Working together

Engineering Infrastructure for a sustainable future

Renew Holdings plc Annual Report and Accounts 2021

Highlights

Group revenue[1]

£791.0m

2020: £620.4m

2021	791.0
2020	620.4
2019	600.6

Full year dividend per share

16.00p

2020: 8.33p

2021	16.00
2020	8.33
2019	11.50

A strong set of results

Our differentiated and resilient business model has delivered strong results.

Adjusted operating profit[1]

£51.2m

2020: £39.6m

2021	51.2
2020	39.6
2019	38.3

Adjusted operating margin[1]

6.5%

2020: 6.4%

2021	6.5
2020	6.4
2019	6.4

Expansion in the water market

We have expanded in the water market with the acquisition of J Browne.

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 online at www.renewholdings.com

Strategic report

Governance

Financial statements

Working together

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.

Delivering essential infrastructure services

We operate on some of the country's most challenging infrastructure networks directly delivering day-to-day engineering support services.

Engineering Services

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 civil asset management, fencing, devegetation, drainage and electrification services.

Infrastructure
We deliver specialist engineering services across the strategic highways network predominantly to National Highways 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 to UK 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.

Employees

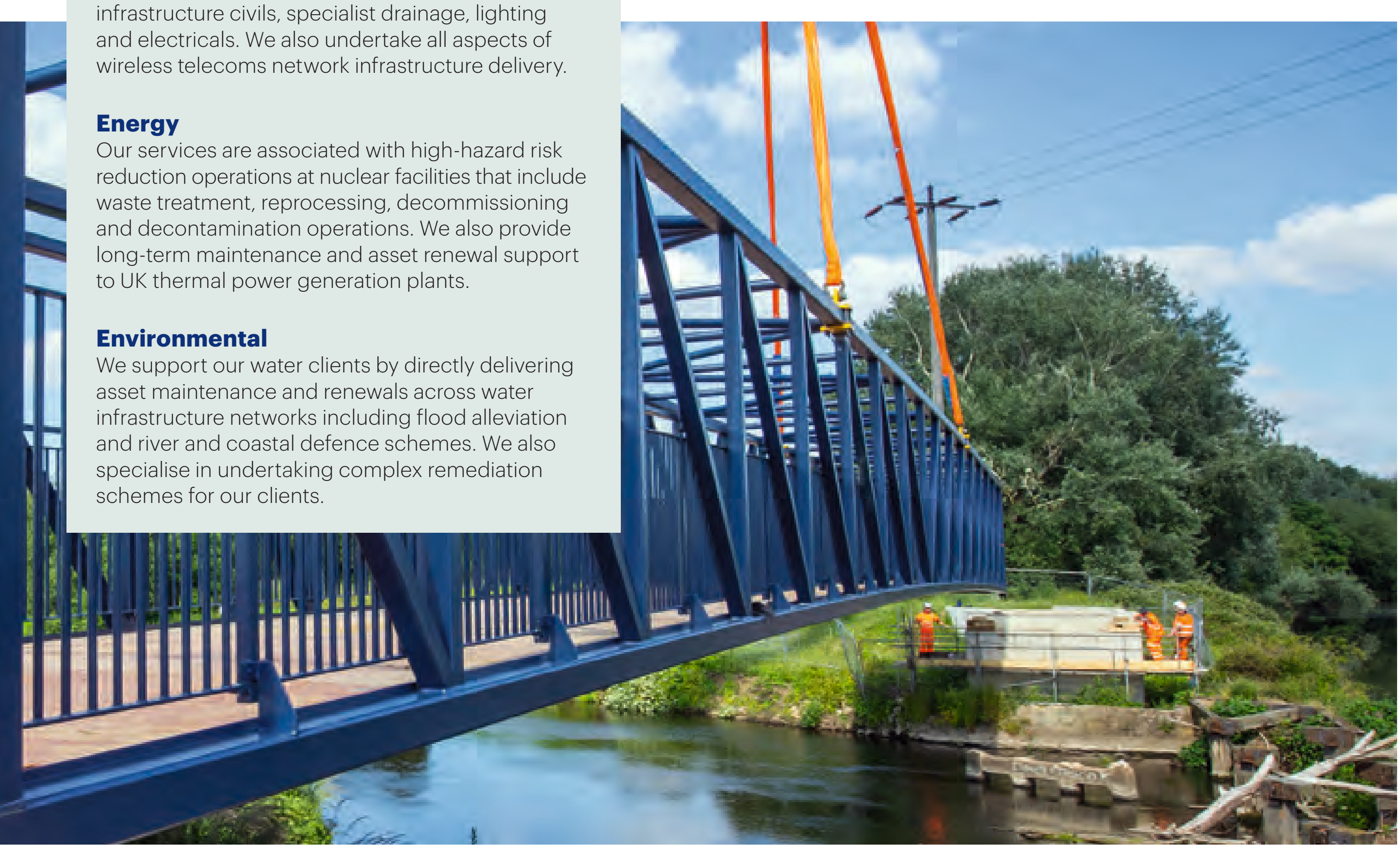
3,696

2020: 3,338

Order book

£749m

2020: £692m



Working together

Acquisition

J Browne

J Browne is a water-focused engineering services business based in London and operating throughout the South of England.

J Browne delivers multidisciplinary infrastructure services through a number of long-standing framework agreements, across all disciplines in the water sector.

The acquisition represents an excellent strategic fit, adding material scale to Renew's water business and bringing new water clients into the Group including Thames Water, Southern Water, Affinity Water and South East Water.

Employees

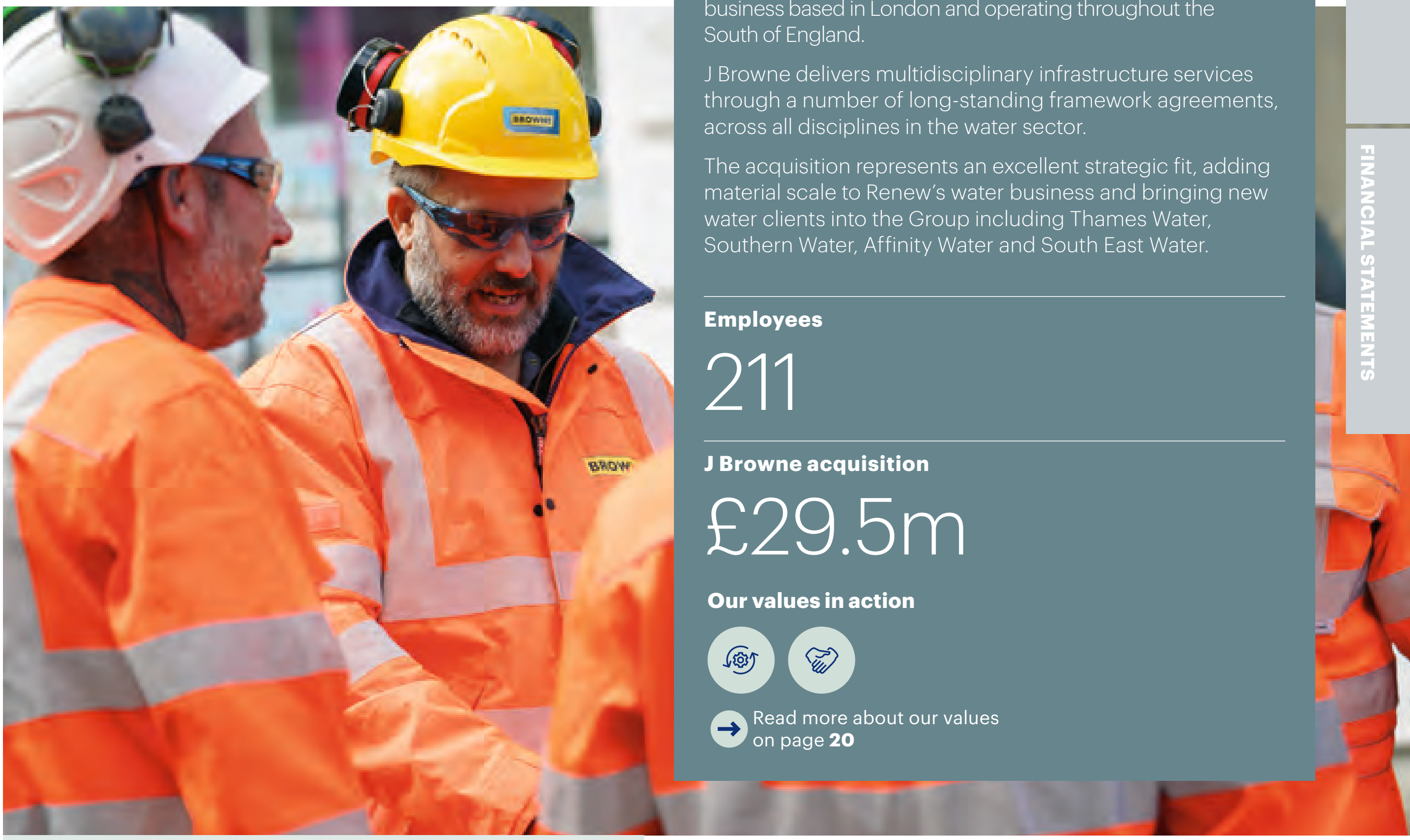
211

J Browne acquisition

£29.5m

Our values in action

Read more about our values on page **20**



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.

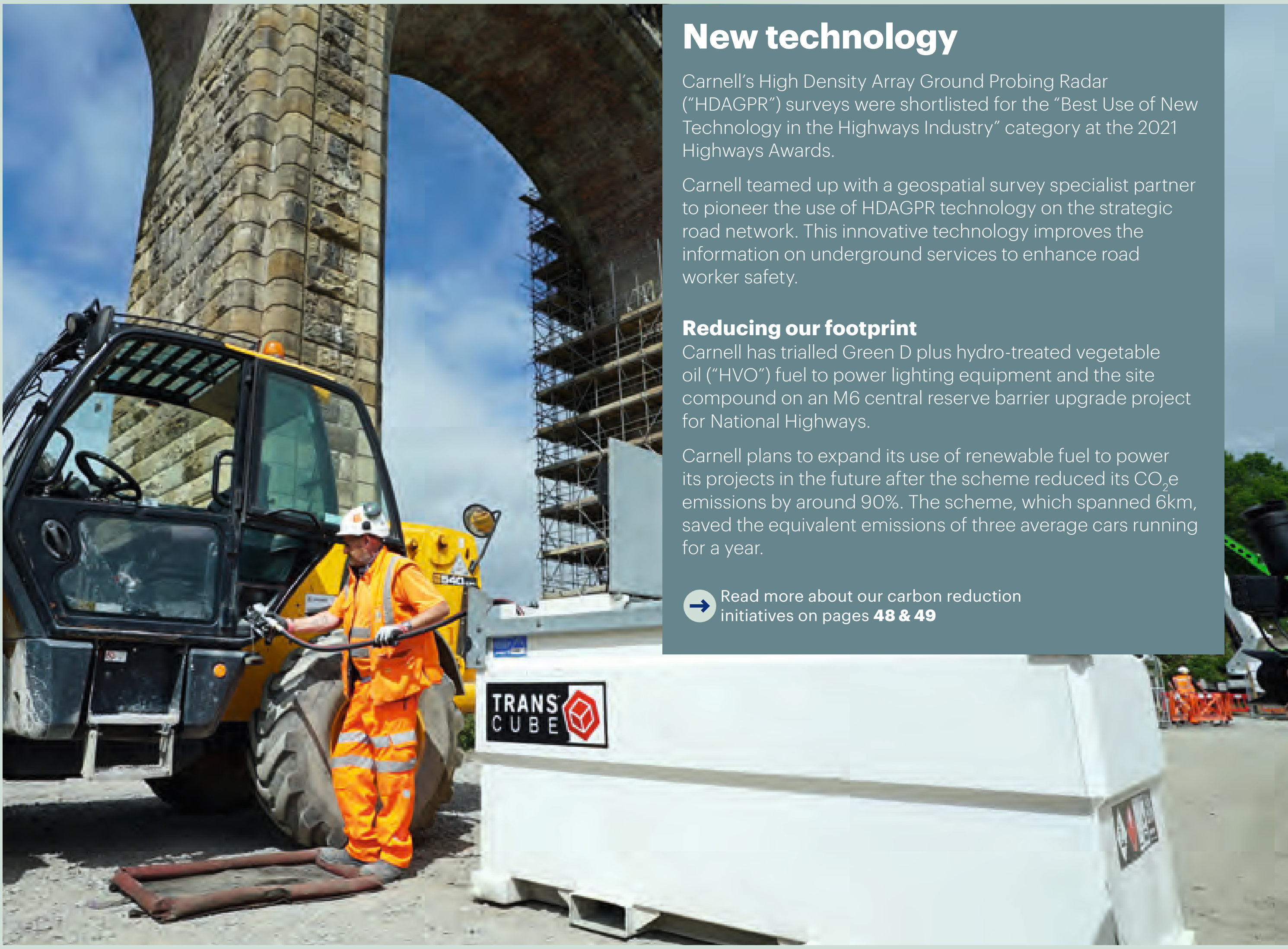
Read more about our business model on pages **20 & 21**

Read more about our operations on pages **30–38**

Our subsidiaries

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

Using technology to reduce our carbon footprint



New technology

Carnell's High Density Array Ground Probing Radar ("HDAGPR") surveys were shortlisted for the "Best Use of New Technology in the Highways Industry" category at the 2021 Highways Awards.

