2020 £000	2019 £000
Britannia Construction Ltd	**1,253**	1,253
V.H.E. Construction PLC	**1,796**	1,796
Seymour (C.E.C.) Holdings Ltd and its subsidiary	**4,017**	4,017
Shepley Engineers Ltd and its subsidiaries	**633**	633
Amco Group Holdings Ltd and its subsidiaries	**25,691**	25,691
Lewis Civil Engineering Ltd and its subsidiaries	**6,556**	6,556
Clarke Telecom Ltd	**11,143**	11,143
QTS Group Ltd and its subsidiaries	**54,193**	54,193
Carnell Group Holdings Ltd (formerly Agger Ltd)	**19,409**	—
	124,691	105,282

Carnell Group Holdings Ltd (formerly Agger Ltd)

Goodwill of £19,409,000 was acquired on the acquisition of Carnell Group Holdings Ltd and will be reviewed for impairment one year after the acquisition and then on an ongoing basis as required by IFRS 3.

Other intangible assets provisionally valued at £19,128,000, which represent customer relationships and contractual rights, were also acquired and will be amortised over their useful economic lives in accordance with IAS 38. Deferred tax has been provided on this amount. Amortisation of this intangible asset commenced from February 2020.

Amortisation charges in respect of intangible assets with a finite life are recorded within administrative expenses in the income statement. The amortisation policy is disclosed in the accounting policies and approximates to a period of thirteen years.

10 Intangible assets continued

Carnell Group Holdings Ltd (formerly Agger Ltd) continued

In order to test goodwill for impairment the Group performs value in use calculations by preparing cashflow forecasts for each cash generating unit derived from the most recent financial budgets and strategic plans approved by management going forward three years, and then extrapolates cashflows based on conservative estimated growth rates according to management's view of longer term prospects for each CGU.

The CGUs are deemed to be the subsidiaries to which the goodwill relates. Management used growth rates deemed to be appropriate to each CGU after reviewing the particular market conditions related to the sector in which each CGU operates. A perpetual growth rate range of 1-5% (2019: 2%) per annum has been used. The range of discount rates used within each CGU is 10.0% - 12% (2019: 9.6-13%). The Board considers the rates appropriate as, based on publicly available information, they represent the rates that a market participant would require for these assets. The Board has chosen the discount rates having taken into account the cost of funds to the Group and the risks associated with the markets in which the CGUs operate. Other than changes to the discount rates the key assumption which would impact the carrying value of goodwill is the margin generated by each CGU. Whilst the sensitivities vary according to CGU, for a material impairment to take place the discount rate would have to increase by 30% (2019: 6.3%) or the assumed EBITDA would have to decrease by 25% (2019: operating profit decrease by 36%).

11 Property, plant and equipment

	Freehold land and buildings £000	Long leasehold land and buildings £000	Plant, vehicles and equipment £000	Total £000
Cost:				
At 1 October 2018 (restated)*	5,369	—	40,475	45,844
Additions	688	—	6,413	7,101
Disposals	—	—	(4,744)	(4,744)
At 1 October 2019 (restated)	6,057	—	42,144	48,201
Additions	78	—	3,932	4,010
Disposals	—	—	(3,373)	(3,373)
Transfer to right of use assets	—	—	(10,965)	(10,965)
Transfer from right of use assets	—	—	964	964
Acquisition of subsidiary	—	411	494	905
At 30 September 2020	**6,135**	**411**	**33,196**	**39,742**
Depreciation:				
At 1 October 2018 (restated)*	283	—	25,851	26,134
Charge for year	201	—	5,360	5,561
Disposals	—	—	(4,426)	(4,426)
At 1 October 2019 (restated)	484	—	26,785	27,269
Charge for year	212	70	3,487	3,769
Disposals	—	—	(3,169)	(3,169)
Transfer to right of use assets	—	—	(3,598)	(3,598)
Transfer from right of use assets	—	—	665	665
At 30 September 2020	**696**	**70**	**24,170**	**24,936**
Net book value:				
At 30 September 2020	**5,439**	**341**	**9,026**	**14,806**
At 30 September 2019	5,573	—	15,359	20,932
At 30 September 2018	5,086	—	14,624	19,710

Prior year adjustment

* The cost and depreciation at 1 October 2018 has been restated to gross up the opening balances. Acquisition date accumulated depreciation of assets acquired through business combinations had continued to be eliminated on consolidation after the disposal of the underlying assets. The impact of the adjustment is to increase overall cost and accumulated depreciation at 1 October 2018 by £24,962,000 each. There is no impact on the overall net book value as at 30 September 2019 and 30 September 2020.

Leased Plant, vehicles and equipment

At 30 September 2019 the net carrying value of leased plant, vehicles and equipment was £8,438,000. At 30 September 2019, the leased equipment secured lease obligations (see Note 21). From 1 October 2019, and following the adoption of IFRS 16 "Leases", leased assets are presented as Right of use assets in the Group Balance Sheet (see Note 12).

12 Right of use assets

	Freehold land and buildings £000	Long leasehold land and buildings £000	Plant, vehicles and equipment £000	Total £000
Cost:				
At 1 October 2019	—	—	—	—
Transition to IFRS 16	6,311	—	3,690	10,001
Additions	1,874	—	4,478	6,352
Disposals	—	—	(1,107)	(1,107)
Transfer from Property, plant and equipment	—	—	10,965	10,965
Transfer to Property, plant and equipment	—	—	(964)	(964)
At 30 September 2020	**8,185**	**—**	**17,062**	**25,247**
Depreciation:				
At 1 October 2019	—	—	—	—
Charge for year	1,947	—	3,956	5,903
Disposals	—	—	(1,070)	(1,070)
Transfer from Property, plant and equipment	—	—	3,598	3,598
Transfer to Property, plant and equipment	—	—	(665)	(665)
At 30 September 2020	**1,947**	**—**	**5,819**	**7,766**
Net book value:				
At 30 September 2020	**6,238**	**—**	**11,243**	**17,481**
At 30 September 2019	—	—	—	—

In the year ended 30 September 2019, the Group only recognised lease assets and lease liabilities in relation to leases that were classified as 'finance leases' under IAS 17 Leases. The assets were presented in Plant, vehicles and equipment and the liabilities were separately disclosed on the face of the Group Balance Sheet as Obligations under finance leases (see Note 21). During the year ended 30 September 2019 £1,677,000 of depreciation was charged against assets held under finance leases.

13 Inventories

	2020 £000	2019 £000
Land	—	731
Raw materials	**1,619**	1,901
	1,619	2,632

£1.6m (2019: £1.9m) of inventories are pledged as security for liabilities.

14 Assets held for resale

	2020 £000	2019 £000
Property	**1,500**	1,500

This office property has been actively marketed but disposal has been delayed by current market conditions.

The building is carried at net realisable value based on an annual independent third party valuation.

15 Investment in joint venture

a) Movement in year

	2020 £000	2019 £000
At 1 October	**139**	123
Dividend received	**(100)**	(80)
Equity accounted share of net (loss)/profit	**(39)**	96
At 30 September	—	139

15 Investment in joint venture continued

b) Summarised financial information related to equity accounted joint venture

	2020 £000	2019 £000
Current assets		
Trade and other receivables	—	—
Cash and cash equivalents	—	544
	—	544
Total assets	—	544
Current liabilities		
Trade and other payables	—	(106)
Current tax liabilities	—	(22)
	—	(128)
Total liabilities	—	(128)
Net assets reported by equity accounted joint venture (100%)	—	416
Revenue (100%)	—	2,128
Expenses (100%)	**(112)**	(1,841)
Net (loss)/profit after tax (100%)	**(112)**	287

c) Results of equity accounted joint venture (33%)

	2020 £000	2019 £000
Group share of (loss)/profit before tax	**(46)**	118
Group share of tax	**7**	(22)
Group share of (loss)/profit after tax	**(39)**	96

The Group, through a subsidiary undertaking, has the following interest in the joint venture:

	Country of incorporation	Principal activity	Percentage of shares held
Switchgear & Substation Alliance Ltd	UK	Engineering	33%

The joint venture was acquired as part of the acquisition of Giffen Holdings Ltd.

16 Trade and other receivables

	2020 £000	2019 £000
Trade receivables	**53,244**	43,196
Contract assets	**68,819**	70,364
Other receivables	**2,152**	468
Prepayments and accrued income	**5,623**	4,595
	129,838	118,623

The Directors consider that the carrying amount of trade, contract assets and other receivables approximates to their fair value.

The Group has a variety of credit terms depending on the customer. These terms generally range from 30 to 60 days.

Included in trade and other receivables are debtors with a carrying value of £4.9m (2019: £4.0m) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the Group believes that the amounts are still considered recoverable since there is no objective evidence that these financial assets are impaired. The Group does not hold any collateral over these balances. £2.1m (2019: £1.1m) of these balances relate to certified retentions.

The average age of these receivables is 358 days (2019: 331 days).

16 Trade and other receivables continued

Ageing of past due but not impaired receivables:

	2020 £000	2019 £000
30-180 days	**864**	953
180 - 365 days	**1,112**	1,062
Greater than 1 year	**2,919**	1,984
	4,895	3,999

17 Construction contracts

	2020 £000	2019 £000
Contracts in progress at the balance sheet date:		
Amounts due from construction contract customers included in trade and other receivables	**53,169**	43,161
Amounts due from construction contract customers included in contract assets	**68,819**	70,364
Amounts due to construction contract customers included in contract liabilities	**(6,092)**	(4,355)
	115,896	109,170
Contract costs incurred plus recognised profits less recognised losses to date	**3,585,693**	3,681,291
Less: progress billings	**(3,469,797)**	(3,572,121)
	115,896	109,170

At 30 September 2020 retentions held by customers amounted to £10.3m (2019: £10.0m). Advances received from customers for contract work amounted to £6.1m (2019: £4.4m).

Amounts due from construction contract customers which are past due at the reporting date amounted to £4.9m (2019: £4.0m).

This amount includes retention balances of £2.1m (2019: £1.1m). The Group does not hold any collateral over these balances or other trade and other receivables.

Contract revenue recognised in the year amounted to £620.4m (2019: £599.9m).

18 Cash and cash equivalents

	2020 £000	2019 £000
Cash at bank	**13,388**	11,655
Cash in hand	**8**	12
	13,396	11,667

19 Trade and other payables

	2020 £000	2019 £000
Contract liabilities	**6,092**	4,355
Trade payables	**44,170**	61,393
Other taxation and social security	**30,695**	11,692
Other payables	**6,092**	5,996
Accruals and deferred income	**105,321**	81,014
	192,370	164,450

20 Borrowings

	2020 £000	2019 £000
Bank loans repayable:		
Within one year	**8,752**	8,752
Within two to five years	**4,373**	13,123
	13,125	21,875

The QTS acquisition was partially funded by a £35m loan from HSBC, repayable by equal instalments over a 4 year period. The bank loans are secured by a fixed and floating charge over the Group's UK assets. The Group has committed debt facilities of £44.2m in the form of a revolving credit facility with HSBC UK Bank plc and National Westminster Bank plc which is committed until January 2024. In addition, the Group has a further £10.0m overdraft also with HSBC which is renewed annually in January.