Carnell teamed up with a geospatial survey specialist partner to pioneer the use of HDAGPR technology on the strategic road network. This innovative technology improves the information on underground services to enhance road worker safety.

Reducing our footprint

Carnell has trialled Green D plus hydro-treated vegetable oil ("HVO") fuel to power lighting equipment and the site compound on an M6 central reserve barrier upgrade project for National Highways.

Carnell plans to expand its use of renewable fuel to power its projects in the future after the scheme reduced its CO_2e emissions by around 90%. The scheme, which spanned 6km, saved the equivalent emissions of three average cars running for a year.

Read more about our carbon reduction initiatives on pages **48 & 49**

Working together

Innovation at work

AmcoGiffen has developed a bespoke attachment to assist with its rail tunnel cleaning operations. The self-contained system incorporates an industrial vacuum to collect detritus for safe disposal, removing potentially harmful contaminants before our people enter the work site.

The technology protects the environment and ensures our employees are able to work safely as well as reducing costs and protecting the environment.

Cutting emissions

At Birkenhead Park Station, as part of a wider "Access for All" programme being undertaken by Merseyrail, AmcoGiffen has introduced a Solartainer. Solar panels generate electricity to power batteries with the aid of a HVO-fuelled generator. The generator turns off when there is sufficient power to run the site. A significant reduction in fuel consumption was achieved by running mainly on solar power. The use of this technology reduces carbon emissions, improves air quality and reduces noise pollution for our neighbours.

Measuring our carbon reduction initiatives

At the end of 2020 we introduced a number of targets across the Group aimed at measuring our progress in reducing our carbon footprint.

During the year, our subsidiary businesses have been required to work towards carbon reduction initiatives including moving to an 80% low carbon commercial fleet by 2030 and developing a programme to install electric vehicle charging points at all the Group's main office locations by the end of 2021.

As a Group, we are committed to ensuring all electricity used is derived from 100% renewable tariffs by 2022.

Read more about how we are reducing our carbon emissions on pages **48 & 49**

Our values in action

Read more about our values on page **20**

Building relationships with local communities

Working together

Working with the local community

Supporting the communities in which we operate is vital to maintaining positive relationships and ensuring the successful delivery of our work. Our businesses engage with, and support, those communities in which they work, playing their part in creating a better society.

During the year our employees undertook "volunteering days" alongside fundraising activities for a range of charities.

Schools

Dedicated to bridging the skills gap and raising awareness of engineering as a career, our businesses participated in numerous school-based activities and training days during the year including interactive employability panels, workshops and various engagement events.

During the year a team from QTS worked with Farsley Farfield Primary School in Leeds to transform its outdoor space into a haven for children with social, emotional or mental health needs.

Customer facing

Our customer liaison and planning teams ensure that stakeholder management plans are delivered effectively through timely, proactive communication with all stakeholders.

The teams endeavour to improve the levels of customer satisfaction in the course of their work. In our highways business, we employ a "Think Customer" culture and support the Institute of Customer Service's "Service With Respect" campaign.

Read more about how we engage with our customers on pages **46 & 47**

Teamwork

Leaving a legacy

Whilst carrying out work to replace the lock gates on the Crinan Canal on behalf of Scottish Canals, the team at AmcoGiffen recently installed a defibrillator for the community on behalf of the Community Heartbeat Trust.

The defibrillator was installed at Cairnbaan in Argyll and Bute on the West Coast of Scotland and was arranged by local residents in conjunction with the charity. The defibrillator gives a high-energy electric shock to the heart of a person in cardiac arrest.

The defibrillator has been fitted in an old unused phone box making it even more special and it is now fully operational for the community to use.

Our values in action

Read more about our values on page **20**

Acting responsibly to deliver sustainable value

Internal controls

The Directors have overall responsibility for the Group's system of internal control and for reviewing and monitoring its effectiveness. 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.

The Group undertakes an annual strategic planning and budgeting process to review all aspects of the business. The Strategic Plan and budget are considered, challenged and approved by the Board.

Succession planning

Continuity of leadership is recognised as a critical factor in the sustainability of the business. The Board carries out an annual review of succession planning at both Board and subsidiary business management level as part of its strategic planning and budgeting process.

Read more about how we manage risk on pages **56–59**

Working together

Site visits

Our safety, health, environmental and quality advisory team undertook 2,477 site visits during the year. Site management from across the Group undertook a further 2,424 visits.

Our responsibility on site

Our site teams understand the importance of ensuring they carry out their operations responsibly considering all our stakeholders. We seek to leave a lasting positive legacy from our work. Engagement with communities, schools and local people is a feature of the work we undertake.

After Covid-19

We continue to review our Covid-19 procedures to ensure we are following Government guidance on how to operate safely. Strictly enforcing these precautionary measures means our employees can carry on supporting critical UK infrastructure networks with confidence.

Site visits

4,901

2020: 4,362

Read more about our health and safety on page **50**

Safety is our priority

The Board continues to place safety at the top of its agenda and reviews the Group's safety performance monthly. The Group's Accident Frequency Rate during the year was 0.14. For FY22, the Group will move to a Lost Time Incident Frequency Rate measure which provides a more detailed view of safety performance in our business.

The Group's Safety, Heath, Environmental and Quality ("SHEQ") Director oversees health and safety across our business, supported by a team of safety advisors based within the individual subsidiary businesses.

Sharing knowledge and best practice is key to improving our safety performance and the Group hosts safety events throughout the year supported by external advisors as necessary on topics which relate to the Group's safety focus areas.

Read more about our health and safety on page **50**

Our values in action

Read more about our values on page **20**

Delivering long-term value

Differentiated low-risk business model

Our subsidiary businesses operate across a diversified range of markets.

We undertake critical asset maintenance and renewals services that are not dependent on large, capital-heavy contract awards, providing a lower risk profile.

Our strategic areas of focus

5

Read more about our strategy on pages **26 & 27**

High-quality value-accretive compounder

We have a proven history of shareholder value creation through consistent execution of our strategy to deliver reliable capital growth.

We have a track record of organic growth and M&A in high-margin, high-growth end markets, twinned with strong cash generation and shareholder returns.

Adjusted EPS[1]

50.51p

Read more about our operations on pages **30–38**

Exposure to attractive long-term, non-discretionary structural growth drivers

We operate in markets underpinned by resilient, long-term growth dynamics and committed regulatory spending periods, with maintenance and renewals expenditure continuing to increase.

We deliver the day-to-day renewal and maintenance tasks required to keep critical networks operational.

Frameworks in regulated markets

200+

Read more about our KPIs on pages **28 & 29**

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.

Working together

ARQ delivering decarbonisation

ARQ is a collaboration of Renew subsidiaries AmcoGiffen, REL and QTS and provides an integrated, self-delivery model for the UK rail network. Individually the businesses have been enabling electrification programmes across the UK for several years. Combining their respective strengths will help us to collectively support essential UK infrastructure while gaining a key competitive edge.

Decarbonisation is a huge challenge over the next 30 years. To decarbonise the UK rail network completely, 13,000 single track km (approximately 450km per year) will need to be electrified by 2050 to achieve net zero.

By forming ARQ, we will be well positioned to help to meet the ambitious electrification and decarbonisation targets set by the Government and Network Rail.

Our values in action

Read more about our values on page **20**

Market-leading position, expertise and capabilities

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 specialist skills enabling us to provide a more efficient and valuable service to our clients.

Highly skilled workforce

3,696

Read more about employee engagement on page **23**

Ideally poised to benefit from green infrastructure investment

Our purpose-led ESG approach enables us to add value to our customers through investment in innovation and technology, assisting in the delivery of the UK's net-zero carbon target by 2050.

Company car schemes with electric/hybrid option

100%

Read more about our carbon reduction on pages **48 & 49**

Strong 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 capital allocation and risk.

Adjusted EPS[1] growth over last 5 years

84%

Read more about our risk management on pages **56–59**

We have a proven history of shareholder value creation through consistent execution of our strategy to deliver reliable capital growth.

Continued strong performance

David M Forbes
Chairman

We expanded our presence in the water market with the acquisition of Browne, a company that delivers specialist engineering services across the water infrastructure network.

Dear Shareholder

Introduction

The Group is pleased to announce a record financial performance, with continued growth in revenue and profit and strong operating cash generation, which reflects the core strengths of the Group and our well-established positions in attractive and sustainable growth markets as well as the resilience of Renew's business model.

In addition to good organic growth, the Group continued to make strategic progress during the year, expanding our presence in the water market with the acquisition of Browne, a respected provider of specialist engineering services across the water infrastructure network. We also acquired REL, a specialist provider of rail overhead line electrification, in order to support the Government's rail decarbonisation programme.

Differentiated business model

Our differentiated business model and the services we provide continue to support key infrastructure assets in regulated markets. Our markets enjoy committed funding which provides visible, reliable and resilient revenues via long-term 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.

Results

Group revenue[1] increased to £791.0m (2020: £620.4m) with adjusted operating profit[1] increasing to £51.2m (2020: £39.6m) and an adjusted[1] operating margin of 6.5% (2020: 6.4%). Statutory operating profit was £41.1m (2020: £32.9m). The adjusted EPS[1] was 50.51p (2020: 41.22p) and basic earnings per share was 38.73p (2020: 26.78p). The Group had a net debt[1] position of £13.7m (2020: net cash £0.3m), in line with our expectations.

Dividend

The Group's strong trading performance, cash position and positive outlook give the Board the confidence to propose a final dividend of 11.17p (2020: 8.33p) per share, an increase of 34 per cent. This will be paid on 4 March 2022 to shareholders on the register as at 28 January 2022, with an ex-dividend date of 27 January 2022. This will represent a full year dividend of 16.0p (2020: 8.33p) per share.

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.

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.

Safety

Our priority remains to ensure both the safety of our workforce and continued delivery of essential renewal and maintenance operations. The Group's culture of robust governance, risk management and a focus on health and safety has together provided a strong platform from which we have been able to continue to operate over the last twelve months whilst delivering uninterrupted services for our customers.

ESG

Environmental

We understand the role we must play as a business in taking action to address the emissions we produce. We are committed to achieving net zero by no later than 2040, ahead of the 2050 target date set by the government.

We are pleased to maintain our London Stock Exchange's Green Economy Mark which recognises those companies that derive more than 50 per cent of revenue from products and services that are contributing to environmental objectives. Renew plays an important role in helping to achieve government aims for greater sustainable infrastructure.

Social

As a business we strive to leave a lasting positive impact in the work we undertake. During the year our businesses have engaged with local schools and education providers, supported their local communities and undertook a range of charity events.

Governance

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 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.

Further details of the Group's ESG progress and strategy are set out on pages 44 to 55.

Board changes

At the same time as our annual results, we announced the appointment of Louise Hardy as a Non-executive Director. Louise will augment the breadth of skills and experience on the Board as the Group continues to grow. Further details of Louise's experience are included in that announcement and in the Directors' report on pages 85 to 87.

Having served on the Board for just over ten years and in accordance with best practice, I have decided that it is time to step down as Chairman and from the Board. I have worked with my fellow Directors to identify the skills and experience required of a prospective Chairman and the Board has undertaken an exercise to find my replacement. That exercise is largely complete and the Board remains confident that this process will conclude in the new year and that a strong candidate will be appointed.

At the request of the Board, I have agreed to remain as Chairman until that appointment is finalised which I expect to be no later than spring 2022, at which point I will step down from the Board.

In accordance with the Group's normal rules, a resolution approving my re-election as a Director will be put to shareholders at the forthcoming Annual General Meeting. On the basis that this is only for a short transitional period, I hope that the shareholders will vote in favour of these arrangements.

I have been fortunate to serve on this Board during a time of substantial growth in profitability and shareholder value. In most part this has been down to an exceptional, focused and diligent management team, past and present, who have implemented sound strategic thinking aimed at looking after the interests of all stakeholders including employees, shareholders, creditors and pensioners. I am proud of what has been achieved over my time with the Group.

Future focus

The Group is supported in the delivery of its long-term strategy through effective relationships with our directly employed workforce, customers, suppliers, shareholders, and wider stakeholders and these are critical to the continued success of the business. Building on our track record of consistently creating shareholder value we will continue to deliver our strategic priorities whilst focusing on our environmental, social and governance responsibilities. Our approach to equality, diversity and inclusion will also be a focus area as we move through 2022 and beyond.

The Board expects to continue to deliver growth, both organic and through strategic earnings-enhancing acquisitions. We remain focused on markets with high barriers to entry and 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
9 December 2021

Working together

Communicating with our stakeholders

Our subsidiary businesses undertook a range of client satisfaction surveys during the year. Improving our understanding of our clients helps ensure we remain closely aligned with their requirements and future ambitions.

Read more about our stakeholder engagement on pages **22–25**

Building on positive momentum

Paul Scott
Chief Executive

The Group's impressive outperformance over the year reflects the underlying qualities and differentiated nature of our high-quality, low-risk business model, combined with the strong demand we have seen in our end markets as the UK's infrastructure-led economic recovery gathers pace.

Dear Shareholder

Introduction

The Group's impressive outperformance over the year reflects the underlying qualities and differentiated nature of our high-quality, low-risk business model combined with the strong demand we have seen in our chosen end markets as the UK's infrastructure-led economic recovery gathers pace.

At Renew, we are committed to delivering engineering infrastructure solutions for a sustainable future. We perform a critical role in keeping the nation's infrastructure functioning efficiently and safely as a leading provider of essential maintenance and renewals-led engineering services, operating in regulated markets including rail, highways, mobile telecommunications, civil nuclear, water and environmental.

As part of the UK Government's pledge to level up the economy and reach net-zero carbon emissions by 2050, it has committed to a record £650bn[2] investment in transforming the UK's infrastructure and we are already benefiting from an increased focus on maintaining and renewing assets as part of this shift. Renew has a vital role to play in supporting the green and sustainable infrastructure of the future and we have made good progress on our own sustainability targets this year.

Once again the Group demonstrated its resilience during the year, where two national lockdowns had no material impact on trading. This highlights Renew's ability to deliver consistently, thanks to our differentiated business model, the critical nature of our work and the committed, long-term, highly visible spending cycles that underpin our end markets.

We delivered a further improvement in organic growth, which, combined with our robust balance sheet and strong cash generation, gives us the firepower and flexibility to invest in selective value-accretive M&A opportunities. During the period, we acquired J Browne, a water-focused engineering services business based in London, which strengthens our exposure to the £51bn[3] water sector, bringing new clients into the Group, including Thames Water, Southern Water, Affinity Water and South East Water. Our wholly owned subsidiary, QTS Group Limited, acquired Rail Electrification Limited ("REL") which complements Renew's existing rail offering and enables the Group to support the Government's commitment to a net-zero rail network by 2050.

For references please see page 18.

Working together

Our core values

Our core values of compliant, reliable, responsive, considerate, sustainable, progressive and integrity are communicated across our business and underpin everything we do.

Read more about our core values on page **20**

As we reflect on another successful performance and look to the future with confidence, underpinned by our strong order book, I would like to place on record my gratitude, on behalf of the Board, to all our dedicated colleagues who made these results possible by delivering an uninterrupted, highly responsive service for clients at all times.

Renew's strengths

Renew has a number of core strengths which provide distinct competitive advantages in our chosen markets and leave us well placed to build on our strong track record of long-term value creation:

- The health, safety and wellbeing of our people remains our number one priority and we have implemented safe working practices for the Group's employees.
- We operate a differentiated, diversified, low-risk, low-capital operating model, providing critical asset maintenance and renewals services that are not dependent on large, high-risk, capital-intensive contract awards.
- Our directly employed workforce enables us to provide a more efficient and valuable service to our clients, reducing our exposure to sub-contractor pricing volatility and being able to deliver extremely responsive solutions.
- Our businesses are well established in complex, challenging and highly regulated markets with significant barriers to entry, which demand a highly skilled and experienced workforce and a proven track record of safe delivery.
- We work in markets underpinned by resilient, long-term growth dynamics and highly visible, reliable, committed regulatory spending periods, providing predictable cashflows.
- We have a proven track record of sustainable value creation, reliable revenue growth and strong returns on capital thanks to our highly cash generative earnings model and clearly defined strategy.
- We are committed to growing the business both organically and through selective complementary acquisitions while maintaining a disciplined approach to capital allocation and risk underpinned by a strong balance sheet.
- Our high-quality model of compounding earnings through the redeployment of internally generated cashflows enables us to execute on our strategy of delivering reliable and consistent growth for all our stakeholders.
- We have strong relationships in place with all our stakeholders, from our workforce to our customers, suppliers, communities and shareholders.

Compelling market drivers

Our businesses are exposed to attractive long-term, non-discretionary structural growth drivers. Increasing demand for the maintenance and renewal of existing UK infrastructure is driven by a number of factors including:

- a commitment by the Government to level up the economy by investing £650bn[2] in a green infrastructure-led recovery, two-thirds of which will be in the transport and energy sectors, with fiscal stimulus measures likely to flow through to lower cost infrastructure maintenance programmes ahead of larger, more capital-intensive enhancement schemes;
- greater focus on sustainability and climate change as part of the UK's target of reaching net-zero carbon emissions by 2050, together with flood risk prevention measures and investment in nuclear projects, renewables and electrification programmes;
- 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 to improve safety, efficiency and resilience of key infrastructure assets leading to more demanding maintenance, renewal and upgrading requirements.

Our track record of growth and long-term value creation

Renew has a strong track record of sustainable value creation through the economic cycle thanks to the Group's high-quality, value-accretive compounding earnings model. Over the past five years, we have delivered:

- adjusted[1] earnings per share growth of 84 per cent;
- an increase in our adjusted[1] operating margin from 4.2 per cent to 6.5 per cent;
- group revenue growth of 50 per cent; and
- five acquisitions supported by our strong free cash flow.

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

Chief Executive's review continued

Results overview

During the period, Group revenue increased to £791.0m (2020: £620.4m), with organic growth of 19% and the Group achieved an adjusted operating profit of £51.2m (2020: £39.6m). Adjusted operating profit margin was 6.5% (2020: 6.4%). As at 30 September 2021, the Group had pre-IFRS 16 net debt of £13.7m (30 September 2020: net cash £0.3m), reflecting the acquisition of J Browne and REL along with the Group's strong operating cash generation and conservative approach to gearing.

These results include contributions from both J Browne and REL, acquired in March 2021 and May 2021 respectively. Both businesses have performed in line with management expectations and are integrating well. Underpinned by long-term framework positions, the Group's order book at 30 September 2021 has strengthened to £749m (2020: £692m).

During the 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 has significantly de-risked the Group's balance sheet, further reduced its pension exposure risks and improves our cashflow in the medium term. Following the success of this transaction, the Group continues to investigate the opportunity of fully buying-in its liabilities with the Amco Scheme to further reduce the Group's pension exposure in line with our strategy.

Dividend

The Group's strong trading performance, cash position and positive outlook gives the Board the confidence to propose a final dividend of 11.17p per share, an increase of 34 per cent over the prior year final dividend of 8.33p. This will be paid on 4 March 2022 to shareholders on the register as at 28 January 2022, with an ex-dividend date of 27 January 2022. This will represent a full year dividend of 16p (2020: 8.33p) per share.

Engineering Services

Our Engineering Services activities account for over 95 per cent of the Group's adjusted operating profit and delivered revenue of £706.7m (2020: £577.2m) with an adjusted operating profit of £51.5m (2020: £40.8m) resulting in an operating margin of 7.3% (2020: 7.1%). At 30 September 2021, the Engineering Services order book was £679m (2020: £603m). The Group's strong organic growth performance was driven by continued positive momentum in our Rail business, along with framework wins and operational progress across our diverse Engineering Services business.

Rail

Network Rail, a significant strategic customer for the Group, is investing £53bn[4] over the current Control Period (CP6), which runs to 2024. This increased focus on operational support, renewal and maintenance plays to our strengths as does the Government's commitment to its rail decarbonisation programme. This includes a significant investment in electrification programmes, as part of the overall UK target to deliver net-zero by 2050. With a view to supporting the Government's rail decarbonisation programme, the Group acquired Rail Electrification Limited ("REL") during the period, a leading provider of high-quality services and Road Rail Vehicles associated with the installation and commissioning of overhead line electrification. This acquisition further strengthens and expands the Group's existing multidisciplinary maintenance and renewals engineering services.

During the period, we continued to add new positions including the Southern Buildings and Civils Framework and the Structures Integrity Framework in the South, while also securing further fencing and vegetation management work under CP6.

As the largest 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 assists Network Rail through our mission-critical renewals and maintenance services supporting assets including bridges, earthworks, embankments, tunnels, drainage systems, signalling, electrification and rail plant. The Group now holds in excess of 50 CP6 maintenance and renewals frameworks across all disciplines, covering the entire UK rail network.

We continue to develop industry-leading innovations in order to deliver value-add services within our Rail business. These include bespoke solutions built around the needs of our clients, including "one of a kind" equipment deployed across geotechnical, earthworks and vegetation management.

Overall, we saw planned work for our rail customers continue with minimal disruption despite significant periods of time where we operated under Government imposed restrictions. The compelling maintenance-focused structural growth drivers within this sector and Renew's high-quality engineering expertise leave the Group ideally positioned to deliver long-term, profitable growth in Rail particularly as we see opportunities present themselves under the next Control Period 7 ("CP7").

Infrastructure

Highways

The Group successfully entered the Highways market during January 2020 through its acquisition of Carnell, a leading provider of specialist engineering services on the strategic road network. We made good operational and strategic progress within the Highways segment during the period, delivering essential asset maintenance and critical infrastructure renewals underpinned by non-discretionary regulatory requirements.

With the UK Government committing to an investment of £24bn[5] in the strategic road network over a five year period, as part of its second Road Investment Strategy ("RIS2"), £11.9bn of this funding will be ringfenced for operations, maintenance and renewals. This represents a significant market opportunity for Renew. Carnell continues to leverage its innovative technological solutions to support the needs of major clients such as National Highways.

During the period, Carnell was awarded five lots on National Highways SDF framework the maximum amount of lots available across civil engineering, road restraint systems and drainage disciplines, worth £147m over six years, with work set to begin in January 2022. Three of those lots will be delivered through a collaboration between Carnell and AmcoGiffen which represents a successful collaboration between different parts of the Group. Post period end, Carnell were awarded two lots on the 7 year Technical Surveys and Testing Framework.

We remain well placed to seize the attractive growth and market share opportunities within Highways with increased spending forecast over the next ten years and with the Group investing to take advantage of opportunities in the electric vehicle charging market.

Wireless telecoms

The wireless telecoms sector contains many attractive growth drivers, not least of all an estimated £30bn[6] required to upgrade the nation's broadband networks to gigabit-capable speeds which includes the UK Government's £5bn[7] investment in 5G. Additional investment includes the Shared Rural Network, the Government's £500m[8] programme to extend 4G mobile coverage to 95% of the UK.

Through our Clarke Telecom subsidiary, which is a leading infrastructure services provider in the wireless telecommunications market, we have exposure to all of these opportunities, holding long-term relationships with the main UK network operators, equipment vendors and managed service providers.

During the period, we continued to build on the operational and strategic progress made previously, consolidating our position on VMO2's 5G services frameworks, and securing new frameworks with Cornerstone and 3UK. We also saw further growth delivered in our work for the Government, alongside EE and BT, to remove Huawei equipment from the UK's 5G networks by 2027.

With faster internet connectivity becoming ever more critical in the digital age and a key part of the Government's levelling up agenda, we expect to benefit from these trends thanks to our specialist engineering expertise and mission-critical solutions.

Energy

Nuclear

Having worked for over 75 years in civil nuclear, we provide a multidisciplinary service through our large complement of highly skilled employees who operate to demanding nuclear standards, including decontamination and decommissioning services, operational support and asset care, as well as waste retrieval in high-hazard areas such as legacy storage ponds and silos.

The Government's total nuclear decommissioning provision is estimated at £124bn[9] over the next 120 years, with around 75% of the total spend allocated to Sellafield, which is the largest of the Nuclear Decommissioning Authority's ("NDA's") sites and where we remain a principal mechanical, electrical and instrumentation ("M,E&I") services contractor. The NDA has an annual expenditure of £3bn[10] on its nuclear decommissioning programme and Renew is involved in activities representing 90% of the allocated expenditure.

On Sellafield, we operate across a number of frameworks including the Decommissioning Delivery Partnership Framework on both Lot 1 (Remediation) and Lot 3 Magnox Swarf Storage Silo, Aligned partner - Remediation Redundant Asset programme, Tanks and Vessels Framework and the Fabrication and Machining Spares Framework. Our performance at Sellafield is strong evidence of the Group's capabilities, and we are well-positioned for opportunities in the Major Projects Programme.

We are collaborating with the Programme and Project Partners ("PPP") to secure further growth opportunities at Sellafield. PPP is a 20-year framework for the delivery of a broad range of major projects for the site, with £7bn allocated for seven projects that require multidisciplinary services including civil M,E&I.

Outside of Sellafield, 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". We also deliver operational support and decommissioning activities at Springfield and continue to widen our network, targeting key sites such as Magnox and Dounreay where we have a position on the Decommissioning Services Framework.

New nuclear is an essential component of the UK Government's plans to deliver a sustainable, low-carbon energy future, and we expect continued and sustained growth in the area. We continue to see a sustainable increase in demand for our specialist manufacturing capabilities and remain well placed to capitalise on trends in new nuclear and legacy decommissioning.

As part of the UK Government's commitment to net-zero, decarbonisation of our energy supply is a key challenge. The anticipated increase in energy demand is expected to drive significant long-term investment. Changes in the UK's energy landscape will provide opportunities for the Group's multidisciplinary infrastructure engineering capabilities.

Environmental

Water

In Water, we continue to benefit from the UK Government's spending of £51bn[3] over AMP7 into 2025 and have seen further investment through our clients' strong operational expenditure budgets. Our offer of scheduled maintenance and renewals tasks, in addition to extensive 24/7 emergency reactive works, remains one of our key strengths, providing specialised, mission-critical services for clients around the UK.

During the period, the Group acquired J Browne, a water-focused engineering services business based in Enfield, North London, operating throughout the South of England for Thames Water, Southern Water, Affinity Water and South East Water. This acquisition further strengthens our position in a key attractive infrastructure sector, is proceeding to plan and continues to trade in line with management's expectations.