21 Lease liabilities

	Minimum lease payments		Present value of minimum lease payments	
	2020 £000	2019 £000	2020 £000	2019 £000
Amounts payable under finance leases:				
Within one year	**6,426**	2,696	**6,047**	2,546
Within two to five years	**9,727**	3,350	**9,347**	3,214
	16,153	6,046	**15,394**	5,760
Less: future finance charges	**(759)**	(286)	**—**	—
Present value of lease obligations	**15,394**	5,760	**15,394**	5,760
Less: amount due for settlement within twelve months			**(6,047)**	(2,546)
Amount due for settlement after twelve months			**9,347**	3,214

It is the Group's policy to lease certain of its plant, vehicles and equipment under finance leases. The average outstanding lease term is 3 years (2019: 3 years). For the year ended 30 September 2020, the average effective borrowing rate was c.3% (2019: c.3%). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangement has been entered into for contingent rental payments.

Following the adoption of IFRS 16 "Leases" from 1 October 2019 lease liabilities include both finance lease liabilities together with liabilities associated with Right of use assets. The present value of minimum lease payments can be split:

	Finance lease £000	Right of use £000	Total 2020 £000	Total 2019 £000
Within one year	2,669	3,378	**6,047**	2,546
Within two to five years	2,825	6,522	**9,347**	3,214
	5,494	9,900	**15,394**	5,760

On 1 October 2019 £10,001,000 Right of use asset obligations were recognised on adoption of the IFRS 16.

All lease obligations are denominated in sterling. The fair value of the Group's lease obligations approximates to their carrying amount. The Group's obligations under finance leases are secured on the asset to which the lease relates.

22 Provisions

	Property obligations £000	Other provisions £000	Total £000
At 1 October 2019	463	—	463
Movement in provision during the year	(11)	2,750	2,739
At 30 September 2020	**452**	**2,750**	**3,202**
Non-current liabilities	441	—	441
Current liabilities	11	2,750	2,761
At 30 September 2020	**452**	**2,750**	**3,202**

Property obligations represent commitments on leases for properties where the Group expects outflows to occur at the end of the lease.

Other provisions are in respect of various contractual or legal disputes, the outcome of which cannot be assessed with a high degree of certainty. A liability is only recognised where, based on the Group's view or legal advice, it is considered probable that an outflow of resource will be required to settle a present obligation that can be measured reliably.

23 Other financial instruments

The Group's principal financial instruments comprise bank loans, cash and short-term deposits and obligations under finance leases. The main purpose of these financial instruments is to provide finance for the Group's operations. The Group has various other financial instruments such as trade receivables and trade payables that arise directly from its operations.

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. The disclosures below provide information about the contractual terms of the Group's interest bearing deposits, loans and borrowings.

Interest rate profile of financial assets and liabilities

		Financial assets/(liabilities)		
	Fixed rate interest rate %	Fixed rate £000	Floating rate £000	Total £000
2020				
Assets				
Sterling	—	—	12,949	12,949
Dollar	—	—	439	439
		—	13,388	13,388
Liabilities				
Sterling	3.0	(15,394)	(13,125)	(28,519)
		(15,394)	(13,125)	(28,519)

		Financial assets/(liabilities)		
	Fixed rate interest rate %	Fixed rate £000	Floating rate £000	Total £000
2019				
Assets				
Sterling	—	—	11,161	11,161
Dollar	—	—	494	494
		—	11,655	11,655
Liabilities				
Sterling	3.0	(5,760)	(21,875)	(27,635)
		(5,760)	(21,875)	(27,635)

The interest bearing assets accrue interest at prevailing market rates. Generally the Group holds deposits which are repayable on demand.

The sterling interest bearing liabilities accrue interest at a rate which is linked to the lender's base rate or LIBOR.

The maturity of the fixed rate financial liabilities is disclosed in Note 21. The fixed rate liabilities have a weighted average period of 3 years (2019: 3 years).

Fair value of financial assets and liabilities

There are no material differences between fair value and the book value of the Group's financial assets and liabilities.

Financial risks

The Group has exposure to a number of financial risks through the conduct of its operations. Risk management is governed by the Group's operational policies, guidelines and authorisation procedures which are outlined in the Corporate governance statement. The key financial risks resulting from financial instruments are credit, liquidity, currency and market risk.

a) Credit risk

Credit risk is the risk of loss if a customer fails to meet its financial obligations and results primarily from the Group's trade and other receivables. The degree to which the Group is exposed to this risk depends on the individual financial situation of each specific customer. The Group assesses the credit worthiness of every customer prior to entering into any contract and requires appropriate evidence of financial capability on a case by case basis. The Group reviews trade and other receivables for impairment on a regular basis and information relating to the ageing of receivables is provided in Note 16. The Group does not use any form of invoice discounting or debt factoring.

b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Board is responsible for ensuring that the Group has sufficient liquidity to meet its financial liabilities as they fall due and does so by monitoring cashflow forecasts and budgets. The Board has considered the cashflow forecasts for the next twelve months which show that the Group expects to operate within its working capital facilities throughout the year.

23 Other financial instruments continued

Financial risks continued

b) Liquidity risk continued

The Board aims to maintain a strong capital base so as to ensure investor and market confidence and to sustain the future of the business. The capital structure of the Group consists of equity attributable to equity holders of the Company as disclosed in Note 24 and reserves as disclosed in Note 25. The Group arranges loans and short term overdraft facilities and hire purchase facilities as the Board deems necessary. The Group does not have any derivative or non-derivative financial liabilities other than those disclosed in Notes 20 and 21 and the retirement benefit obligations disclosed in Note 28. An analysis of the maturity profile for finance lease liabilities is given in Note 21.

c) Currency risk

The principal exposure of the Group to currency risk (i.e. exposure to gains or losses on foreign exchange which would be recognised in the income statement) has been in respect of an inter-company loan amounting to £230,000 (2019: £28,000). The foreign exchange charge to finance costs amounted to £Nil (2019: £Nil). Exchange rate movements on translation of Lovell America, Inc's net assets are charged to the cumulative translation adjustment within total equity. The exchange loss arising on the translation of Lovell America Inc's net assets was £23,000. The total equity statement would be impacted by £2,000 for each $0.01 movement in exchange rates.

All functional currencies of the Group operations are denominated in sterling, with the exception of the U.S. subsidiary's bank account whose functional currency is the US dollar.

d) Market risk

Market risk is the risk that changes in market prices will affect the Group's income or the carrying amount of its holding of financial instruments. The principal risk relates to interest rates where the Group's risk is limited to the rates applying to its interest bearing short-term deposits and its bank loan. A reduction in market interest rates could lead to a reduction in the Group's interest income and a reduction in its interest costs. Consequently a 1% decrease in market interest rates would reduce annual finance costs by £10,000 for every £1m of outstanding loan.

The Group's hire purchase financial liabilities are all at fixed rates of interest.

24 Share capital

	2020 £000	2019 £000
Allotted, called up and fully paid:		
78,555,054 (2019: 75,329,224) Ordinary Shares of 10p each	**7,856**	7,533

The holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

On 30 January 2020 3,157,894 Ordinary Shares were issued pursuant to the acquisition of Carnell Group Holdings Ltd (formerly Agger Ltd).

On 5 February 2020 67,936 Ordinary Shares were issued pursuant to the Group's Long Term Incentive Plan.

Share options

Renew Holdings plc Long Term Incentive Plan

At the Annual General Meeting held on 25 January 2012 the shareholders approved the long term incentive plan ("LTIP") which succeeded the Renew Holdings plc 2004 Executive Share Option Scheme as the Directors believed that the LTIP was a more effective method of aligning executive and shareholder interests.

As at 30 September 2020, there were 864,696 options outstanding under the scheme. On 20 February 2020, options to subscribe for a further 299,570 Ordinary Shares were granted. During the year 67,936 options were exercised and 91,164 did not vest. No options lapsed during the year.

The options are exercisable at a nominal cost or at the par value of an Ordinary Share three years after the date of grant subject to the achievement of certain performance criteria. Details of the options are given in the Directors' Remuneration Report. To the extent that there is a gain arising in respect of the approved options noted above, the option holder will forfeit LTIP options to the same value.

Vesting of one half of the options is dependant on absolute growth in the Company's Total Shareholder Return ('TSR'), and the other half is dependant on the Company's TSR performance as compared to the TSR achieved by other companies in a comparator group of companies selected by the Remuneration Committee. All TSR calculations are based on the average of the opening and closing share price over a 30 day period prior to the commencement and the end of the performance period.

The absolute TSR growth target requires the Company's TSR over the three year performance period to grow by more than 25%. For TSR growth between 25% and 100%, the half of the option which is subject to the absolute TSR growth target vests on a straight-line basis from nil vesting at 25% growth, to 100% vesting at 100% growth. There will be no vesting if TSR growth is 25% or less.

The comparator group TSR performance target measures the Company's TSR over the 3 year performance period against the TSR of a group of companies selected by the Remuneration Committee. If the Company's TSR performance falls below the median performance of the comparator group then the options lapse forthwith. If the Company is ranked within the top decile of the comparator group the options shall vest in full. If the Company's TSR performance is ranked between the median position and the top decile of the comparator group then the options shall vest on a straight line basis from nil, at or below the median position, to 100% at the top decile.

25 Reserves

	Share premium account £000	Capital redemption reserve £000	Cumulative translation reserve £000	Share based payments reserve £000	Retained earnings £000
At 1 October 2018	51,684	3,896	1,311	698	10,355
Transfer from income statement for the year					22,257
Dividends paid					(7,905)
Recognition of share based payments				(122)	
New shares issued	220				
Exchange differences			28		
Actuarial movement recognised in pension schemes					3,543
Movement on deferred tax relating to the pension schemes					(1,240)
At 1 October 2019	51,904	3,896	1,339	576	27,010
Transfer from income statement for the year					20,752
Dividends paid					(5,778)
Recognition of share based payments				245	
New shares issued	14,474				
Exchange differences			(23)		
Actuarial movement recognised in pension schemes					(2,775)
Movement on deferred tax relating to the pension schemes					971
At 30 September 2020	**66,378**	**3,896**	**1,316**	**821**	**40,180**

There is no available analysis of goodwill written off against reserves in respect of subsidiaries that were acquired prior to 1989 and therefore, in accordance with the guidance of IAS 36, the Directors are not able to state this figure.

Capital redemption reserve
This reserve represents the combined impact of share buy-backs and cancellations in previous years.

Cumulative translation reserve
This reserve represents the foreign exchange movement on translating the opening net assets of Lovell America, Inc., the Group's discontinued U.S. subsidiary.

Share based payments reserve
Renew Holdings plc Long Term Incentive Plan

Fair value has been independently measured by PricewaterhouseCoopers LLP using a Monte Carlo model methodology. The fair value determined at the grant date of the equity settled share based payments is expensed on a straight-line basis over the vesting period, based on the Board's estimate of shares that will eventually vest.

£(245,000) (2019: £122,000) has been (charged)/credited to administrative expenses in accordance with IFRS 2. There is no impact on net assets since an equivalent amount has been credited /(charged) to the share based payments reserve. 67,936 options were exercised and 91,164 options did not vest during the year. The value per option represents the fair value of the option less the consideration payable.

The expected volatility has been calculated based on weekly historical volatility of the Company's share price over the three years prior to the date of grant. The risk free rate of return has been based on the yields available on three year UK government bonds as at the date of grant.

Options granted under the Renew Holdings plc Long Term Incentive Plan over the Company's Ordinary Shares at 30 September 2020 were as follows:

Date of grant	22 November 2017	3 December 2018	20 February 2020	Total
Awards outstanding at 30 September 2020				
– Directors and employees	246,000	319,126	299,570	864,696
Exercise price	10.0p	10.0p	10.0p	
Price at date of grant	428.75p	350.00p	548.00p	
Maximum option life	10 years	10 years	10 years	
Assumed option life for purposes of valuation	2.86 years	2.83 years	2.61 years	
Expected volatility	25%	28%	27%	
Risk free interest rate	0.52%	0.75%	0.46%	
Value per option	262.0p	226.0p	519.0p	

26 Capital and leasing commitments

	Land and buildings £000	Other £000	Total 2020 £000	Total 2019 £000
Commitments under non-cancellable operating leases:				
Under one year	—	—	—	3,518
Two to five years	—	—	—	6,731
Five or more years	—	—	—	636
	—	—	—	10,885

During the year £Nil (2019: £6,410,000) was recognised as an expense in the income statement in respect of operating leases, following the adoption of IFRS 16.

With regard to the leases held by the Group as lessor, the Group recognised £197,000 (2019: £252,000) of rental income in the income statement for 2020, relating to sub-letting of surplus premises.

The future minimum sub-lease receipts expected to be received under non-cancellable operating leases which all relate to land and buildings are as follows:

	2020 £000	2019 £000
Receivables under non-cancellable operating leases:		
Under one year	**184**	296
Two to five years	**110**	73
	294	369

The Group had capital commitments at 30 September 2020 of £443,000 (2019: £910,000).

27 Contingent liabilities

Under the terms of the Group's banking agreement, security over the Group's UK assets has been granted to the Group's bankers.

Liabilities have been recorded based on the Directors' best estimate of uncertain contract positions, known legal claims, investigations and legal actions in progress. The Group takes legal advice as to the likelihood of the success of claims and actions and no liability is recorded where the Directors consider, based on that advice, that the action is unlikely to succeed, or that the Group cannot make a sufficiently reliable estimate of the potential obligation. The Group also has contingent liabilities in respect of other issues that may have occurred, but where no claim has been made and it is not possible to reliably estimate the potential obligation (see Note 1d).

28 Employee benefits: Retirement benefit obligations

Defined benefit pension schemes

The Group operates two defined benefit pension schemes, the Lovell Pension Scheme and the Amco Pension Scheme. Both schemes have been closed to new members and to further benefits accrual for many years.

IAS 19 "Employee Benefits"

The Directors have adopted the accounting required by IAS 19. The Directors have discussed the assumptions used in determining the actuarial valuations set out below with independent pensions advisors and have determined that they are appropriate. The Lovell scheme's valuation at 30 September 2020 shows a surplus of £27,337,000 based on the assumptions set out below. The Amco scheme shows a surplus of £722,000 based on the assumptions used in its valuation which are similar to those used for the Lovell scheme except where the Directors, in consultation with the scheme's advisors, consider it appropriate to vary them due to the different characteristics of the Amco scheme and its membership profile. The Directors have determined that it is appropriate to recognise the surplus in both schemes as, having reviewed the rules of both schemes, they are of the view that the employer has an unconditional right to those surpluses.

28 Employee benefits: Retirement benefit obligations continued

IAS 19 "Employee Benefits" continued

The following disclosures required by IAS 19 have been based on the most recent actuarial valuation as at 30 September 2020 carried out by Lane Clark & Peacock LLP, Consulting Actuaries, in respect of the Lovell scheme and Capita Employee Benefits (Consulting) Limited in respect of the Amco scheme using the following assumptions:

	As at 30 September 2020	As at 30 September 2019	As at 30 September 2018
Lovell Pension Scheme			
Rate of increase in salaries	**4.0%**	4.0%	4.0%
RPI increases to pensions in payment	**4.2%**	4.2%	4.3%
Discount rate	**1.5%**	1.9%	2.9%
Inflation assumption (CPI)	**2.1%**	2.1%	2.2%
Inflation assumption (RPI)	**2.9%**	3.2%	3.3%
Increases in deferred pensions	**2.9%**	3.1%	3.1%
Amco Pension Scheme			
Rate of increase in salaries	**2.2%**	2.1%	2.3%
RPI increases to pensions in payment	**2.9%**	3.0%	3.1%
Discount rate	**1.5%**	1.8%	2.9%
Inflation assumption (CPI)	**2.2%**	2.1%	2.3%
Inflation assumption (RPI)	**2.9%**	3.1%	3.3%
Increases in deferred pensions	**2.2%**	2.1%	2.3%

The mortality tables adopted for the valuation of the Lovell scheme are the 95% S2NA tables with future improvements in line with the Continuing Mortality Investigations 2019 model with long term improvement rates of 1.25% per annum for both males and females. The Directors believe that this analysis provides a more reliable estimate of the mortality characteristics of the scheme's membership. Under these assumptions, a 65 year old male pensioner is forecast to live for a further 22.5 years and the further life expectancy of a male aged 65 in 2040 is 23.8 years.

The mortality tables adopted for the valuation of the Amco scheme are the S3PA Mortality tables with future improvements in line with the Continuing Mortality Investigations 2019 model with long term improvement rates of 1.25% per annum for both males and females. The Directors believe that this analysis provides a more reliable estimate of the mortality characteristics of the scheme's membership. Under these assumptions, a 65 year old male pensioner is forecast to live for a further 22.1 years and the further life expectancy of a male aged 65 in 2040 is 23.4 years.

The assets in the Lovell scheme were:

	Value as at 30 September 2020 £000	Current allocation	Value as at 30 September 2019 £000	Current allocation	Value as at 30 September 2018 £000	Current allocation
Annuities	**87,497**	**43%**	89,317	45%	85,850	51%
Diversified portfolio	**114,039**	**56%**	106,775	54%	81,202	48%
Cash	**2,149**	**1%**	666	1%	2,117	1%
Total	**203,685**	**100%**	196,758	100%	169,169	100%

During 2011 and 2016, the Trustees of the Lovell scheme, in consultation with the Directors, used scheme assets to purchase annuities which match certain pension liabilities in a transaction known as a "buy in". This asset provides protection against falls in gilt yields and risks in the performance of other asset classes.

The assets in the Amco scheme were:

	Value as at 30 September 2020 £000	Current allocation	Value as at 30 September 2019 £000	Current allocation	Value as at 30 September 2018 £000	Current allocation
Annuities	**6,738**	**45%**	6,685	44%	6,255	43%
Diversified portfolio	**8,052**	**53%**	8,329	55%	7,739	54%
Cash	**317**	**2%**	213	1%	418	3%
Total	**15,107**	**100%**	15,227	100%	14,412	100%

During 2013, the Trustees of the Amco scheme, in consultation with the Directors, used scheme assets to purchase annuities which match certain pension liabilities in a transaction known as a "buy in". This asset provides protection against falls in gilt yields and risks in the performance of other asset classes.

28 Employee benefits: Retirement benefit obligations continued

IAS 19 "Employee Benefits" continued

Scheme Funding Levels and Actuarial Valuations

Lovell Pension Scheme

The scheme actuary carried out the triennial valuation of the Lovell Pension Scheme as at 31 March 2018. The scheme showed a deficit of £0.3m compared to £12.1m when measured as at 31 March 2015. The Group has reached an agreement with the Trustees which commits the Group to paying annual contributions of £4,260,000 per annum until 31 July 2023 by which point the Scheme's buyout deficit is expected to be cleared. The next Triennial valuation is due on 31 March 2021.

For accounting purposes under IAS19, actuaries use different assumptions than for the triennial valuation. The major difference relates to assumptions concerning the future return on assets of the scheme which includes a number of return seeking assets invested with BlackRock Asset Management. The key sensitivity for the valuation of the scheme under IAS19 is the selection of the discount rate which is the major determinant in measuring scheme liabilities. A reduction of 0.1% in the discount rate would increase scheme liabilities by £2.0m. Sensitivity analysis has been performed on the other key assumptions, and a reasonably possible change is not considered likely to give rise to a materially different valuation to the surplus.

Post balance sheet event

On 26 November 2020, the Trustees of the Lovell Scheme, in consultation with the Directors, used scheme assets to purchase annuities which match certain pension liabilities in a transaction known as a "buy in" where the annuity policy remains an asset of the scheme. Following the conclusion of this buy-in all of the schemes liabilities are now matched with annuities which has removed the scheme's investment and funding risks. As a consequence there will be a reduction of the IAS 19 Retirement Benefit assets in the Group's accounts for the year ended 30 September 2021. If the buy-in had occurred during the current financial year, the effect would have been to reduce the Retirement benefit asset by £27,337,000, reverse the associated Deferred tax liability of £9,568,000 with a consequent £17,769,000 reduction in the Group's Retained earnings. In due course the main benefit of this transaction will be the cessation of further cash contributions to the scheme.

Amco Pension Scheme

The scheme actuary carried out the triennial valuation of the Amco Pension Scheme as at 31 December 2016. The scheme showed a deficit of £3.4m compared to £0.9m when measured as at 31 December 2013. The subsidiary undertaking has agreed a revised recovery plan with the Trustees which commits the subsidiary undertaking to paying annual contributions of £504,000 which is expected to result in the elimination of this deficit by 31 October 2020. This recovery plan aims to eliminate the deficit under the Statutory Funding Objective of the Pensions Act 2004. The subsidiary undertaking may be required to make further contributions to achieve a buy out of all pension liabilities. The necessity and quantum of these contributions will be reviewed by the scheme actuary as part of the 31 December 2019 valuation.