For Dŵr Cymru Welsh Water ("DCWW"), we continue to operate across the region on the Pressurised Pipelines Framework, Major Civils Framework and Capital Delivery Alliance Civils & Pipeline Framework. The Group is advancing with mains renovation work for Bristol Water and recently secured a place on the P Removal Programme for Wessex Water, while maintaining and renewing existing assets on operational treatment and distribution facilities for Yorkshire Water through the AMP7 Minor Civils Framework. We were also successful in securing a position on Water and Wastewater Network Construction and Engineering Framework for Northumbrian Water.

Renew is well positioned to benefit from trends in the Water market as companies increase expenditure on capital maintenance, asset optimisation and supply resilience including dam safety and infrastructure refurbishment schemes.

We are pleased to have commenced services for a number of new clients including the Capital Delivery Framework for Thames Water, Affinity Water and Southern Water, adding to a strong client base that includes Scottish Canals and Peel Ports.

With the Group's extensive experience and expertise in flood defence, working with the Environment Agency and Canal & River Trust to deliver the EA Flood and Coastal Erosion Framework, the UK Government's commitment to invest £5.2bn[11] over six years to improve flood defence presents a strong opportunity for the Group.

Specialist restoration

We are progressing well with works at the Palace of Westminster, now entering the new flat roofs phase at the site through the award of a five year Conservation Framework.

Specialist Building

Revenue was in line with the Group's expectations at £84.4m (2020: £43.2m) reflecting a continued focus on contract selectivity and risk management. Operating profit was £1.6m (2020: £1.0m). In Specialist Building, the order book was £70m (2020: £89m).

Our Specialist Building business focuses on the High Quality Residential and Science markets in London and the Home Counties.

Our essential work continues uninterrupted on critical science schemes for Defra and the Medical Research Council. The Group has also recently been awarded a landmark scheme for one of the London Palaces.

The road to net zero

Our purpose is to provide essential engineering services to maintain and renew critical infrastructure networks. It is well recognised that investment into low-carbon infrastructure will be fundamental in delivering the Government's Green Industrial Revolution and getting to net-zero emissions in the UK by 2050. It is the Board's ambition that the Group will achieve net zero by no later than 2040.

From the rail network and digitally assisted roads to high-speed telecoms and clean energy, Renew has a key enabling role to play on the frontline of efforts to decarbonise the economy. Our long-term approach to sustainability, which has always been at the heart of our business, is more relevant now than ever before.

In recognition of this, at the Group's interim results in May 2021, we introduced quantitative targets to embed our own ESG strategy within our wider business operations and to continuously monitor the progress we are making across five key areas:

- customer value;
- climate action;
- operating responsibly;
- engaging our people; and
- supporting our local communities.

These objectives are designed to complement and enhance the Group's overall strategy of driving long-term sustainable growth and shareholder value creation.

We continue to make good progress against each of these areas in the year, including diverting 88% of our eligible waste away from landfill in the year and improving on our targeted number of mental health first aiders across our business to 1 for every 20 employees (2021 Target 1:50). More details of the initiatives and ESG targets are included on pages 44 to 55.

2020 was the first year in which the Group reported under the Streamlined Energy and Carbon Reporting ("SECR") regulations which provided us with a baseline for ongoing reporting. Renew also continues to hold the London Stock Exchange's Green Economy Mark, which recognises companies that derive 50 per cent or more of their total annual revenue from products and services that contribute to the global "Green Economy".

Opportunities for growth

Our high-quality compounding earnings model enables the Group to redeploy internally generated cashflow in a disciplined manner, creating value through highly selective and strategically complementary M&A opportunities that supplement our profitable organic growth. Our track record of successfully identifying, acquiring and integrating value-enhancing acquisitions in growing markets with ongoing renewal and maintenance requirements and high barriers to entry, has been a key driver of Renew's long-term growth. The M&A landscape remains dynamic and we continue to look at opportunities in existing and new markets that are aligned with our acquisition criteria.

Delivering value through innovation and technology

Adding value and delivering a superior service for our customers through technology and innovation remains one of our key goals. We continuously seek to develop and implement innovative working techniques to improve operational performance and support the evolving needs of our clients across all of our sectors.

During the year in Rail, we launched the innovative Mega Vac, a bespoke Road Rail Vehicle which allows track drainage to be unblocked in record time and provides time and cost efficiencies for tasks including specialist jetting operations. We also developed and introduced the first rail mounted vegetation compactor on the UK rail infrastructure. A number of our businesses are also trialling sustainable hydrotreated vegetable oil ("HVO") fuel and battery power to significantly reduce the carbon emissions produced by site operations. We continue to make progress with the introduction of electric powered plant innovations and with the roll out of more electric vehicle charging points across our site and office locations.

Outlook – moving forward with confidence

On the back of another strong year for the Group, we are well positioned moving forward to capitalise on the compelling growth opportunities that exist across our end markets by leveraging Renew's unique low-risk, capital-light, high-quality operating model.

As the UK Government makes progress on its plans to level up the economy and reach net-zero by 2050 through long-term, record levels of committed investment in low-carbon infrastructure, the structural growth drivers in our end markets have never been more attractive.

The spending plans of our clients are underpinned by strategic national needs and regulatory commitments. Our strong and well-established market positions across key infrastructure sectors with visible, long-term, non-discretionary spending cycles, from rail to nuclear energy, give us confidence in the Group's prospects.

We have carried forward this positive trading momentum into the new financial year and have a strong forward order book which underpins our confidence in achieving further progress in 2022. As we look further ahead, we are committed to building on our strengths to target new opportunities in attractive markets where we have the skillset to deliver mission-critical engineering infrastructure solutions for a sustainable future.

Paul Scott
Chief Executive
9 December 2021

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.

2 Infrastructure and Projects Authority, Analysis of the National Infrastructure and Construction Pipeline 2021, August 2021.

3 Ofwat PR19 final determinations, December 2019.

4 Network Rail Delivery Plan, Control Period 6, High Level Summary, 26 March 2020.

5 HM Treasury, Autumn budget and spending review 2021, October 2021.

6 Department for Digital, Culture, Media & Sport, Delivering a gigabit-capable UK: Gigabit Infrastructure Subsidy, 1 June 2021.

7 Department for Digital, Culture, Media & Sport, Project Gigabit, Phase One Delivery Plan, 19 March 2021.

8 Gov.uk press release, Government breakthrough on £500 million support package to boost rural mobile coverage, 11 March 2021.

9 Nuclear Decommissioning Authority, Nuclear Provision: the cost of cleaning up Britain's historic nuclear sites, 4 July 2019.

10 Nuclear Decommissioning Authority, Draft Business Plan, 1 April 2021 to 31 March 2024, 7 December 2020.

11 HM Government, Flood and coastal erosion risk management, Policy Statement, July 2020.

12 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.

Section 172(1) statement

Read more about our business model on pages **20 & 21** and how the Group identifies and engages with its key stakeholders on pages **22–25**

Find out more about our culture on pages **42 & 43**

More details of the Group's sustainability commitments and our progress against these during the year can be found on pages **44–55**

Details of how the Group manages risk can be found on pages **56–59**

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 20 and 21 identifies the Group's key stakeholders. More details on our stakeholder engagement activities can be found on pages 22 to 25 of this report.

Information on the Group's sustainability commitments can be found on pages 44 to 55 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 59 of this report.

During the year the 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 and 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 56 to 59. 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 and 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 44 to 55 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 decisions, Renew considers all its stakeholders. 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 the consideration of feedback from our shareholders suggesting a more open approach to our analyst results presentations. In response we delivered the meetings virtually and were able to accommodate access from a wider range of shareholders. We aim to continue to improve our approach to stakeholder engagement through 2022. In making this decision the Board carefully considered the direct impact this would have on its shareholders.

Delivering 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 networks.

Our inputs

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

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

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.

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.

Our core values

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

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

Considerate
We aim 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 our 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.

Working together

Measuring ESG

At the end of 2020 we introduced our ESG targets. Our subsidiary businesses have been working on delivering against these over the last twelve months. The targets help us assess our progress and we will continue to work on these as we move through 2022.

Read more about our stakeholder engagement on pages **22–25**

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 and prospective shareholders during the year

46

Employees

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

Highly skilled workforce

3,696

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 support.

Number of principal subsidiaries

10

Customers

Our range of complementary skills and responsive service assists us in providing our customers with their day-to-day requirements and supports them in achieving their longer-term goals.

Frameworks in regulated markets

200+

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+

Stakeholder engagement

Effective relationships with our employees, customers, suppliers, shareholders, communities and operating companies along with wider stakeholders are critical to the continued success of our business.

Working together

How we communicate with our stakeholders
Communication with our stakeholders is critical to the success of our business. We seek to understand the individual stakeholder group's requirements and ensure communication remains appropriate.

Building shareholder value

We build shareholder value through the effective delivery of our long-term strategy. 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. We understand the strength of our business is in our directly employed workforce and we provide a range of training, development and progression opportunities.

Our skilled workforce is able to deliver essential engineering services across critical networks including rail, telecoms, water, highways and energy supporting the day-to-day operation of key infrastructure assets.

Read more about our business model on page **20**

Shareholders

Who engaged
Non-executive Directors
Executive Directors
Renew senior management team

How we engaged
We delivered a series of results meetings with our shareholders during the year and held the Group's Annual General Meeting ("AGM") in January.

The Group's shareholders are interested in all aspects of the Group's operation and performance including financial and corporate governance activities and the delivery of our environmental, social and governance ambitions.

Outcomes
The views of the Group's shareholders influence the decisions taken by the Board and the executive management team. We seek to maintain strong relationships with our shareholders through effective communication ensuring shareholder's views are considered and concerns are addressed in a timely and transparent manner.

In 2020 we listened to shareholder's requests to be able to join the management's results briefings to analysts. We considered this when developing our reporting roadshow and ensured we were able to hosts the meetings virtually to facilitate this.

During the year, the feedback we received from our investor roadshow on the Group's ESG reporting resulted in the development of ESG targets to better measure performance.

Link to strategy
Read more on pages **26 & 27**

Employees

Who engaged
Non-executive Directors
Executive Directors
Renew senior management team
Subsidiary senior management teams

How we engaged
The Group's Executive and Non-executive Directors engaged our employees through site visits and presentations from the Group's subsidiary business teams during the year.

The Executive Directors engage with our employees informally on a daily basis as well as at more formal events such as annual employee roadshows, management meetings and various forums on health and safety, HR and finance.

Outcomes
Important areas of employee engagement include training, development and progression, health and wellbeing, Group progress and opportunities. Supporting our employees over the last year has enabled us to retain our experienced workforce.

The Board has been able to develop its understanding of our employee's environments and challenges, which in turn influences its decision-making process.

Link to strategy
Read more on pages **26 & 27**

How we deliver stakeholder value

Operating companies

Who engaged
Non-executive Directors
Executive Directors
Renew senior management team
Subsidiary senior management teams
Employees

How we engaged
During the year the Board attended site visits and presentations by the subsidiary senior management teams.

Each monthly subsidiary management meeting is attended by a member of the Renew executive team. The Group also holds quarterly Executive Management Committee meetings, which are a forum for Managing Directors from around the Group to share information and best practice.

Outcomes
Strong engagement with our subsidiary companies ensures a thorough understanding of the performance of the businesses and ensures their alignment and progress against the Group's strategic objectives.

Good relationships assist with the implementation of the Group's minimum requirements, a set of standards which oversees all aspects of our subsidiary's operations.

Link to strategy
Read more on pages **26 & 27**

Customers

Who engaged
Executive Directors
Subsidiary senior management teams
Site management teams
Employees

How we engaged
Our teams engage in client meetings, workshops and site visits. Through the work delivery process, communication is critical and site teams and subsidiary management actively engage with the customer, often over long-term programmes of work.

Engaging in our customer's initiatives, understanding their priorities and working responsively help us build relationships over many years with our key clients.

Outcomes
Strong and open communication helps foster long-term relationships and build trust with our customers. Through regular engagement we are able to develop our understanding and deliver a responsive service aligned to our customer's requirements.

Link to strategy
Read more on pages **26 & 27**

Working together

Communicating across our business

The Group has a number of forums which assist our subsidiaries in developing opportunities and which provide a platform for sharing best practice. Bringing employees from the same disciplines together from across the Group helps develop strong relationships and allows the teams to develop collaborative opportunities.

Read more about our values on page **20**

Suppliers

Who engaged
Subsidiary senior management teams
Site management teams
Employees

How we engaged
Our supply chain engagement centres around integration, creating a solid foundation that brings together design, construction, delivery and processes through partner relationships that create a culture of trust and the incentive to innovate.

We work openly and collaboratively with sub-contractors, specialist contractors and our Group partners to provide the best value, most efficient, highest quality sustainable solutions for our clients. We hold regular engagement sessions with our supply chains in different regions and for different frameworks to involve suppliers in our programme and planning developing the right solutions for our clients. We also support our supply chain with regulatory obligations and standards as well as training.

Outcomes
We aim to share our collective challenges and goals, helping to ensure that we deliver open, collaborative relationships that drive true value for all our suppliers, stakeholders and the wider community.

Link to strategy
Read more on pages **26 & 27**

Communities

Who engaged
Subsidiary senior management teams
Site management teams
Employees

How we engaged
The nature of the work our subsidiary businesses undertake means we are often working in and around the local communities. Our subsidiary businesses are aware of the impact of their operations and seek to keep local communities informed through the use of face-to-face meetings, newsletters and social media.

Community schemes and charitable events give our businesses an opportunity to leave a lasting positive impact from the work they do.

Engaging with local education providers supports them in developing the skills of tomorrow.

Outcomes
Engaging with our local communities ensures we are aware of local concerns and challenges. It allows our teams to work with the communities in ways that benefit everyone.

Link to strategy
Read more on pages **26 & 27**

Our strategy in action

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 2021
We made further progress in the year supporting our customers with the day-to-day requirements of keeping their essential networks operational.

Organic growth with existing customers during the period of 19%.

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

Link to KPIs
Read more on pages **28 & 29**

A C E F

2.

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

Progress in 2021
We continued to focus on asset support, maintenance and renewals in our markets where spending in these areas is backed by committed programmes of investment. The work we undertake across our range of markets focuses on the delivery of essential services to keep these critical networks operational.

During the year we were appointed to frameworks including the Scheme Delivery Framework for National Highways and on drainage and devegetation frameworks for Network Rail.

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 **28 & 29**

A B C E

3.

To expand our direct delivery model through strong local brands

Progress in 2021
During the year we expanded our services in the water market with the acquisition of J Browne, a direct delivery, engineering services provider in the water sector. The acquisition expands our geographical coverage in water and adds new clients to the Group including Thames Water and Affinity Water.

During the year we also acquired Rail Electrification Limited which expanded our range of services in the rail market to include electrification.

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 **28 & 29**

E F

4.

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

Progress in 2021
We continued to expand our range of capabilities to better meet the needs of our clients. During the year we acquired Rail Electrification Limited ("REL") which expanded our range of services in the rail market to include electrification. Understanding Network Rail's decarbonisation ambition allowed us to develop our capabilities to offer these key services.

We responded to numerous weather related emergency events in the period.

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 **28 & 29**

C E

5.

To continue to deliver organic growth combined with selective complementary acquisitions

Progress in 2021
During the year we delivered organic growth of 19% and made two acquisitions to support our growth strategy.

The team focuses on opportunities that are aligned with the Group's strategy as well as opportunities to grow the business organically.

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 **28 & 29**

A B D

Working together

Supporting our communities

Whilst working on the Network Maintenance Contract for Bristol Water to replace a section of main in Bristol, the team at Lewis Civil Engineering made contact with the local Parish Council to see how they could contribute to the local community. The Council asked for help with a storage solution for the local youth club to enable them to store some new outdoor equipment. Lewis supplied a metal storage unit and three members of the delivery team took time out from their usual activities to build it. The installation of more storage has made a big difference to the youth club which is now able to offer its young people more activities including football and basketball.

Our values in action

Read more about our values on page **20**

Performance measurement

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

A.

Adjusted EPS[1]

50.5p

2020: 41.2p

Description
The Group's adjusted EPS[1].

Why it's a KPI
An increase in the EPS demonstrates the Group's focus on the quality of earnings and returns for our shareholders.

2021 performance
An increase in earnings in the year demonstrates the businesses excellent financial performance and execution of strategy in the year.

Link to strategy
Read more on pages **26 & 27**

2 5

B.

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

6.5%

2020: 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.

2021 performance
We maintained the Group's margin through operating profit performance and contract selectivity.

Link to strategy
Read more on pages **26 & 27**

2 5

C.

Engineering Services order book[1]

£679m

2020: £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.

2021 performance
The Engineering Services order book[1] has increased following a number of strategic framework appointments and renewals together with the acquisition of J Browne.

Link to strategy
Read more on pages **26 & 27**

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.

Working together

New health and safety measure for 2022

The Group's health and safety KPI has traditionally been measured using the Accident Frequency Rate, a measure of reportable incident absences (seven+ days) per million hours worked. During 2021/22 we will replace this with the LTIFR measure which considers a wider scope of incidents and is a more detailed measure of performance.

Read more about our health and safety activities on page **50**

Our values in action

Read more about our values on page **20**

D.

Dividend

16.00p

2020: 8.33p

2021	16.00
2020	8.33
2019	11.50

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.

2021 performance
The Board reinstated the payment of a dividend in line with its dividend policy.

Link to strategy
Read more on pages **26 & 27**

5

E.

Health and safety

0.14

2020: 0.08

2021	0.14
2020	0.08
2019	0.11

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

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

2021 performance
We did not improve our health and safety performance during the year compared with FY20. We have taken measures to improve and are confident of achieving progress in this area in FY22.

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 **26 & 27**

1 2 3 4

F.

Investment in training

14,243

2020: 11,259

2021	14,243
2020	11,259
2019	16,337

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.

2021 performance
The number of training days undertaken in 2021 includes some impact from Covid-19 during the first half of the year.

Link to strategy
Read more on pages **26 & 27**

1 3

Rail
Delivering a railway for the future

As the largest provider of multidisciplinary maintenance and renewals engineering services to Network Rail, we support the day-to-day operation of the rail network nationally.

Working together

Rail Electrification Limited

With a view to supporting on the Government's rail decarbonisation programme, the Group acquired Rail Electrification Limited ("REL") during the period, a leading provider of high-quality services and road rail vehicles associated with the installation and commissioning of overhead line electrification.

The acquisition further strengthens and expands the Group's existing multidisciplinary maintenance and renewals engineering services and positions us well for the Government's decarbonisation agenda.

Working together

24/7 emergency rail support

Urgent response teams were mobilised on two emergency rail earthworks schemes in Gloucester during the period, following a period of severe weather where flooding and landslip damage meant the lines had to be closed.

Teams worked 24/7 to clear the landslip, re-lay track beds and install new track and drainage culverts to enable the lines to be opened for passengers again. Once the lines re-opened, work began on the surrounding embankments to safeguard the lines against future incidents as much as possible.

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
- Electrification

Progress

During the period, we continued to add new positions including the Southern Buildings and Civils Framework and the Structures Integrity Framework in the South, while also securing further fencing and devegetation work under CP6.

As the largest 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 assists Network Rail through our mission-critical renewals and maintenance services supporting assets including bridges, earthworks, embankments, tunnels, drainage systems, signalling, electrification and rail plant. The Group now holds in excess of 50 CP6 maintenance and renewals frameworks across all disciplines, covering the entire UK rail network.

We continue to develop industry-leading innovations in order to deliver value-add services within our Rail business. These include bespoke solutions built around the needs of our clients, including "one of a kind" equipment deployed across geotechnical, earthworks and vegetation management. Overall, we saw planned work for our rail customers continue with minimal disruption despite significant periods of time where we operated under Government imposed restrictions.

Our markets

Network Rail, a significant strategic customer for the Group, is investing £53bn[4] over the current Control Period 6 ("CP6"), which runs to 2024. This increased focus on operational support, renewal and maintenance plays to our strengths as does the Government's commitment 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.

With a view to supporting the Government's rail decarbonisation programme, the Group acquired Rail Electrification Limited ("REL") during the period, a leading provider of high-quality services and Road Rail Vehicles associated with the installation and commissioning of overhead line electrification. This acquisition further strengthens and expands the Group's existing multidisciplinary maintenance and renewals engineering services.

Opportunities will arise from the integration of large capital schemes such as HS2 with the existing rail infrastructure.

Investment in Control Period 6

£53bn[4]

See page 18 for references.

Future focus

The compelling maintenance-focused structural growth drivers within this sector and Renew's high-quality engineering expertise leave the Group ideally positioned to deliver long-term, profitable growth in Rail, particularly as we see opportunities present themselves under the next Control Period 7 ("CP7").

Infrastructure
Delivering national improvements

During the period, Carnell was awarded five lots on National Highways SDF framework the maximum amount of lots available across civil engineering, road restraint systems and drainage disciplines.

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 have long-term relationships with the main UK network operators, equipment vendors and managed service providers.

During the period, we continued to build on the operational and strategic progress made previously, consolidating our position on VM02's 5G services frameworks, and securing new frameworks with Cornerstone and 3UK.

We also saw further growth delivered in our work for the Government, alongside EE and BT, to remove Huawei equipment from the UK's 5G networks by 2027.

Our markets
The wireless telecoms sector contains many attractive growth drivers, not least of all an estimated £30bn[6] required to upgrade the nation's broadband networks to gigabit-capable speeds which includes the UK Government's £5bn[7] investment in 5G. Additional investment includes the Shared Rural Network, the Government's £500m[8] programme to extend 4G mobile coverage to 95% of the UK.

We continue to see opportunities arising from the legislation changes which have necessitated the replacement of all Huawei equipment from UK wireless telecoms networks by 2027.

Investment in gigabit capable broadband

£30bn[6]

Government 5G investment

£5bn[7]

Future focus
With faster internet connectivity becoming ever more critical in the digital age and a key part of the Government's levelling up agenda, we expect to benefit from these trends thanks to our specialist engineering expertise and mission-critical solutions.

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
- Road restraint systems

Progress
The Group continued to make good operational and strategic progress within the Highways segment during the period, delivering essential asset maintenance and critical infrastructure renewals underpinned by non-discretionary regulatory requirements.

Having acquired Carnell, a leading provider of specialist engineering services on the strategic road network, in January 2020, the business continues to leverage its innovative technological solutions to support the needs of major clients such as National Highways.

During the period, Carnell was awarded five lots on National Highways SDF framework the maximum amount of lots available across civil engineering, road restraint systems and drainage disciplines, worth £147m over six years, with work set to begin in January 2022. Three of those lots will be delivered through a collaboration between Carnell and AmcoGiffen which represents a successful collaboration between different parts of the Group. Post period end, Carnell were awarded two lots on the 7 year Technical Surveys and Testing Framework.

Our markets
With the UK Government committing to an investment of £24bn[5] in the strategic road network over a five-year period, as part of its second Road Investment Strategy ("RIS2"), £11.9bn of this funding will be ringfenced for operations, maintenance and renewals. This represents a significant market opportunity for Renew. Transition to the new Scheme Delivery Framework will see increased spending in renewals forecast over the next ten years. This spend will particularly focus on structures, concrete pavement and road restraint systems.

Road Investment Strategy 2 ("RIS2")

£24bn[5]

See page 18 for references.

Future focus
We remain well placed to seize the attractive growth and market share opportunities within Highways with increased spending forecast over the next ten years and with the Group investing to take advantage of opportunities in the electric vehicle charging market.

Energy
Supporting essential nuclear operations

The Government's total nuclear decommissioning provision is estimated at £124 billion over the next 120 years, with around 75% of the total spend allocated to Sellafield.

Generation and networks

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

Progress
Our essential engineering maintenance services continued at a number of the UK's thermal power stations. We remain operational on the Minor Works Framework with National Grid and our Minor Civils Framework with Western Power Distribution, as well as securing an extension to the SSE Hydro Tunnels Framework in the period.

Our markets
Around 40GW of new power generation will be needed by 2030 requiring new network infrastructure. Ofgem have committed £37bn of funding to enhance the electricity network and around £500m will be spent supporting the rollout of super-fast electric vehicle charging networks.

Estimated investment in electricity network during RIIO-1

£37bn[12]

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

Having worked for over 75 years in civil nuclear, we provide a multidisciplinary service through our large complement of highly skilled employees who operate to demanding nuclear standards, including decontamination and decommissioning services, operational support and asset care, as well as waste retrieval in high-hazard areas such as legacy storage ponds and silos.

On Sellafield, we operate across a number of frameworks including the Decommissioning Delivery Partnership Framework on both Lot 1 (Remediation) and Lot 3 Magnox Swarf Storage Silo, Aligned partner - Remediation Redundant Asset programme, Tanks and Vessels Framework and the Fabrication and Machining Spares Framework. Our performance at Sellafield is strong evidence of the Group's capabilities, and we are well-positioned for opportunities in the Major Projects Programme.

We are collaborating with the Programme and Project partners ("PPP") to secure further growth opportunities at Sellafield. PPP is a 20-year framework for the delivery of a broad range of major projects for the site, with £7bn allocated for seven projects.

Outside of Sellafield, 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". We also deliver operational support and decommissioning activities at Springfield and continue to widen our network, targeting key sites such as Magnox and Dounreay where we have a position on the Decommissioning Services Framework.

Our markets

The Government's total nuclear decommissioning provision is estimated at £124bn[9] over the next 120 years, with around 75% of the total spend allocated to Sellafield, which is the largest of the Nuclear Decommissioning Authority's ("NDA's") sites and where we remain a principal mechanical, electrical and instrumentation ("ME&I") services contractor. The NDA has an annual expenditure of £3bn[10] on its nuclear decommissioning programme, and Renew is involved in activities representing 90% of the allocated expenditure.

New nuclear is an essential component of the UK Government's plans to deliver a sustainable, low-carbon energy future, and we expect continued and sustained growth in the area. Renew also boasts specialist manufacturing capabilities as manufacturing is at an all-time high, and we are well-placed to capitalise on key sector trends.

As part of the UK Government's commitment to net-zero, decarbonisation of our energy supply is a key challenge. The expected increase in energy demand is expected to drive significant long-term investment. Changes in the UK's energy landscape will provide opportunities for the Group's multidisciplinary infrastructure engineering capabilities.

NDA nuclear decommissioning programme annual expenditure

£3bn[10]

See page 18 for references.

Future focus

We continue to broaden our offering in the nuclear market which has high barriers to entry. We are well placed to benefit from all aspects of nuclear expenditure in the UK.

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.