For accounting purposes under IAS19, actuaries use different assumptions than for the triennial valuation. The major difference relates to assumptions concerning the future return on assets of the scheme which includes a number of return seeking assets invested with BlackRock Asset Management. The key sensitivity for the valuation of the scheme under IAS19 is the selection of the discount rate which is the major determinant in measuring scheme liabilities. A reduction of 0.1% in the discount rate would increase scheme liabilities by £0.2m. Sensitivity analysis has been performed on the other key assumptions, and a reasonably possible change is not considered likely to give rise to a materially different valuation to the surplus.

Recognition of Pension Schemes' Surplus

Having taken legal advice with regard to the rights of the Company under the trust deeds and rules, the Directors do believe there is a right to recognise a pension surplus on an accounting basis for both schemes. The Directors do not believe that the surplus on an accounting basis will result in a surplus on an actuarial funding basis. However, the Directors are required to account for the plans' surplus as required by IFRS. As the Group has a legal right to benefit from the surplus, under IAS 19 and IFRIC 14, it must recognise the economic benefit it considers to arise from either a reduction to its future contributions or a refund of the surplus. This is a technical adjustment made on an accounting basis. Management does not believe there is an asset ceiling under IFRIC 14 which limits the economic benefit available. There is no cash benefit from the surplus.

Scheme Governance

Both the Lovell Pension Scheme and the Amco Pension Scheme have boards of trustees chaired by an independent professional trustee, Capital Cranfield Trustees Ltd. The Lovell Pension Scheme also has member-elected trustees who must be members of the scheme. Both Renew Holdings plc for the Lovell Pension Scheme, and Amalgamated Construction Ltd for the Amco Pension Scheme have the right to appoint employer-nominated trustees although neither has elected to do so other than to appoint Capital Cranfield Trustees Ltd.

The Lovell Pension Scheme trustees are advised by Lane, Clark & Peacock LLP on both actuarial and investment matters. The Lovell Scheme investments are independently managed by BlackRock Asset Management which is set a target return against which the trustees monitor its performance on a regular basis. Annuities purchased in both 2011 and 2016 are held by Legal & General and Just Retirement.

The Amco Pension Scheme trustees are advised by Capita Employee Benefits (Consulting) Ltd on both actuarial and investment matters. The Amco Scheme investments are independently managed by BlackRock Asset Management which is set a target return against which the trustees monitor its performance on a regular basis.

Diversified Portfolio

BlackRock Asset Management's portfolio, described above as "diversified portfolio", can consist of a wide range of underlying, return-seeking assets including but not restricted to equities, bonds, gilts, cash, commodities and other openly traded assets.

28 Employee benefits: Retirement benefit obligations continued

IAS 19 "Employee Benefits" continued

The following amounts at 30 September were measured in accordance with the requirements of IAS 19.

Lovell Pension Scheme

	2020 £000	2019 £000
Movements in scheme assets and obligations		
Total fair value of scheme assets brought forward	**196,758**	169,169
Interest on scheme assets	**3,703**	4,832
Employer contributions	**4,313**	4,310
Benefits paid	**(8,401)**	(9,449)
Running costs	**(13)**	(1)
Actual return on scheme assets less interest on scheme assets	**7,325**	27,897
Total fair value of scheme assets carried forward	**203,685**	196,758
Present value of scheme obligations brought forward	**172,685**	149,834
Interest on scheme obligations	**3,201**	4,262
Current and past service costs	**56**	45
Past service cost and settlements	**—**	4,000
Benefits paid	**(8,401)**	(9,449)
Actuarial movement due to experience on benefit obligation	**(596)**	(310)
Actuarial movement due to changes in financial assumptions	**8,388**	25,776
Actuarial movement due to changes in demographic assumptions	**1,015**	(1,473)
Total fair value of scheme obligations carried forward	**176,348**	172,685
Surplus in the scheme	**27,337**	24,073
Deferred tax	**(9,568)**	(8,426)
Net surplus	**17,769**	15,647
Amount charged to operating profit:		
Current and past service costs	**(56)**	(45)
Running costs	**(13)**	(1)
	(69)	(46)
Amount credited to other financial income:		
Interest on scheme assets	**3,703**	4,832
Interest on scheme obligations	**(3,201)**	(4,262)
Net pension interest	**502**	570
Amounts recognised in the statement of comprehensive income:		
Actual return on scheme assets less interest on scheme assets	**7,325**	27,897
Actuarial movement due to changes in assumptions on scheme obligations	**(8,807)**	(23,993)
Actuarial movement	**(1,482)**	3,904
Movement in the net scheme surplus during the year:		
Net scheme surplus brought forward	**24,073**	19,335
Current and past service costs	**(56)**	(45)
Running costs	**(13)**	(1)
Employer contributions	**4,313**	4,310
Past service cost and settlements	**—**	(4,000)
Net pension interest	**502**	570
Actuarial movement	**(1,482)**	3,904
Net scheme surplus carried forward	**27,337**	24,073

28 Employee benefits: Retirement benefit obligations continued

IAS 19 "Employee Benefits" continued

Lovell Pension Scheme continued

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The impact of additional liabilities amounted to £4,000,000 for the Lovell Pension Scheme which is disclosed within the comparative past service costs and settlements.

On 20 November 2020 the High Court handed down a further judgment in the Lloyds Bank case regarding equalising for guaranteed minimum pension benefits ("GMP's"). The judge found that pension schemes do have a liability to pay top-ups to members who transferred out in the past. We are working with the trustees of our pensions schemes, and our actuarial and legal advisers, to understand the extent to which the judgement crystallises additional liabilities for Renew's pension schemes. Subject to materiality, any adjustment necessary is expected to be recognised as an exceptional item in the 30 September 2021 accounts. At the current time we are unable to estimate the amount of this potential additional liability and we will be working with the trustees of the scheme to assess the extent to which former members of the scheme might be impacted.

The following amounts at 30 September were measured in accordance with the requirements of IAS 19.

Amco Pension Scheme

	2020 £000	2019 £000
Movements in scheme assets and obligations		
Total fair value of scheme assets brought forward	**15,227**	14,412
Expected return on scheme assets	**258**	398
Employer contributions	**504**	969
Benefits paid	**(1,450)**	(1,916)
Actual return on scheme assets less interest on scheme assets	**568**	1,364
Total fair value of scheme assets carried forward	**15,107**	15,227
Present value of scheme obligations brought forward	**13,746**	13,324
Interest on scheme obligations	**228**	353
Past service cost and settlements	**—**	260
Benefits paid	**(1,450)**	(1,916)
Actuarial movement due to changes in financial and demographic assumptions	**1,861**	1,725
Total fair value of scheme obligations carried forward	**14,385**	13,746
Surplus in the scheme	**722**	1,481
Deferred tax	**(253)**	(518)
Net surplus	**469**	963
Amount credited to other financial income:		
Interest on scheme assets	**258**	398
Interest on scheme obligations	**(228)**	(353)
Net pension interest	**30**	45
Amounts recognised in the statement of comprehensive income:		
Actual return on scheme assets less interest on scheme assets	**568**	1,364
Actuarial movement due to changes in assumptions on scheme obligations	**(1,861)**	(1,725)
Actuarial movement	**(1,293)**	(361)
Movement in the net scheme surplus during the year:		
Net scheme surplus brought forward	**1,481**	1,088
Employer contributions	**504**	969
Past service cost and settlements	**—**	(260)
Net pension interest	**30**	45
Actuarial movement	**(1,293)**	(361)
Net scheme surplus carried forward	**722**	1,481

28 Employee benefits: Retirement benefit obligations continued

IAS 19 "Employee Benefits" continued

Amco Pension Scheme continued

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The impact of additional liabilities amounted to £260,000 for the Amco Pension Scheme which is disclosed within the comparative past service cost and settlements.

On 20 November 2020 the High Court handed down a further judgment in the Lloyds Bank case regarding equalising for guaranteed minimum pension benefits ("GMP's"). The judge found that pension schemes do have a liability to pay top-ups to members who transferred out in the past. We are working with the trustees of our pensions schemes, and our actuarial and legal advisers, to understand the extent to which the judgement crystallises additional liabilities for Renew's pension schemes. Subject to materiality, any adjustment necessary is expected to be recognised as an exceptional item in the 30 September 2021 accounts. At the current time we are unable to estimate the amount of this potential additional liability and we will be working with the trustees of the scheme to assess the extent to which former members of the scheme might be impacted.

Lovell Pension Scheme

	2020 £000	2019 £000	2018 £000	2017 £000	2016 £000
Actual return on scheme assets less interest on scheme assets	**7,325**	27,897	(1,138)	(14,565)	22,781
As a percentage of the assets at the end of the year	**3.6%**	14.2%	(0.7)%	(8.4)%	12.0%
Total amount recognised in the statement of comprehensive income	**(1,482)**	3,904	5,076	(2,506)	(12,348)
As a percentage of the obligations at the end of the year	**(0.8)%**	2.3%	3.4%	(1.5)%	(6.8)%

The Lovell scheme has been in operation for many years and, after taking advice from the Group's pensions advisors, the Directors have determined that it is not possible to allocate the assets and liabilities of the scheme between the various Group companies. The surplus for the scheme is accounted for in the individual financial statements of Renew Holdings plc which is legally the sponsoring employer for the plan.

Amco Pension Scheme

	2020 £000	2019 £000	2018 £000	2017 £000	2016 £000
Actual return on scheme assets less interest on scheme assets	**568**	1,364	(90)	(680)	930
As a percentage of the assets at the end of the year	**3.8%**	9.0%	(0.6)%	(4.7)%	6.1%
Total amount recognised in the statement of comprehensive income	**(1,293)**	(361)	401	417	(1,881)
As a percentage of the obligations at the end of the year	**(9.0)%**	(2.6)%	3.0%	2.8%	(10.8)%

The Amco scheme's sole employer is the Company's wholly owned subsidiary, Amalgamated Construction Ltd.

Defined contribution pension schemes

The Group operates a number of defined contribution pension schemes and individual stakeholder pension plans for its employees. The Group made contributions of £6,932,000 (2019: £10,115,000) into these plans during the year. There are also £513,000 (2019: £435,000) of accruals relating to these plans.

29 Related parties

The Group has a related party relationship with its key management personnel who were Directors of the Company during the year: P Scott, AP Liebenberg, SC Wyndham-Quin, DM Forbes, DA Brown, SD Dasani and SA Hazell, whose total compensation amounted to £2,102,000 (2019: £2,082,000) all of which was represented by short-term employment benefits, including £362,000 (2019: £332,000) relating to share option charges, in accordance with IFRS 2. An analysis of this compensation is given in Note 6.

There were no other transactions with key management personnel in the year.

30 Alternative performance measures

Renew uses a variety of alternative performance measures ('APMs') which, although financial measures of either historical or future performance, financial position or cashflows, are not defined or specified by IFRSs. The Directors use a combination of APMs and IFRS measures when reviewing the financial performance, position and cash of the Group.