Environmental
Critical water infrastructure support

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 specialisms
- Port, harbour and sea defences

Progress
For Dŵr Cymru Welsh Water ("DCWW"), we continue to operate across the region on the Pressurised Pipelines Framework, Major Civils Framework and Capital Delivery Alliance Civils & Pipeline Framework. The Group is advancing with mains renovation work for Bristol Water and recently secured a place on the P Removal Programme for Wessex Water, while maintaining and renewing existing assets on operational treatment and distribution facilities for Yorkshire Water through the AMP7 Minor Civils Framework. We were also successful in securing a position on Water and Wastewater Network Construction and Engineering Framework for Northumbrian Water.

We are pleased to have commenced services for a number of new clients including the Capital Delivery Framework for Thames Water, Affinity Water and Southern Water, adding to a strong client base that includes Scottish Canals and Peel Ports.

With the Group's extensive experience and expertise in flood defence, we continue to work with the Environment Agency and Canal & River Trust to deliver the EA Flood and Coastal Erosion Framework.

Our markets
In Water, we continue to benefit from the UK Government's spending of £51bn[3] over AMP7 into 2025 and have seen further investment through our clients' strong operational expenditure budgets.

Our offer of scheduled maintenance and renewals tasks, in addition to extensive 24/7 emergency reactive works, remains one of our key strengths, providing specialised, mission-critical services for clients around the UK.

The UK Government's commitment to invest £5.2bn[11] over six years to improve flood defence presents a strong opportunity for the Group.

Asset Management Programme 7 spend ("AMP7")

£51bn[3]

UK Government's six-year flood defence investment

£5.2bn[11]

See page 18 for references.

Future focus
Renew is well positioned to benefit from trends in the Water market as companies increase expenditure on capital maintenance and asset optimisation, supply resilience including dam safety and infrastructure refurbishment schemes.

Our offer of scheduled maintenance and renewals tasks in addition to extensive 24/7 emergency reactive works remains one of our key strengths.

Working together

Strengthening our offering in water

During the period, the Group acquired J Browne, a water-focused engineering services business based in Enfield, North London, operating throughout the South of England for Thames Water, Southern Water, Affinity Water and South East Water. This acquisition further strengthens our position in a key attractive infrastructure sector and is proceeding to plan and continues to trade in line with management's expectations.

Specialist restoration and land remediation

Capabilities
- Soil and groundwater remediation
- Design of bespoke remediation and ground engineering solutions
- Specialist restoration and conservation

Progress
We are progressing well with works at the Palace of Westminster, now entering the new flat roofs phase at the site through the award of a five year Conservation Framework.

In land remediation we continued to maximise the potential of the position we have developed in the UK remediation market.

We are seeing growing demand for our specialist capabilities on landmark schemes.

Specialist Building
Delivering specialist science and HQR schemes

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
Our Specialist Building business focuses on the High Quality Residential and Science markets in London and the Home Counties.

Our essential work continues uninterrupted on critical science schemes for Defra and the Medical Research Council. The Group has also recently been awarded a landmark scheme for one of the London Palaces.

Future focus
We focus on delivering technically challenging Science and High Quality Residential projects in London and the Home Counties where our expertise and experience prove differentiators in this market.

The Group continues to be selective in these markets where we have a long-established track record.

Strengthening our position

Sean Wyndham-Quin CA
Chief Financial Officer

Revenue

£791.0m

2020: £620.4m

Net debt

£13.7m

2020: Net cash £0.3m

Dear Shareholder

Results

Group revenue[1] from continuing activities was £791.0m (2020: £620.4m), with an operating profit[1] from continuing activities prior to amortisation and exceptional items of £51.2m (2020: £39.6m). A tax charge of £11.1m (2020: £6.9m) resulted in a profit after tax prior to amortisation and exceptional items for the year of £39.7m (2020: £31.9m), an increase of 24 per cent. After deducting £10.1m (2020: £6.7m) of amortisation and exceptional costs, the profit for the year from continuing activities was £32.1m (2020: £26.3m).

Amortisation and exceptional items

The £10.1m of exceptional items and amortisation is made up of £6.5m 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, Rail Electrification Limited ("REL") and J Browne Group Holdings Limited ("J Browne"). Following this amortisation there remains £29.2m of other intangible assets on the balance sheet. We have recognised an exceptional charge in the year of £0.8m in relation to deal expenses relating to the acquisition of REL and J Browne. In addition, we have recognised a £1.7m actuarial estimate of additional liabilities relating to the extension of the Barber window in the Amco Scheme where our latest legal advice is that the scheme may not have normalised pension age, as previously assumed, in the early 1990's. Finally, we have provided for an additional £1.1m as a result of the latest High Court ruling on GMP equalisation in both the Lovell and Amco defined benefit pensions schemes.

Net cash

The Group's balance sheet shows a net overdrawn cash balance of £9.4m (2020: positive £13.4m) and bank borrowings of £4.4m (2020: £13.1m) at the year end. Consequently, the Group's net debt[1] position as at 30 September 2021 was £13.7m (2020: net cash £0.3m).

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.

Financial review continued

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 2021 financial statements.

Leasing

At 30 September 2021, the Group had £15.6m (2020: £15.4m) of lease liabilities. The liability associated with right of use assets as at 30 September 2021 was £10.9m (2020: £9.9m).

Taxation

The tax charge on profit for the year is £8.7m (2020: £5.8m), a rate of 21.3 per cent which is marginally ahead of the headline rate of 19.0 per cent primarily due to the increase in the deferred tax rate. Corporation tax paid in the year amounted to £7.3m (2020: £8.2m). The Group reverted to the usual four payments on account in the year ended 30 September 2021, which normalised the payment profile. The Group repaid c£17m of deferred VAT, that arose in the year ended 30 September 2020 as a result of the Covid pandemic, during the financial year.

Pension schemes

At 30 September 2021, the IAS 19 valuation of the Lovell Pension Scheme, which was closed to new members in 2000, resulted in an accounting surplus of £0.4m (2020: £17.8m) after accounting for deferred taxation. The net surplus has reduced by £17.4m during the year, due primarily to the accounting treatment of the buy-in announced in November 2020.

On 3 December 2020 the Company announced that the Trustees of the Lovell Scheme used scheme assets to purchase annuities which match 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, materially all of the scheme's liabilities are now matched with annuities and consequently there was a reduction of the IAS19 Retirement Benefit assets in the Group's accounts this year. Whilst an additional cash contribution into the scheme is likely to be required once the GMP equalisation calculations have been completed in 12–18 months' time, this buy-in was 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 essentially been matched with corresponding annuities, removing the Group's exposure to investment and funding risks in that scheme.

The IAS 19 valuation of the Amco Pension Scheme shows a net deficit of £0.1m (2020: surplus of £0.5m) after accounting for deferred taxation. The net surplus has decreased by £0.6m during the year, primarily due to the impact of the Barber window adjustment and the GMP equalisation adjustment as explained earlier in this section.

The Board continues to work closely with the Trustees of the Amco Scheme, to reduce the risks associated with the liabilities of the scheme. At the year-end, 40 per cent (2020: 47 per cent) of the scheme's total liabilities were matched by annuities; the reduction reflecting the impact of the increase in the scheme liabilities due to the impact of the Barber window adjustment and the GMP equalisation window adjustment. In the triennial valuation of the scheme, which was carried out at 31 December 2019, the scheme actuary measured the deficit in the scheme at £0.8m. 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 March 2026. The next triennial valuation is for the period ending 31 December 2022.

Discontinued operations

The Group made a loss for the year from discontinued operations of £1.6m (2020: £5.6m) all of which 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.

Earnings per share

Earnings per share[1] before exceptional items and amortisation was 50.5p (2020: 41.2p) and on a statutory basis, after the impact of exceptional items, amortisation and loss for the year from discontinued operations was 38.7p (2020: 26.8p). The weighted average number of shares in issue for the period was 78.7 million.

Distributable profits

The distributable profits of Renew Holdings plc are £50.3m (2020: £46.5m). The Board is recommending a final dividend of 11.17p per share (2020: 8.33p) bringing the total for the year to 16.00p (2020: 8.33p).

Sean Wyndham-Quin CA
Chief Financial Officer
9 December 2021

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 2022

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
Chief Financial Officer
9 December 2021

Our cultural framework

The Group's values, vision, strategy and purpose support our culture. Our beliefs and behaviours are guided by these frameworks which provide a structure to set the operational expectations across our business.

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 strategy – Our long-term strategy is focused 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.

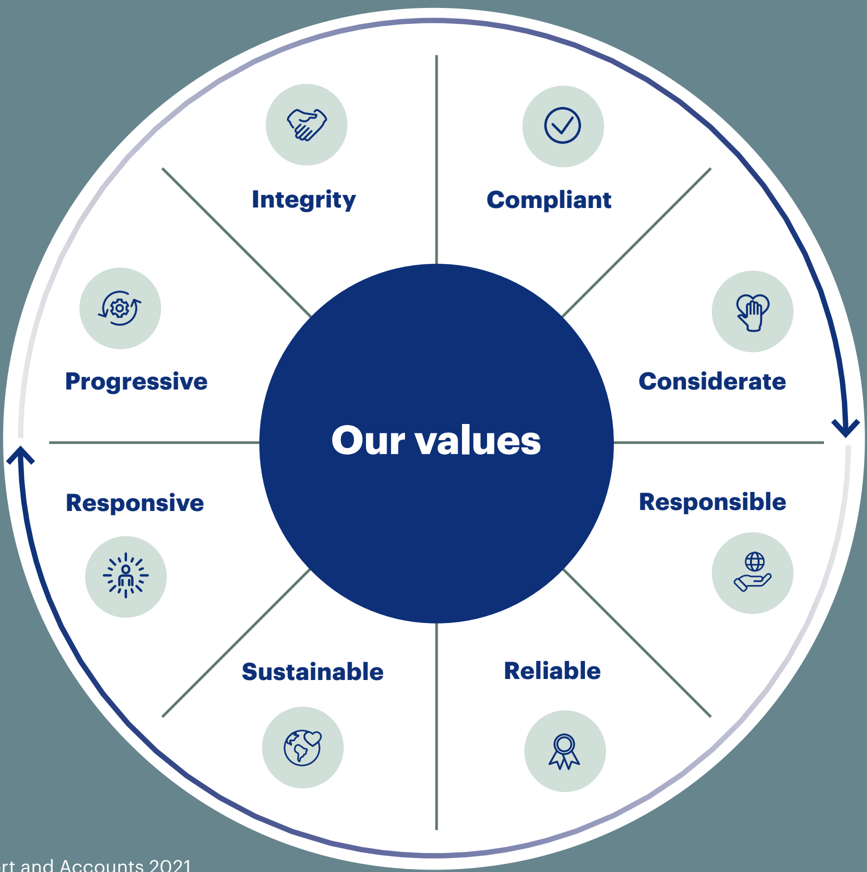
Read more about the importance of our stakeholders and how we engage with them on pages **22–25**

Read more about how we work together on pages **4–9**

Our values

The following eight values are key to the successful delivery of our long-term strategy.

Read more about our values on page **20**



Working together

EDI Champions

At Carnell, the following measures helped ensure compliance with the businesses EDI responsibilities:

- the equal opportunities, dignity at work, and whistleblowing policies have been reviewed;
- access to policies has been made easier;
- the business has signed up to The Chartered Institution of Highways & Transportation's Diversity & Inclusion Charter;
- the business has worked with National Highways to define "what EDI excellence looks like"; and
- undertook surveys with National Highways to improve diversity in the industry.

The business has a number of EDI Champions who work to ensure Carnell develop a class leading approach. Regular features in internal newsletters has helped to develop awareness of EDI across the business.

How we achieve our purpose

We operate across a range of markets, directly delivering essential engineering services. Our subsidiary businesses are leading providers in their markets and as such are able to develop long-term relationships with clients responsible for some of the country's critical networks.

We offer multidisciplinary engineering services, undertaking planned and reactive tasks for our clients. In addition we provide a 24/7 emergency support response across the networks we support.

We typically undertake a high volume of low value tasks which are critical to keep the networks operational.

Read more about our Board on pages **60–63**

Our workframe in action

Culture

Purpose

Values

Working together

Vision

Strategy

Our values

At the heart of what we do is our people; their safety and wellbeing is our priority. As a responsible employer we strive to ensure fair treatment of all our employees and those who work with us in the course of our business. Our sustainability agenda includes giving back through our employment initiatives, involvement with local communities and charitable donations.

Our cultural blueprint

Our culture is built on our core values which are integrated in all aspects of our business. We are committed to being a responsible business and strive to add value to all our stakeholders. The Company's culture is reinforced in the day-to-day operations of our business.

Our future workforce

We operate a range of training and development programmes to support the future ambitions of our workforce and the need to develop the skills of the future. We are a keen to support internal talent and try to promote internally where possible.

The Group's Leadership Development Programme recognises the need for skills training and support a large number of apprentices across our organisation.

Our workforce engagement

Our subsidiary businesses engage with their workforce in a range of ways including staff briefing events, intranets and newsletters. Strong engagement is key to reinforcing our Company's values.

Sustainability with purpose

Our purpose-led approach to ESG is based on our five commitments. These 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 understands its responsibility to the environment and all its stakeholders. Renew is committed to operating responsibly and as such it is my role, together with the Board, the Group's SHEQ Director and management teams, to drive our approach to sustainability.

During the year we have sought to better understand the effect of our operations on the environment through increased sustainability reporting. As a Group we have set the reporting requirements of our subsidiary businesses so we have a clear picture of our overall impact in key areas to enable us to align the Group's ESG strategy to those areas where we can have the most impact. Our ESG target data will provide us with an assessment of the progress we have made since 2019/20.

The sustainability targets we introduced help us support the delivery of the UK's net zero carbon target by 2050. It is the Group's intention to achieve net zero no later than 2040 and I look forward to reporting more progress on these during 2022.

As part of our annual strategic planning process during the year, particular emphasis was placed on how the Group's targets and delivery roadmap will be achieved by our subsidiary businesses to ensure that as a Group we meet our overall ESG responsibilities.

Paul Scott
Chief Executive
9 December 2021

A purpose-led approach
Last year we developed a range of ESG targets which help us measure the success of our business in achieving our ambitions in this area. We have collated data from across our subsidiaries during 2021 which shows that there are some areas we need to focus on improving more than others such as our use of gas oil and our company car emissions. Our subsidiary businesses are aligned with the Group-wide targets to ensure we are focusing our improvement efforts on those areas that will deliver the largest environmental gains.

Our sustainability strategy
Based around the five key areas of customer value, climate action, operating responsibly, engaging our people and supporting our local communities, our sustainability strategy has been developed through engagement across our businesses. During 2021 we have been assessing this data to inform our sustainability strategy going forward, as well as delivering training and awareness through workshops, online training and forums. Representatives from our subsidiary businesses have been meeting to share innovative working techniques and best practice.

"During the year we have sought to better understand the effect of our operations on the environment through increased sustainability reporting.

Working together

Board ESG engagement

During 2021/22 the Board will meet twice to discuss and oversee the delivery of the Group's sustainability strategy and our pathway to net zero. As part of this review the Board will look at the management of climate related risks and opportunities to the business.

Read more about our culture on pages **42 & 43**

Our commitment to the UN Sustainable Development Goals

The 17 Sustainable Development Goals ("SDGs"), launched in 2015 with the 2030 Agenda for Sustainable Development, provide a shared blueprint for tackling some of the planet's most pressing issues and will help create a better place in which we can all live.

Whilst we support all the SDGs, the work we do to mitigate the impact of our operations can be aligned with a number of the SDGs in particular:

8 Decent Work and Economic Growth

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

See how we contribute towards this SDG on pages **22–25, 42 & 43 and 52 & 53**

9 Industry, Innovation and Infrastructure

Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.

See how we contribute towards this SDG on pages **26 & 27 and 30–38**

12 Responsible Consumption and Production

Ensure sustainable consumption and production patterns.

See how we contribute towards this SDG on pages **46 & 47 and 54 & 55**

13 Climate Action

Take urgent action to combat climate change and its impacts.

See how we contribute towards this SDG on pages **48 & 49**

Climate related financial disclosures

Our roadmap to full disclosure in 2023

The Task Force on Climate-related Financial Disclosures ("TCFD") recommendations provide a framework for companies to disclose the impacts of climate change on their financial performance and require enhanced disclosure on governance, strategy and risk management as well as metrics and targets.

2021/22

1. Establish governance

We recognise the critical threat climate change poses and the need for urgent action. The Board of Renew is responsible for overseeing the Group's ESG response. The Group's SHEQ Director will lead the practical aspects of co-ordinating the Group's ESG programme.

Board commitments

1. Undertake two ESG reviews annually

Operational commitments

1. TCFD steering committee established
2. Enhanced ESG reporting by subsidiary businesses

2. Scope potential risks

Undertake a number of workshops across the business to identify climate related risks and our response.

3. Roadmap agreed

Develop a roadmap to ensure we are in a position to be able to report in line with the TCFD recommendations in FY23.

Our ESG commitments

We continue to improve the sustainability of our business by delivering on our five key ESG commitment areas. Led by the Chief Executive Officer, operating responsibly and with transparency is at the heart of our approach.

Our ESG framework is designed to support the delivery of long-term sustainable value to all our stakeholders.

Our ESG commitments

We focus our approach around five key commitments to ensure we are aligned with the ESG requirements of all our stakeholders.

Customer value

We strive to extend the range of benefits we can provide for our existing and potential customers.

Climate action

Our climate action is delivered through governance, risk management, innovative working practices and education.

Operate responsibly

We understand our responsibility to our stakeholders and work hard to leave a lasting positive impact from the work we undertake.

Engage our people

We are a direct delivery business. Strong engagement with our workforce is critical to our business.

Support local communities

We support charitable causes, community causes, local education opportunities and much more.

Customer value

Our progress in 2020/21	Our target
Customer survey response rate.	41% 2021 target: 50%
Retention of key framework customers.	100% 2021 target: 100%

Customer engagement

Carnell was shortlisted in the Customer and Delivery categories at the 2020 National Highways Awards. The awards recognise people internally and in the supply chain who have achieved outstanding results in safety, customer experience and delivery on the highways network. Carnell's "Think Customer" programme was a finalist in the "Employee Engagement and Behavioural Change" award.

Lewis Civil Engineering supported Wessex Water with improvements to the local environment by reducing phosphorus in the final effluent during AMP7 works at Winscombe Water Recycling Centre in Somerset.

The output was achieved by the construction of chemical dosing, mixed media filtration and increased storm storage and has been a model of collaboration between Lewis, Wessex Water and other key project stakeholders.

Sustainable innovation

The diverse markets in which we operate have unique challenges and we employ innovative working practices across our business to bring operational and cost efficiencies to our clients.

In rail, the development of a new drilling rig was specifically designed to locate suspended hidden shafts and has enabled safer working practices for the team on site and increased productivity.

Elsewhere on the rail network a bespoke tunnel cleaning road rail vehicle attachment has been further developed to deliver increased manoeuvrability and safe disposal of collected waste products. The machine allows the delivery of exceptional cleaning rates and the potential to use the system for other applications on the rail network.

As part of its bespoke plant fleet, QTS has developed the Mega Chipper V2 which now features text fault reporting and remote diagnostic access to assist with its devegetation operations.

During the year, on behalf of Network Rail, we carried out an essential timber replacement programme to restore Traeth Mawr Viaduct. The location of the viaduct and the water level working environment meant that we had to create a new jacking system that could be mounted ahead of the works commencing. The new system allowed us to quickly and safely replace end of life timber on the structure providing a safe, reliable and resilient railway for passengers. The jacking system was installed below the structure ahead of the planned railway line possession, saving time.

Supporting safety

Our subsidiary, Carnell, was Highly Commended at the 2021 Highways Awards in the "Best Use of Technology" category for its High Density Array Ground Probing Radar technology. The system improves safety for the site teams by detecting uncharted cables and reduces the risk of cable strikes and potential injury. This supports National Highway's aspiration to halve service strikes in the period to 2025.

Our values in action

Read more about our values on page **20**

Customer first

On all major projects, J Browne uses a proactive engagement model with both customers and stakeholders. Over the five month duration of the A5 Uphill Phase 2 project, there was contact with over 2,000 residential properties in the surrounding streets and almost 300 businesses along the Edgware Road to ensure that all residents and businesses were aware of the upcoming works.

As the country had just exited the first Covid-19 national lockdown, customer communication had to be adapted to comply with social distancing guidelines. Letters were sent via mailshot and door-to-door engagement and drop-in sessions took place outside with face masks worn at all times, in line with Covid-19 guidance.

Despite the size and scale of the project, the proactive engagement with customers resulted in just six escalations being raised by customers over the duration of the project. Each escalation was handled by the J Browne customer liaison team and resolved promptly. The result of this proactive approach was recognised by both Brent Council and Barnet Council.

Our values in action

Read more about our values on page **20**

Working together

Climate action

Our targets	Our progress in 2020/21
We aim to achieve net zero by 2040, starting by obtaining 100% of the energy we use from "green" energy tariffs by 2022.	33% 2022 target: 100%
By 2022 we expect all our subsidiary businesses to offer electric/hybrid vehicle options across their company car schemes.	100% 2022 target: 100%
We expect to have transitioned the majority of our commercial fleet to low carbon by 2030.	1% 2030 target: 80%

Reducing carbon emissions

A number of our businesses are using all-electric vehicles including at Carnell where, as a leading delivery partner, it will be helping National Highways build on its existing progress to achieve its ambition of net zero carbon for maintenance and construction by 2040.

StoneMaster, Carnell's sustainable approach to filter drain refurbishment, was recognised at the Green Apple Awards for environmental best practice in 2020. Carnell is now recognised by Green Apple as a Green World Ambassador

As part of its commitment to carbon reduction, AmcoGiffen has recently successfully trialled an alternative combined sustainable fuel and battery power system on site. The initiative used a generator, powered by hydro-treated vegetable oil ("HVO") instead of red diesel emitting cleaner exhaust emissions, that charged a battery storage unit during the day and switches off at night allowing the site to run on battery. The trial reduced carbon emissions by around 90% and the battery storage unit reduced overall fuel consumption and generator run time by 49% as well as reducing emissions, improving air quality and eliminating noise pollution. AmcoGiffen is now mandating that all sites will use this system where relevant and practical.

Our values in action

Read more about our values on page **20**

Supporting the UK's net zero carbon goals

The UK Government's strategy to reduce emissions to net zero by 2050 requires action by all emission producers. We understand the role we must play as a business in taking action to addressing the emissions we produce and, as such, we are committed to achieving net zero ahead of the Government's target date and in any case no later than 2040.

Reducing our impact

Our assessment of the emissions we produced in 2019/20 provided us with a benchmark with which to measure the progress we are making in reducing our environmental impact. Our subsidiary businesses have reported their climate data throughout the year.

The 2019/20 data highlighted that commercial vehicles and our use of gas oil were responsible for the majority of the emissions we produced. As a result of this, during the year we focused on reducing our emissions in these areas in particular. We introduced initiatives to trial the use of alternative, cleaner energy sources to power our sites and the procurement of electrical commercial vehicles across our business.

We also introduced a number of climate targets which assist us in aligning our subsidiary businesses with the Group's overall climate ambitions. These targets also ensure our subsidiaries focus their carbon reduction efforts on those areas where we can make the largest impact.

During the year our subsidiary businesses have made a number of climate focused pledges including at Walter Lilly which has committed to the Declaration on Climate and Biodiversity Emergency with the business engaging its clients, designers and supply chain to reduce waste during its construction and deconstruction operations.

Climate related risks and opportunities

During 2022 the Group will undertake a series of consultations and risk assessments across its subsidiaries to identify the climate related risks and opportunities to our business.

Our efforts to mitigate our environmental impact may also provide the Group with opportunities including cost reductions with the introduction of low-energy technologies, resource efficiencies and the development of new technologies and services.

To align with the financial disclosures required by the Task Force on Climate-related Financial Disclosures we will align the assessment of risks and opportunities in the four key areas of governance, strategy, risk management and metrics & targets. This assessment will help us to understand how climate change could affect our revenue and costs, in particular in identifying where value might be eroded and where there may be potential for value to be added.

The identification and assessment of climate related risks and opportunities will assist in informing our strategic planning process and contributing to the sustainable growth of our business.

Working together

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 SECR statement includes all emission sources required under the 2019 regulations for the financial year ended 30 September 2021.

Renew emitted 34,832.7 (2020*: 27,245.4) carbon dioxide equivalent tonnes ("tCO_2e") of energy during the year.

The two carbon intensity ratios that we have chosen to measure reflect our business performance. Our carbon intensity ratio was 9.42 tCO_2e per average employee headcount, and 0.044 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 2021. 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)*	**2021**	2020**	Increase/ decrease
Transport (scope 1)	14,965.3	13,377.5	1,587.8
Transport (scope 3)	1,983.9	1,004.5	979.4
Electricity (scope 2)	802.9	961.0	-158.0
Purchased gas (scope 1)	241.3	400.6	-159.4
Gas oil (scope 1)	16,781.1	11,431.3	5,349.8
Other fuels (scope 1)	58.3	70.5	-12.2
Total emissions	**34,832.7**	**27,245.4**	**7,587.4**
Carbon intensity ratio 1 (tCO_2e/£000)	0.044	0.044	0.0
Carbon intensity ratio 2 (tCO_2e/avg. headcount)	9.42	8.28	1.1
Total UK energy usage (kWh)	**142,800,433**	**110,626,528**	**32,173,905**

* tCO_2e/year defined as tonnes of CO_2 equivalent per year.

** Restated.

Innovation in action

Our bespoke Mega Vac Road Rail Vehicle is one of the most unique drainage machines on the UK rail network. The multi-purpose machine allows track drainage to be unblocked in record time and is ideal for jetting large culverts and under-track crossings, using specialist jetting heads.

In highways, the team at Carnell has installed an innovative Eco SmartCharge Run-Lock device on its fleet of SafetyCam vehicles. The device enables the vehicles to be operated at the roadside without needing the engine running, reducing fuel usage and harmful emissions by up to 85%. As well as the environmental benefits, it provides cost savings for our clients.

Our values in action

Read more about our values on page **20**

Our commitment to net zero

Across the Group we are increasing the number of electric vehicles and plant we use to support our commitment to achieving net zero.

At J Browne, as part of its work in water, key parts of its vehicle fleet are being replaced with electric powered equipment including an electric powered telehandler to help to reduce its CO_2 footprint.