The Directors believe that APMs provide a better understanding of the underlying trading performance of the business because they remove the impact of non-trading related accounting adjustments. Furthermore, they believe that the Group's shareholders use these APMs when assessing the performance of the Group and it is therefore appropriate to give them prominence in the Annual Report and Accounts.

The APMs used by the Group are defined below:

Net Cash/(Debt) – This is the cash and cash equivalents less bank debt. This measure is visible in Note 32. The Directors consider this to be a good indicator of the financing position of the Group.

Adjusted operating profit (£39.609m) and adjusted profit before tax (£38.842m) – Both of these measures are reconciled to total operating profit and total profit before tax on the face of the consolidated income statement. The Directors consider that the removal of exceptional items and amortisation provides a better understanding of the underlying performance of the Group. The equivalent GAAP measures are operating profit (£32.868m) and profit before tax (£32.101m).

Adjusted operating margin (6.4%) – This is calculated by dividing operating profit before exceptional items and amortisation of intangible assets (£39.609m) by group revenue including share of joint venture (£620.375m) both of which are visible on the face of the income statement. The Directors believe that removing exceptional items and amortisation from the operating profit margin calculation provides a better understanding of the underlying performance of the Group. The equivalent GAAP measure is operating profit margin (5.3%) which is calculated by dividing operating profit (£32.868m) from group revenue including share of joint venture (£620.375m).

Adjusted earnings per share (41.22p) – This measure is reconciled to the earnings per share calculation based on earnings before exceptional items and amortisation in Note 9. The Directors believe that removing exceptional items and amortisation from the EPS calculation provides a better understanding of the underlying performance of the Group.

Group Revenue (£620.375m) – This measure is visible on the face of the income statement as Revenue: Group including share of joint venture.

Group order book, Engineering Services order book and Specialist Building order book – This measure is calculated by the Directors taking a conservative view on secured orders and visible workload through long-term frameworks.

Engineering Services revenue (£577.238m) – This measure is visible in Note 2 part (a) business analysis as Engineering Services Revenue including share of joint venture. The Directors consider this to be a good indicator of the underlying performance of the Group's Engineering Services business.

Adjusted Engineering Services operating profit (£40.754m) – This measure is visible in Note 2 part (a) business analysis as Engineering Services operating profit before exceptional items and amortisation of intangible assets. The Directors consider this to be a good indicator of the underlying performance of the Group's Engineering Services business. The GAAP equivalent measure is engineering services operating profit (£34.013m) which is also visible in Note 2 part (a).

Adjusted Engineering Services operating profit margin (7.1%) – This is calculated in the same way as adjusted operating profit margin but based on the adjusted Engineering Services operating profit (£40.754m) and the Engineering Services revenue (£577.238m) figures as set out above. The equivalent GAAP measure is engineering services operating profit margin (5.9%) which is calculated by dividing engineering services operating profit (£34.013m) from engineering services revenue including share of joint venture (£577.238m).

31 Reconciliation of net cashflow to net cash/(debt)

	2020 £000	2019 £000
Increase in net cash and cash equivalents	**1,729**	2,488
Decrease in bank borrowings	**8,750**	8,750
Increase in net cash from cashflows	**10,479**	11,238
Net debt at 1 October	**(10,208)**	(21,446)
Net cash/(debt) at 30 September	**271**	(10,208)

32 Analysis of net cash/(debt)

	At 1 October 2019 £000	Cash flows £000	At 30 September 2020 £000
Cash and cash equivalents	11,667	1,729	**13,396**
Bank loans	(21,875)	8,750	**(13,125)**
Net cash/(debt)	(10,208)	10,479	**271**

Previously, Renew Holdings plc has not included finance lease liabilities within its measure of net debt due to their asset-backed nature. Therefore, whilst IFRS 16 has brought additional lease liabilities onto the balance sheet, the standard has had no effect on the Group's net debt measure, which has been calculated consistently with previous reporting periods.

Alternative measurement of debt

Some stakeholders include leasing commitments within their definition of net debt. The equivalent figures on that basis are:

	2020 £000	2019 £000
Net cash/(debt) (as above)	**271**	(10,208)
Finance lease liabilities	**(5,494)**	(5,760)
Net debt including finance leases	**(5,223)**	(15,968)
IFRS 16 right of use liabilities	**(9,900)**	—
Net debt including all lease liabilities	**(15,123)**	(15,968)

On 1 October 2019 £10,001,000 of additional lease liabilities were recognised which would have increased the comparative total debt to £25,969,000.

33 Acquisition of subsidiary undertaking – Carnell Group Holdings Ltd (formerly Agger Ltd)

On 30 January 2020, the Company acquired the whole of the issued share capital of Carnell Group Holdings Ltd ("Carnell") for a cash free/debt free consideration of £38m, after excluding a locked-box working capital adjustment. The acquisition was funded by a placement of 3,157,894 new ordinary shares raising £15m gross and an expanded revolving credit facility provided by HSBC UK Bank plc and National Westminster Bank plc.

The provisional value of the assets and liabilities of Carnell at the date of acquisition were:

	Book value £000	Adjustments £000	Fair value £000
Non-current assets			
Intangible assets – goodwill	12,142	7,267	19,409
– other	—	19,128	19,128
Property, plant and equipment	905	—	905
	13,047	26,395	39,442
Current assets			
Inventories	20	—	20
Trade and other receivables	13,523	—	13,523
Current tax asset	540	—	540
Cash and cash equivalents	3,203	—	3,203
	17,286	—	17,286
Total assets	30,333	26,395	56,728
Non-current liabilities			
Deferred tax liabilities	—	(3,634)	(3,634)
	—	(3,634)	(3,634)
Current liabilities			
Trade and other payables	(9,379)	—	(9,379)
	(9,379)	—	(9,379)
Total liabilities	(9,379)	(3,634)	(13,013)
Net assets	20,954	22,761	43,715

33 Acquisition of subsidiary undertaking – Carnell Group Holdings Ltd (formerly Agger Ltd) continued

Goodwill of £19,409,000 arises on acquisition and will be reviewed annually for impairment. The goodwill is attributable to the expertise and workforce of the acquired business. Other intangible assets provisionally valued at £19,128,000, which represent customer relationships and contractual rights, were also acquired and will be amortised over their useful economic lives in accordance with IAS 38. Deferred tax has been provided on this amount. Amortisation of this intangible asset commenced from February 2020.

Fair value adjustments arising from the acquisition

In accordance with IFRS 3, the Board will review the fair value of assets and liabilities using information available up to 12 months after the date of acquisition. Fair value has been calculated using Level 3 inputs as defined by IFRS 13.

Deferred tax liabilities

A deferred tax liability has been recognised in relation to the amortisation of other intangible assets.

Goodwill impairment review

The Board has reviewed the goodwill arising on acquisition for impairment as required by IFRS 3. No such impairment was identified.

If the acquisition of Carnell had occurred on 1 October 2019, Group revenue would have been approximately £638m and profit before tax for the year ended 30 September 2020 would have been approximately £32.4m.

34 Post balance sheet events

a) On 26 November 2020, the Trustees of the Lovell Scheme, in consultation with the Directors, used scheme assets to purchase annuities which match certain pension liabilities in a transaction known as a "buy in" where the annuity policy remains an asset of the scheme. Following the conclusion of this buy-in all of the schemes liabilities are now matched with annuities which has removed the scheme's investment and funding risks. As a consequence there will be a reduction of the IAS 19 Retirement Benefit assets in the Group's accounts for the year ended 30 September 2021. If the buy-in had occurred during the current financial year, the effect would have been to reduce the Retirement benefit asset by £27,337,000, reverse the associated Deferred tax liability of £9,568,000 with a consequent £17,769,000 reduction in the Group's Retained earnings. In due course the main benefit of this transaction will be the cessation of further cash contributions to the scheme.

b) On 20 November 2020 the High Court handed down a further judgment in the Lloyds Bank case regarding equalising for guaranteed minimum pension benefits ("GMP's"). The judge found that pension schemes do have a liability to pay top-ups to members who transferred out in the past. We are working with the trustees of our pensions schemes, and our actuarial and legal advisers, to understand the extent to which the judgement crystallises additional liabilities for Renew's pension schemes. Subject to materiality, any adjustment necessary is expected to be recognised as an exceptional item in the 30 September 2021 accounts. At the current time we are unable to estimate the amount of this potential additional liability and we will be working with the trustees of the scheme to assess the extent to which former members of the scheme might be impacted.

COMPANY BALANCE SHEET

at 30 September

	Note	2020 £000	2019 £000
Fixed assets			
Tangible assets	E	**726**	781
Investments	F	**195,002**	164,325
		195,728	165,106
Current assets			
Assets held for resale	G	**1,500**	1,500
Debtors due after one year	H	**27,337**	24,074
Debtors due within one year	H	**55,227**	62,452
Cash at bank		**48**	48
		84,112	88,074
Creditors: amounts falling due in less than one year	I	**(141,047)**	(121,355)
Net current liabilities		**(56,935)**	(33,281)
Total assets less current liabilities		**138,793**	131,825
Creditors: amounts falling due after more than one year	J	**(13,312)**	(21,549)
Net assets		**125,481**	110,276
Capital and reserves			
Share capital	L	**7,856**	7,533
Share premium account		**66,378**	51,904
Capital redemption reserve		**3,896**	3,896
Share based payments reserve		**821**	576
Profit and loss account		**46,530**	46,367
Equity shareholders' funds		**125,481**	110,276

Approved by the Board and signed on its behalf by:

D M Forbes
Chairman
8 December 2020

COMPANY STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 September

	2020 £000	2019 £000
Profit for the year attributable to equity holders of the parent company	**6,904**	15,519
Items that will not be reclassified to profit or loss:		
Movement in actuarial valuation of the defined benefit pension scheme	**(1,482)**	3,904
Movement on deferred tax relating to the pension scheme	**519**	(1,366)
Total items that will not be reclassified to profit or loss	**(963)**	2,538
Items that are or may be reclassified subsequently to profit or loss:	**—**	—
Total items that are or may be reclassified subsequently to profit or loss	**—**	—
Total comprehensive income for the year attributable to equity holders of the parent company	**5,941**	18,057

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Share based payments reserve £000	Retained earnings £000	Total equity shareholders' funds £000
At 1 October 2018	7,527	51,684	3,896	698	36,215	100,020
Transfer from profit and loss account for the year					15,519	15,519
Dividends paid					(7,905)	(7,905)
New shares issued	6	220				226
Recognition of share based payments				(122)		(122)
Movement in actuarial valuation of the defined benefit pension scheme					3,904	3,904
Movement on deferred tax relating to the pension scheme					(1,366)	(1,366)
At 30 September 2019	7,533	51,904	3,896	576	46,367	110,276
Transfer from profit and loss account for the year					6,904	6,904
Dividends paid					(5,778)	(5,778)
New shares issued	323	14,474				14,797
Recognition of share based payments				245		245
Movement in actuarial valuation of the defined benefit pension scheme					(1,482)	(1,482)
Movement on deferred tax relating to the pension scheme					519	519
At 30 September 2020	**7,856**	**66,378**	**3,896**	**821**	**46,530**	**125,481**

A Accounting policies

(i) Basis of accounting

Renew Holdings plc (the "Company") is a company limited by shares and domiciled in the UK.

The accounts have been prepared on the going concern basis and in accordance with FRS 102, under the historical cost convention. In determining that the going concern basis is appropriate the Directors have reviewed budgets, including cashflow forecasts, and concluded that the Company has adequate cash resources to continue trading for the foreseeable future.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's results are included in the consolidated financial statements of the Group. The consolidated financial statements of Renew Holdings plc are prepared in accordance with International Financial Reporting Standards as adopted by the EU. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosure:

- Cashflow Statement and related notes.

As the consolidated financial statements of Renew Holdings plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- the disclosure required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

A summary of the more important Company accounting policies, which have been applied consistently, is set out below:

(ii) Investments in subsidiaries

Investments in subsidiaries are recorded at cost less provision for impairment.

(iii) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings. The Company assesses at each reporting date whether tangible fixed assets are impaired.

Provision is made at rates calculated to write off the cost of each asset, less estimated residual value, evenly over its expected useful life as follows:

Freehold land	– no depreciation charge
Freehold buildings	– fifty years
Plant, vehicles and equipment	– three to ten years

(iv) Leasing commitments

Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease.

(v) Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, except as noted below, on timing differences that have arisen but not reversed by the balance sheet date, where the timing differences result in an obligation to pay more tax, or a right to pay less tax, in the future. Timing differences arise because of differences between the treatment of certain items for accounting and taxation purposes. In accordance with FRS 102 'The Financial Reporting Standard', deferred tax is not provided on permanent timing differences. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date.

A Accounting policies continued

(vi) Basic financial instruments – trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

(vii) Related party transactions

Interest is neither recognised nor charged on balances outstanding with fellow subsidiaries as they are repayable on demand.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its Group, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

(viii) Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

Exchange differences are taken to the profit and loss account.

(ix) Employee benefits

Defined benefit pension scheme

The Company's net asset/(liability) in respect of the defined benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in prior periods; that benefit is discounted to determine its present value. The fair value of any scheme assets is deducted. The Company determines the net interest income/(expense) on the net defined benefit asset/ (liability) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit asset/ (liability) taking account of changes arising as a result of contributions and benefit payments. The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of, the Company's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The Company recognises net defined benefit scheme assets to the extent that it is able to recover the surplus. Changes in the net defined benefit asset/(liability) arising from employee service rendered during the period, net interest on net defined benefit asset/(liability), and the cost of scheme introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss. Remeasurement of the net defined benefit asset/(liability) is recognised in other comprehensive income in the period in which it occurs.

Defined contribution pension schemes

A defined contribution scheme is a post-employment benefit scheme under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension schemes are recognised in expense in the profit and loss account in the periods during which services are rendered by employees.

Share based payments

FRS 102 "The Financial Reporting Standard" requires a fair value to be established for any equity settled share based payments. Fair value has been independently measured using a Monte Carlo valuation model. The fair value determined at the grant date of the equity settled share based payments is expensed on a straight- line basis over the vesting period based on the Directors' estimate of shares that will eventually vest.

(x) Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

B Profit and loss account

As permitted by Section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account. The profit after taxation for the financial year dealt with in the accounts of the Company was £6,904,000 (2019: £15,519,000).

The audit fee charged within the profit and loss account amounted to £194,000 (2019: £83,000).

C Employee numbers and remuneration

	2020 Number	2019 Number
The average monthly number of employees, all of whom were administrative staff including Executive Directors, employed in continuing activities during the year was:	**27**	27
At 30 September:	**27**	27

Cost of staff, including Executive Directors, during the year amounted to:

	£000	£000
Wages and salaries	**2,400**	3,133
Social security costs	**369**	341
Other pension costs	**153**	188
Share based payments	**245**	(122)
	3,167	3,540

Directors' emoluments

	£000	£000
Aggregate emoluments	**2,102**	2,082
Highest paid director: aggregate emoluments	**833**	797

Details of individual Directors' emoluments and pension contributions can be found in Note 6 to the consolidated accounts.

D Dividends

	2020 Pence/share	2019 Pence/share
Interim (related to the year ended 30 September 2020)	**—**	3.83
Final (related to the year ended 30 September 2019)	**7.67**	6.67
Total dividend paid	**7.67**	10.50

	£000	£000
Interim (related to the year ended 30 September 2020)	**—**	2,885
Final (related to the year ended 30 September 2019)	**5,778**	5,020
Total dividend paid	**5,778**	7,905

Dividends are recorded only when authorised and are shown as a movement in equity rather than as a charge in the income statement. The Directors are proposing that a final dividend of 8.33p per Ordinary Share be paid in respect of the year ended 30 September 2020. This will be accounted for in the 2020/21 financial year.

E Tangible fixed assets

	Freehold land and buildings £000	Plant, vehicles & equipment £000	Total £000
Cost:			
At 1 October 2019	701	307	1,008
Additions	—	13	13
At 30 September 2020	**701**	**320**	**1,021**
Depreciation:			
At 1 October 2019	106	121	227
Charge for year	10	58	68
At 30 September 2020	**116**	**179**	**295**
Net book value:			
At 30 September 2020	**585**	**141**	**726**
At 30 September 2019	595	186	781

F Investments

	Subsidiary undertakings £000
Shares at cost:	
At 1 October 2019	297,825
Additions	43,315
At 30 September 2020	**341,140**
Provisions:	
At 1 October 2019	133,500
Provided during the year	12,638
At 30 September 2020	**146,138**
Net book value:	
At 30 September 2020	**195,002**
At 30 September 2019	164,325

Details of subsidiary undertakings are included in Note S.

G Assets held for resale

	2020 £000	2019 £000
Property	**1,500**	1,500

This office property has been actively marketed but disposal has been delayed by current market conditions. The building is carried at net realisable value based on an annual independent third party valuation.

H Debtors due after one year

	2020 £000	2019 £000
Pension scheme asset (see Note R)	**27,337**	24,074
Due within one year:		
Trade debtors	**75**	35
Due from subsidiary undertakings	**44,254**	56,374
Corporation tax	**7,169**	3,123
Other debtors	**24**	49
Prepayments and accrued income	**3,705**	2,871
	55,227	62,452
	82,564	86,526

I Creditors: amounts falling due within one year

	2020 £000	2019 £000
Bank loans and overdraft (secured)	**105,819**	88,597
Trade creditors	**2,380**	2,678
Other taxation and social security	**804**	538
Due to subsidiary undertakings	**23,326**	20,937
Other creditors	**225**	157
Accruals and deferred income	**8,493**	8,448
	141,047	121,355

J Creditors falling due after more than one year

	2020 £000	2019 £000
Bank loans	**4,373**	13,123
Deferred tax	**8,939**	8,426
	13,312	21,549
Bank loans and overdraft repayable:		
Within one year	**105,819**	88,597
Within two to five years	**4,373**	13,123
	110,192	101,720

Under the terms of the Renew Holdings plc's group banking agreement, security has been granted over the Company's assets.

	£000	£000
Deferred tax liability:		
Defined benefit pension scheme	**9,568**	8,426
Future tax losses	**(359)**	—
Accelerated capital allowances	**(29)**	—
Other timing differences	**(241)**	—
	8,939	8,426

K Derivatives and other financial instruments

Currency exposures

The principal exposure of the Company to currency risk (i.e. exposure to gains or losses on foreign exchange which would be recognised in the profit and loss account) was in respect of an inter-company loan. At 30 September 2020, this loan was £230,000 (2019: £28,000).

Fair value of financial assets and liabilities

There are no material differences between fair value and the book value of the Company's financial assets and liabilities.

L Share capital

	2020 £000	2019 £000
Allotted, called up and fully paid:		
78,555,054 (2019: 75,329,224) Ordinary Shares of 10p each	**7,856**	7,533

The holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

On 30 January 2020 3,157,894 Ordinary Shares were issued pursuant to the acquisition of Carnell Group Holdings Ltd (formerly Agger Ltd). On 5 February 2020 67,936 Ordinary Shares were issued pursuant to the Group's Long-Term Incentive Plan.

Share options

Renew Holdings plc Long Term Incentive Plan

At the Annual General Meeting held on 25 January 2012 the shareholders approved the long term incentive plan ("LTIP") which succeeded the Renew Holdings plc 2004 Executive Share Option Scheme as the Directors believed that the LTIP was a more effective method of aligning executive and shareholder interests.

As at 30 September 2020, there were 864,696 options outstanding under the scheme. On 20 February 2020, options to subscribe for a further 299,570 Ordinary Shares were granted. During the year 67,936 options were exercised and 91,164 did not vest. No options lapsed during the year.

L Share capital continued

Share options continued

Renew Holdings plc Long Term Incentive Plan continued

The options are exercisable at a nominal cost or at the par value of an Ordinary Share three years after the date of grant subject to the achievement of certain performance criteria. Details of the options are given in the Directors' Remuneration Report. To the extent that there is a gain arising in respect of the approved options noted above, the option holder will forfeit LTIP options to the same value.

Vesting of one half of the options is dependant on absolute growth in the Company's Total Shareholder Return ('TSR'), and the other half is dependant on the Company's TSR performance as compared to the TSR achieved by other companies in a comparator group of companies selected by the Remuneration Committee. All TSR calculations are based on the average of the opening and closing share price over a 30 day period prior to the commencement and the end of the performance period.

The absolute TSR growth target requires the Company's TSR over the three year performance period to grow by more than 25%. For TSR growth between 25% and 100%, the half of the option which is subject to the absolute TSR growth target vests on a straight-line basis from nil vesting at 25% growth, to 100% vesting at 100% growth. There will be no vesting if TSR growth is 25% or less.

The comparator group TSR performance target measures the Company's TSR over the 3 year performance period against the TSR of a group of companies selected by the Remuneration Committee. If the Company's TSR performance falls below the median performance of the comparator group then the options lapse forthwith. If the Company is ranked within the top decile of the comparator group the options shall vest in full. If the Company's TSR performance is ranked between the median position and the top decile of the comparator group then the options shall vest on a straight line basis from nil, at or below the median position, to 100% at the top decile.

M Share based payments reserve

Renew Holdings plc Long Term Incentive Plan

Fair value has been independently measured by PricewaterhouseCoopers LLP using a Monte Carlo model methodology. The fair value determined at the grant date of the equity settled share based payments is expensed on a straight-line basis over the vesting period, based on the Board's estimate of shares that will eventually vest.

£(245,000) (2019: £(122,000) has been charged/(credited) to administrative expenses in accordance with FRS 102. There is no impact on net assets since an equivalent amount has been (credited)/debited to share based payments reserve. 67,936 options were exercised and 91,164 options did not vest during the year. The value per option represents the fair value of the options less the consideration payable.

The expected volatility has been calculated based on weekly historical volatility of the Company's share price over the three years prior to the date of grant. The risk free rate of return has been based on the yields available on three year UK government bonds as at the date of grant.

Options granted under the Renew Holdings plc Long Term Incentive Plan over the Company's Ordinary Shares at 30 September 2020 were as follows:

Date of grant	22 November 2017	3 December 2018	20 February 2020	Total
Awards outstanding at 30 September 2020				
– Directors and employees	246,000	319,126	299,570	864,696
Exercise price	10.0p	10.0p	10.0p	
Price at date of grant	428.75p	350.00p	548.00p	
Maximum option life	10 years	10 years	10 years	
Assumed option life for purposes of valuation	2.86 years	2.83 years	2.61 years	
Expected volatility	25%	28%	27%	
Risk free interest rate	0.52%	0.75%	0.46%	
Value per option	262.0p	226.0p	519.0p	

N Capital and leasing commitments

	Land and buildings £000	Other £000	Total 2020 £000	Total 2019 £000
Annual commitments under non-cancellable operating leases expiring in:				
Under one year	**222**	**22**	**244**	296
Two to five years	**429**	**6**	**435**	737
Five or more years	**178**	**—**	**178**	118
	829	**28**	**857**	1,151

During the year £268,000 (2019: £326,000) was recognised as an expense in the profit and loss account in respect of operating leases.

The Company had no capital commitments at 30 September 2020 (2019: £nil).

O Contingent liabilities

The Company has guaranteed performance bonds in respect of certain contracts and leasing arrangements in the normal course of business of its subsidiary undertakings.

Under the terms of the Group's banking agreement, security over the Company's assets has been granted to the Group's bankers.

The Company is a participant together with a number of subsidiary undertakings in the Group's banking arrangements, and as a result has risks associated with the financial status and performance of the other companies within the Group.

P Defined contribution pension scheme

The Company operates a defined contribution pension scheme with individual stakeholder pension plans for its employees.

The Company made contributions of £153,000 (2019: £188,000) into these plans during the year. There are also £12,000 (2019: £12,000) of accruals relating to these plans.

Q Related parties

The Company has a related party relationship with its key management personnel who are the Main Board Directors: P Scott, AP Liebenberg, SC Wyndham-Quin, DM Forbes, DA Brown, SD Dasani and SA Hazell, whose total compensation amounted to £2,102,000 (2019: £2,082,000) all of which was represented by short-term employment benefits including £362,000 (2019: £235,000) relating to share options exercised during the year. An analysis of this compensation is given in Note 6 of the consolidated accounts.

There were no other transactions with key management personnel in the year.

R Employee benefits: Retirement benefit obligations

Defined benefit pension schemes

The Company operates a defined benefit pension scheme, the Lovell Pension Scheme. The scheme has been closed to new members and to further benefits accrual for many years.

The Directors have discussed the assumptions used in determining the actuarial valuation set out below with independent pensions advisors and have determined that they are appropriate. The Lovell scheme's valuation at 30 September 2020 shows a surplus of £27,337,000 based on the assumptions set out below.

The Directors have determined that it is appropriate to recognise the surplus as, having reviewed the rules of the Lovell scheme, they are of the view that the employer has an unconditional right to that surplus.

The following disclosures required by FRS 102 have been based on the most recent actuarial valuation as at 30 September 2018 carried out by Lane Clark & Peacock LLP, Consulting Actuaries, using the following assumptions:

	As at 30 September 2020	As at 30 September 2019	As at 30 September 2018
Rate of increase in salaries	**4.0%**	4.0%	4.0%
LPI increases to pensions in payment	**4.2%**	3.5%	3.0%
Discount rate	**1.5%**	2.4%	3.7%
Inflation assumption (CPI)	**2.1%**	2.0%	2.0%
Inflation assumption (RPI)	**2.9%**	3.0%	3.0%
Increases in deferred pensions	**2.9%**	2.9%	2.9%

The mortality tables adopted for the valuation of the Lovell scheme are the 95% S2NA tables with future improvements in line with the Continuing Mortality Investigations 2019 model with long term improvement rates of 1.25% per annum for both males and females. The Directors believe that this analysis provides a more reliable estimate of the mortality characteristics of the scheme's membership. Under these assumptions, a 65 year old male pensioner is forecast to live for a further 22.5 years and the further life expectancy of a male aged 65 in 2040 is 23.8 years.

R Employee benefits: Retirement benefit obligations continued

Defined benefit pension schemes continued

The assets in the Lovell scheme were:

	Value as at 30 September 2020 £000	Current allocation	Value as at 30 September 2019 £000	Current allocation	Value as at 30 September 2018 £000	Current allocation
Annuities	**87,497**	**43%**	89,317	45%	85,850	51%
Diversified portfolio	**114,039**	**56%**	106,775	54%	81,202	48%
Cash	**2,149**	**1%**	666	1%	2,117	1%
Total	**203,685**	**100%**	196,758	100%	169,169	100%

During 2011 and 2016, the Trustees of the Lovell scheme, in consultation with the Directors, used scheme assets to purchase annuities which match certain pension liabilities in a transaction known as a "buy in". This asset provides protection against falls in gilt yields and risks in the performance of other asset classes.

Scheme Funding Level and Actuarial Valuation

The scheme actuary carried out the triennial valuation of the Lovell Pension Scheme as at 31 March 2018. The scheme showed a deficit of £0.3m compared to £12.1m when measured as at 31 March 2015. The Group has reached an agreement with the Trustees which commits the Group to paying annual contributions of £4,260,000 per annum until 31 July 2023 by which point the Scheme's buyout deficit is expected to be cleared. The next Triennial valuation is due on 31 March 2021.

For accounting purposes under FRS 102, actuaries use different assumptions than for the triennial valuation. The major difference relates to assumptions concerning the future return on assets of the scheme which includes a number of return seeking assets invested with BlackRock Asset Management. The key sensitivity for the valuation of the scheme under FRS 102 is the selection of the discount rate which is the major determinant in measuring scheme liabilities. A reduction of 0.1% in the discount rate would increase scheme liabilities by £2.0m. Sensitivity analysis has been performed on the other key assumptions, and a reasonably possible change is not considered likely to give rise to a materially different valuation to the surplus.

The scheme rules permit the return of any surplus funds to the Company on the winding up of the scheme.

	2020 £000	2019 £000	2018 £000	2017 £000	2016 £000
Actual return on scheme assets less interest on scheme assets	**7,325**	27,897	(1,138)	(14,565)	22,781
As a percentage of the assets at the end of the year	**3.6%**	14.2%	(0.7)%	(8.4)%	12.0%
Total amount recognised in the statement of comprehensive income	**(1,482)**	3,904	5,076	(2,506)	(12,348)
As a percentage of the obligations at the end of the year	**(0.8)%**	2.3%	3.4%	(1.5)%	(6.8)%

Post balance sheet events

a) On 26 November 2020, the Trustees of the Lovell Scheme, in consultation with the Directors, used scheme assets to purchase annuities which match certain pension liabilities in a transaction known as a "buy in" where the annuity policy remains an asset of the scheme. Following the conclusion of this buy-in all of the schemes liabilities are now matched with annuities which has removed the scheme's investment and funding risks. As a consequence there will be a reduction of the FRS 102 pension scheme asset in the Company's accounts for the year ended 30 September 2021.

   If the buy-in had occurred during the current financial year, the effect would have been to reduce the Debtors due after one year by £27,337,000, reverse the associated Deferred tax liability of £9,568,000 with a consequent £17,769,000 reduction in the Company's Profit and loss account reserve. In due course the main benefit of this transaction will be the cessation of further cash contributions to the scheme.

b) On 20 November 2020 the High Court handed down a further judgment in the Lloyds Bank case regarding equalising for guaranteed minimum pension benefits ("GMP's"). The judge found that pension schemes do have a liability to pay top-ups to members who transferred out in the past. We are working with the trustees of our pensions schemes, and our actuarial and legal advisers, to understand the extent to which the judgement crystallises additional liabilities for Renew's pension schemes. Subject to materiality, any adjustment necessary is expected to be recognised as an exceptional item in the 30 September 2021 accounts. At the current time we are unable to estimate the amount of this potential additional liability and we will be working with the trustees of the scheme to assess the extent to which former members of the scheme might be impacted.

R Employee benefits: Retirement benefit obligations continued

The following amounts at 30 September were measured in accordance with the requirements of FRS 102.

	2020 £000	2019 £000
Movements in scheme assets and obligations		
Total fair value of scheme assets brought forward	**196,758**	169,169
Interest on scheme assets	**3,703**	4,832
Employer contributions	**4,313**	4,310
Benefits paid	**(8,401)**	(9,449)
Running costs	**(13)**	(1)
Actual return on scheme assets less interest on scheme assets	**7,325**	27,897
Total fair value of scheme assets carried forward	**203,685**	196,758
Present value of scheme obligations brought forward	**172,685**	149,834
Interest on scheme obligations	**3,201**	4,262
Current and past service costs	**56**	45
Past service costs and settlements	**—**	4,000
Benefits paid	**(8,401)**	(9,449)
Actuarial movement due to experience on benefit obligation	**(596)**	(310)
Actuarial movement due to changes in financial assumptions	**8,388**	25,776
Actuarial movement due to changes in demographic assumptions	**1,015**	(1,473)
Total fair value of scheme obligations carried forward	**176,348**	172,685
Surplus in the scheme	**27,337**	24,073
Deferred tax	**(9,568)**	(8,426)
Net surplus	**17,769**	15,647
Amount charged to operating profit:		
Current and past service costs	**(56)**	(45)
Running costs	**(13)**	(1)
	(69)	(46)
Amount credited to other financial income:		
Interest on scheme assets	**3,703**	4,832
Interest on scheme obligations	**(3,201)**	(4,262)
Net pension interest	**502**	570
Amounts recognised in the statement of comprehensive income:		
Actual return on scheme assets less interest on scheme assets	**7,325**	27,897
Actuarial movement due to changes in assumptions on scheme obligations	**(8,807)**	(23,993)
Actuarial movement	**(1,482)**	3,904
Movement in the net scheme surplus during the year:		
Net scheme surplus brought forward	**24,073**	19,335
Current and past service costs	**(56)**	(45)
Running costs	**(13)**	(1)
Employer contributions	**4,313**	4,310
Past service costs and settlements	**—**	(4,000)
Net pension interest	**502**	570
Actuarial movement	**(1,482)**	3,904
Net scheme surplus carried forward	**27,337**	24,073

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The impact of additional liabilities amounted to £Nil (2019: £4,000,000) for the Lovell Pension Scheme and is disclosed in the comparatives as past service costs and settlements.

R Employee benefits: Retirement benefit obligations continued

On 20 November 2020 the High Court handed down a further judgment in the Lloyds Bank case regarding equalising for guaranteed minimum pension benefits ("GMP's"). The judge found that pension schemes do have a liability to pay top-ups to members who transferred out in the past. We are working with the trustees of our pensions schemes, and our actuarial and legal advisers, to understand the extent to which the judgement crystallises additional liabilities for Renew's pension schemes. Subject to materiality, any adjustment necessary is expected to be recognised as an exceptional item in the 30 September 2021 accounts. At the current time we are unable to estimate the amount of this potential additional liability and we will be working with the trustees of the scheme to assess the extent to which former members of the scheme might be impacted.

S Subsidiary undertakings

Renew Holdings plc acts as the holding company of the Group. The principal activity of the Group during the year was as contractors in Engineering Services and Specialist Building. The subsidiary undertakings and joint ventures are listed below.

Subsidiary undertakings and joint ventures		Incorporation & principal place of business	Proportion of Ordinary Shares held by the Company
Amco Group Holdings Ltd	Owned by Renew Holdings plc	England and Wales	100%
Britannia Group Ltd	Owned by Renew Holdings plc	England and Wales	100%
Carnell Group Holdings Ltd	Owned by Renew Holdings plc	England and Wales	100%
Clarke Telecom Ltd	Owned by Renew Holdings plc	England and Wales	100%
Inhoco 3520 Ltd	Owned by Renew Holdings plc	England and Wales	100%
Lewis Civil Engineering Ltd	Owned by Renew Holdings plc	England and Wales	100%
QTS Group Ltd	Owned by Renew Holdings plc	England and Wales	100%
Renew Corporate Director Ltd	Owned by Renew Holdings plc	England and Wales	100%
Renew Fleet Management Ltd	Owned by Renew Holdings plc	England and Wales	100%
Renew Group Ltd	Owned by Renew Holdings plc	England and Wales	100%
Renew Ltd	Owned by Renew Holdings plc	England and Wales	100%
Renew Nominees Ltd	Owned by Renew Holdings plc	England and Wales	100%
Renew Pension Trustee Company Ltd	Owned by Renew Holdings plc	England and Wales	100%
Renew Property Developments Ltd	Owned by Renew Holdings plc	England and Wales	100%
Seymour (C.E.C.) Holdings Ltd	Owned by Renew Holdings plc	England and Wales	100%
Shepley Engineers Ltd	Owned by Renew Holdings plc	England and Wales	100%
V.H.E. Construction PLC	Owned by Renew Holdings plc	England and Wales	100%
YJL Homes Ltd	Owned by Renew Holdings plc	England and Wales	100%
VHE Land Projects Ltd	Owned by Renew Holdings plc	England and Wales	100%
YJL Ltd	Owned by Renew Holdings plc	England and Wales	100%
YJL Pension Trustee Company Ltd	Owned by Renew Holdings plc	England and Wales	100%
Amalgamated Construction (Scotland) Ltd	Owned by subsidiary	Scotland	100%
Amalgamated Construction Ltd	Owned by subsidiary	England and Wales	100%
Amco Engineering Ltd	Owned by subsidiary	England and Wales	100%
Amco Group Ltd	Owned by subsidiary	England and Wales	100%
Amco Giffen Ltd (formerly Amco Group Trustees Ltd)	Owned by subsidiary	England and Wales	100%
Amco Rail Engineering Ltd	Owned by subsidiary	England and Wales	100%
Amco Rail Ltd	Owned by subsidiary	England and Wales	100%

S Subsidiary undertakings continued

Subsidiary undertakings and joint ventures		Incorporation & principal place of business	Proportion of Ordinary Shares held by the Company
Britannia Construction Ltd	Owned by subsidiary	England and Wales	100%
Carnell Support Services Ltd	Owned by subsidiary	England and Wales	100%
Clarke EV Ltd	Owned by subsidiary	England and Wales	100%
David Lewis Civil Engineering Ltd	Owned by subsidiary	England and Wales	100%
Geodur UK Ltd	Owned by subsidiary	England and Wales	100%
Giffen Holdings Ltd	Owned by subsidiary	England and Wales	100%
Giffen Group Ltd	Owned by subsidiary	England and Wales	100%
'Hire One' Ltd	Owned by subsidiary	England and Wales	100%
Knex Pipelines & Cables Ltd	Owned by subsidiary	England and Wales	100%
Mothersill Engineering Ltd	Owned by subsidiary	England and Wales	100%
Nuclear Decontamination Services Ltd	Owned by subsidiary	England and Wales	100%
Pine Plant Ltd	Owned by subsidiary	England and Wales	100%
P.P.S. Electrical Ltd	Owned by subsidiary	England and Wales	100%
QTS Rail Ltd	Owned by subsidiary	England and Wales	100%
QTS Specialist Plant Services Ltd	Owned by subsidiary	England and Wales	100%
QTS Training Ltd	Owned by subsidiary	England and Wales	100%
Renew Civil Engineering Ltd	Owned by subsidiary	England and Wales	100%
Renew Construction Ltd	Owned by subsidiary	England and Wales	100%
Renew Specialist Services Ltd	Owned by subsidiary	England and Wales	100%
Seymour (Civil Engineering Contractors) Ltd	Owned by subsidiary	England and Wales	100%
VHE (Civil Engineering) Ltd	Owned by subsidiary	England and Wales	100%
VHE Equipment Services Ltd	Owned by subsidiary	England and Wales	100%
VHE Technology Ltd	Owned by subsidiary	England and Wales	100%
Walter Lilly & Co Ltd	Owned by subsidiary	England and Wales	100%
West Cumberland Engineering Ltd	Owned by subsidiary	England and Wales	100%
YJL Construction Ltd	Owned by subsidiary	England and Wales	100%
YJL Infrastructure Ltd	Owned by subsidiary	England and Wales	100%
YJL London Ltd	Owned by subsidiary	England and Wales	100%
Switchgear & Substation Alliance Ltd	Owned by subsidiary	England and Wales	33.3%
Inject-O-Matic Guarantee Ltd	Owned by subsidiary	England and Wales	28.9%

The registered office of Amalgamated Construction (Scotland) Ltd is 5 Carradale Crescent, Glasgow, G68 9LE.

The registered office of Switchgear & Substation Alliance Ltd is Hamilton Office Park, 31 High View Close, Leicester, LE4 9LJ.

The registered office of QTS Group Ltd and its subsidiaries is Rench Farm, Drumclog, Strathaven, Lanarkshire, ML10 6QJ.

The registered office of all other subsidiary undertakings is 3175 Century Way, Thorpe Park, Leeds, LS15 8ZB.

Directors

D M Forbes	(Non-executive Chairman)
P Scott	(Chief Executive Officer)
S C Wyndham-Quin	(Chief Financial Officer)
S D Dasani	(Independent non-executive)
D A Brown	(Independent non-executive)
S A Hazell	(Independent non-executive)
A P Liebenberg	(Executive Director)

Registrars
Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Auditor
KPMG LLP
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

Financial PR
FTI Consulting
200 Aldersgate
Aldersgate Street
London
EC1A 4HD

Nominated advisor and broker
Numis Securities Limited
London Stock Exchange Building
10 Paternoster Square
London
EC4M 7LT

Company Secretary
S Wyndham-Quin

Company number
650447

Registered address
3175 Century Way
Thorpe Park
Leeds
LS15 8ZB

Website address
www.renewholdings.com

SHAREHOLDER INFORMATION

Annual General Meeting	27 January 2021
Results	Announcement of interim results – May 2021
	Preliminary announcement of full year results – November 2021

Signal Shares
Signal Shares is a secure online site where you can manage your shareholding quickly and easily. To register for Signal Shares just visit www.signalshares.com.

Dividend Re-investment Plan
Link's Dividend Re-investment Plan offers a convenient way for shareholders to build up their shareholding by using dividend money to purchase additional shares. For more information please call +44 (0)371 664 0381 (Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate). Lines are open between 09:00 - 17:30, Monday to Friday excluding public holidays in England and Wales. Alternatively, you can email shares@linkgroup.co.uk or log on to www.signalshares.com.

Donate your shares to charity
If you have only a small number of shares which are uneconomical to sell you may wish to donate them to charity free of charge through ShareGift (Registered Charity 1052686). Find out more at www.sharegift.org or by telephoning 020 7930 3737.

Share fraud warning
Share fraud includes scams where investors are called out of the blue and offered shares that often turn out to be worthless or non-existent, or an inflated price for shares they own. These calls typically come from fraudsters operating in "boiler rooms" that are mostly based abroad. If you are offered unsolicited investment advice you should:

- Check the Financial Services Register at www.fca.org.uk to ensure they are authorised.
- Call the FCA Consumer Helpline on 0800 111 6768 or use the share fraud reporting form at www.fca.org.uk/scams.

If you use an unauthorised firm you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme ("FSCS").

Link's customer support centre
By phone +44 (0)371 664 0300 (calls are charged at the standard geographical rate and will vary by provider). Calls outside the United Kingdom will be charged at the applicable international rate). Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales. By email Shareholderenquiries@linkgroup.co.uk.

Engineering Services

AmcoGiffen
Whaley Road
Barugh
Barnsley
South Yorkshire
S75 1HT
Tel: 01226 243 413

Clarke Telecom
Unit E
Madison Place
Northampton Road
Manchester
M40 5AG
Tel: 0161 785 4500

Lewis Civil Engineering
Mwyndy Cross Industries
Cardiff Road
Pontyclun
Rhondda Cynon Taff
CF72 8PN
Tel: 01443 449 200

QTS
Rench Farm
Drumclog
Strathaven
South Lanarkshire
ML10 6QJ
Tel: 01357 440 222

Seymour Civil Engineering
Seymour House
Harbour Walk
Hartlepool
TS24 0UX
Tel: 01429 233 521

Shepley Engineers
Robinson House
Westlakes Science Park
Moor Row
Cumbria
CA24 3HY
Tel: 01946 599 022

VHE
Whaley Road
Barugh
Barnsley
South Yorkshire
S75 1HT
Tel: 01226 320 150

Carnell
Gothic House
Market Place
Penkridge
Staffordshire
ST19 5DJ
Tel: 01785 715 472

Specialist Building

Walter Lilly
Knollys House
17 Addiscombe Road
Croydon
Surrey
CR0 6SR
Tel: 020 8730 6200

Renew Holdings plc
3175 Century Way
Thorpe Park
Leeds
LS15 8ZB
tel: 0113 281 4200
fax: 0113 281 4210
web: www.renewholdings.com

Company Number: 650447
Registered in England & Wales