Our values in action

Read more about our values on page **20**

Operate responsibly

Our targets	Our progress in 2020/21
We seek continuous improvement in the Group's accident frequency rate. Our target remains zero harm each year.	0.14 2021 target: 0
We aim to divert the majority of the eligible* waste we produce away from landfill across our operations. *Non-hazardous	88% 2022 target: 95%

A health and safety focused culture

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, the Group's SHEQ Director and the Group's SHEQ advisors, based in our subsidiary businesses.

Ensuring the safety of all the Group's stakeholders is also the focus of the Group's Safety and Environmental Management Group ("SEMG") forum, which met four times in the year. The SEMG forum is attended by senior operational personnel and senior safety practitioners from around the Group and assists with knowledge sharing and best practice. During 2022 the SEMG forum focused on behavioural science, plant people interface, occupational health and waste management.

Our approach to safety is driven by the Group's directly employed regional safety practitioners who are based within our subsidiary businesses and have industry experience and specific knowledge of the challenging environments in which we work.

Paul Scott
Chief Executive Officer

Supporting our culture

The Group continues to develop its positive learning culture through a number of initiatives during the year. A number of our businesses employ a behavioural analysis toolkit to help us understand why unsafe behaviours sometimes occur and how we can change our work environment to make it more likely we see safe behaviours. Toolkit training and workshops are also delivered to support this work.

Health and safety remains the priority at all Board and management meetings. The Group's positive learning culture is driven by close call reporting, incident investigations and culture reinforcement.

Safety in action

Our approach to safety is driven by the Group's directly employed regional safety practitioners who are based within our subsidiary businesses and have industry experience and specific knowledge of the challenging environments in which we work.

Working in the challenging nuclear environment, Shepley Engineers achieved a significant safety milestone during the year by surpassing 12 million hours of work without recording a RIDDOR reportable incident at the Sellafield nuclear site in Cumbria.

On the rail network, QTS provided its transient site investigation teams with portable defibrillators to use. The teams mainly operate in remote locations where access to more usual defibrillators would not be possible.

Accreditations and awards

Our businesses are 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.

We achieved many Royal Society for the Prevention of Accidents ("RoSPA") awards during the year including at Carnell which achieved a third RoSPA President's Award which recognises twelve consecutive RoSPA Gold Awards. Lewis was awarded a seventh consecutive RoSPA Gold Award during the year and VHE was awarded an Order of Distinction for 19 consecutive Gold Awards.

Building strong partnerships

Supporting out customers

We engage with our clients across the markets in which we operate. In rail, we supported Network Rail's "Learning from Events" week in June designed to enhance safety and environmental standards on the rail network.

Supply chain engagement

We also took part in the Midlands Rail Forum event during the year, delivering a presentation on changing supply chain culture and in particular how we can embrace an environment where employees feel empowered to challenge normal working practices to foster innovative thinking, maximise value and eradicate waste.

Engaged with the environment

Biodiversity
As part of the Group's commitment to the impact of climate change on biodiversity, during 2022 we aim to review the measurement and management of our biodiversity impact.

Waste management
The Group has a collaborative approach to waste management where our subsidiary businesses work in partnership with a specialist waste management broker which provides environmentally friendly waste management solutions.

During 2021, we achieved a recycling rate of 88.2% by diverting 342,103 tonnes of waste from landfill. We continue to utilise reporting tools to understand how waste is created and managed across our Group. During 2022 this will be developed to report how the waste recycled has had a positive impact on CO_2 emissions.

Green infrastructure
We remain proud holders of the London Stock Exchange's Green Economy Mark which recognises those companies that derive more than 50% of their revenues from products and services that are contributing to the environmental objectives such as climate change mitigation and adaptation, waste and pollution reduction, and the circular economy.

QTS CHALLENGE
Making Safety Personal

The "QTS Challenge"

QTS site operatives are encouraged to speak out and challenge behaviours that they feel might risk the health and safety of themselves or their colleagues. The "QTS Challenge" has worked well and has encouraged our teams to be more vocal when it comes to suggestions for increasing health, safety and welfare.

Our values in action

Read more about our values on page **20**

GREEN ECONOMY
LONDON STOCK EXCHANGE

Working together

Safety through innovation

The QTS team has developed and installed an innovative solar-powered LED lighting system on access stairs throughout Scotland's railway.

The first trial was done on access stairs at Cardross Road in Dumbarton. The system is eco-friendly, extendable to any length, remotely monitored and controlled to enhance its power savings and lifetime features.

The system will allow for safe access for rail operatives and maintenance staff all year round.

Our values in action

Read more about our values on page **20**

Engaging with our people

Our targets	Our progress in 2020/21
As a measure of employee engagement across our business, we target a survey response rate of 70%.	46% 2021 target: 70%
As part of a range of initiatives to support our employee's mental health, we are increasing the number of trained mental health first aiders in our business.	1:20 2021 target: 1:50
Investing in training is key to recruiting and retaining our highly skilled workforce. We aim to increase the number of training days per employee.	4.0 2021 target: 4.5

Committed to diversity and inclusion

Women across our industry are making a huge contribution in helping to deliver major engineering programmes.

As part of its ongoing commitment in celebrating women's achievements and in creating equal and fair opportunities, AmcoGiffen has signed up to the Railway Industry Association and Women in Rail Equality, Diversity & Inclusion Charter which champions best practice in working together to build a high-performing rail sector.

Our values in action

Read more about our values on page **20**

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 including day release schemes, apprenticeships and mentoring programmes.

An example of one such programme is at AmcoGiffen with the launch of the specially developed Controller of Site Safety ("COSS") Academy programme. In addition to this there will also be workshops with site teams to understand how further improvements can be made to the planning and safe delivery of our rail operations.

As an Investors in Young People Gold Award company, QTS hosted its first apprenticeship open day during the year. Young people considering an apprenticeship were invited to attend the open day at the QTS head office in Scotland where they met a number of the workshop team.

QTS also sponsored the Commitment to People Development category at the Nottinghamshire Business Awards during 2021.

Diversity and inclusion

We work hard to develop a positive working culture that allows all employees, regardless of their gender, disabilities, sexuality, race or religion, to build their careers within an open and collaborative environment.

During 2022, the Group will be setting diversity targets to measure our progress. These will form the basis of our ongoing diversity and inclusion reporting.

As well as promoting diversity and inclusion generally across our business, a number of our subsidiaries took part in events for National Inclusion Week to raise awareness of the challenges faced by business and wider industry in creating a more diverse and inclusive working environment.

We also supported the Railway Industry Association and Women in Rail's Equality, Diversity & Inclusion ("EDI") Charter in a number of our businesses. Through the collaboration with other rail industry professionals, contractors and businesses we hope to play our part in identifying improvements to current standards, championing best practice, and working together to build an equal and fair rail sector.

We recognise that our business, along with the wider engineering industry, has traditionally been male dominated. We continue to work to recruit women into the industry through recruitment drives, and by supporting and increasing the opportunities available to women.

An example of this is at Walter Lilly which is committed to supporting the next generation of women. Currently around 20% of its employees are women and a third of its sponsored and day release students who graduated in the past two years have been women.

Employee wellbeing

All the Group's subsidiary businesses provide an Employee Assistance Programme to support our employees on a range of topics including finance, childcare, general health matters and mental health.

Mental health awareness continues to be a focus across the Group. At Seymour, the leadership team took part in an accredited Level 2 Mental Health Awareness course delivered through its in-house Skills Academy with plans to roll out the course content across its workforce.

Many of our businesses have mental health champions, in addition to mental health first aiders, who provide additional support to our employees.

Employee engagement

Employee engagement initiatives include workshops, newsletters, social events, social media, team briefings, employee surveys and training and development opportunities.

As part of the employee engagement forum at AmcoGiffen, it was suggested a "Cycle to Work" salary sacrifice scheme be set up. The scheme now provides options for employees to choose cycles or equipment to help with healthier journeys to work.

As well as promoting diversity and inclusion generally, a number of our businesses took part in events for National Inclusion Week to raise awareness of the issues faced by the business and the wider industry in creating a more diverse and inclusive working environment.

Paul Scott
Chief Executive Officer

Positive communications

Walter Lilly has implemented an internal digital platform for employees which provides the tools needed to further improve two-way communication and collaboration across the business.

This central hub has become a focal point for employees to access the latest company news, informal wellbeing guidance and details of staff benefits.

Our values in action

Read more about our values on page **20**

Working together

Renew, inspiring successful executives "RISE"

Recognising that our biggest asset is our people, the Renew Executive Leadership Programme, "RISE", has been launched. The programme focuses on managing relationships, developing strengths, building diversity, setting direction and leadership and is a mix of workshops, online learning modules, virtual collaborative events and mentoring.

The programme supports our commitment to promoting leadership talent from across our business.

Our values in action

Read more about our values on page **20**

Support local communities

During the year the Covid-19 pandemic has greatly impacted the frequency with which our employees have been able to engage in community events.

Our targets	Our progress in 2020/21
To support the local communities in which we operate, we measure the working hours per employee we spent assisting community projects.	0.30 2021 target: 24
We support a range of community events; in particular we target increasing the number of STEM events we support each year.	15 2021 target: 50

Volunteers continue Enfield Lock enhancements

A team of volunteers from J Browne's Enfield office completed refurbishment works on Enfield Lock on the River Lee Navigation. This section of canal, which J Browne has adopted through the Canal and River Trust, is a significant habitat for wildlife. The section has a houseboat community nearby and the towpaths are regularly used by the local community for dog walking.

Our values in action

Read more about our values on page **20**

Future skills

Our businesses offer a range of training and development opportunities including work experience placements, internships, trainees and graduate roles all designed to assist the next generation and develop them personally and professionally.

During the year, whilst working on a National Highway scheme at Chowns Mill, Carnell hosted a careers event for local people who were interested in entering the industry.

As part of a mains replacement scheme for Bristol Water in Butleigh, Somerset, Lewis Civil Engineering invited pupils from the local primary school to create a time capsule and learn more about the nature of the water works.

Shepley Engineers hosted a virtual stand at the 2021 Cumbria Careers Fair which saw it answer students' questions about life after school and post-16 options.

Apprenticeships are a key part of the workforce at Shepley, which has over 40 apprentices across the group. This gives a great route for aspiring young adults looking to develop themselves, offering not only educational skills but also practical hands-on and delivery experience. Apprentices at Shepley are working towards qualifications in pipefitting, welding, plating, erecting, electrical disciplines and business administration.

Community engagement

We encourage our employees to reflect our culture of responsible working in their day-to-day operations.

During the year the Covid-19 pandemic has greatly impacted the frequency with which our employees have been able to engage in volunteering for their local communities. We hope to improve on this in 2022.

Working for Network Rail in the East Midlands, the site team saw an opportunity to reduce its environmental impact and help a local school by donating felled trees and bark chippings for reuse in the school's wildlife garden and den building activities. The team was invited back to the school to talk to the children about the work and how it ensures the protection of the local wildlife.

At Carnell, 13 employees completed a litter picking pledge as part of the Great British Spring Clean contributing a total of 22.5 hours of voluntary clean up work.

Charitable giving

Apprentices from QTS volunteered their time to undertake renovation works for the KIND charity which helps children and families across Merseyside cope with the effects of poverty. Works included enhancing the nursery pupils' play and learning area.

Shepley provided financial support to the Cumbria Community Foundation during the year, continuing its long association with the foundation. The foundation supports learning for local people and works to make the community a better place in which to live. During the year, Bee Unique in Cumbria received a grant to assist with the hosting of special events for the local autism community.

At Seymour, volunteers delivered a new outdoor play and learning area for Hetton Lyons Primary School in the North East, as well as taking part in a question and answer session on engineering for the children.

Understanding our responsibility to our community stakeholders

Development of innovative solutions often has a wider impact than the obvious cost and time efficiencies.

As part of its bespoke plant fleet, QTS developed the "Vegetation Compactor". This is a first-of-its-kind Road Rail Vehicle on the UK rail network and can hold up to ten times the traditional trailer load thanks to its moveable sides with little impact on the lineside ground or drainage systems.

Disturbance to wildlife is greatly reduced, as are noise levels compared to conventional chainsaws and woodchippers, which lessens the impact of vegetation clearance works on our lineside neighbours.

Operating responsibly is central to the work we do.

Our values in action

Read more about our values on page **20**

Working together

Following previously completed remedial work on a Northern Gas Networks ("NGN") site in West Yorkshire, VHE installed bird and bat boxes as part of NGN's "Home for Nature" scheme. VHE was also pleased to sponsor the local community sports teams in Methley which have around 300 junior players registered.

AmcoGiffen is developing its charity policy which will help focus efforts and provide support across the local regions in which it works. QTS continues to develop its youth athlete programme which supports young people in achieving its sporting dreams. One such star is Scott Quin, who competed on behalf of Team GB at the Tokyo Paralympics, and hammer thrower Charlotte Payne, who competed at the European U20 Championships in Estonia during the year.

Lewis Civil Engineering supplied and built a new sports equipment storage shed in partnership with Bristol Water for Bitton Youth Club as part of our initiative to give back to the local communities.

At J Browne the team is committed to taking tangible measures to respect and enhance the local community and environment. During the year, volunteers completed refurbishment works on Enfield Lock on the River Lee Navigation as part of works on a section of the canal they have adopted.

Paul Scott
Chief Executive Officer

Insightful risk management

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

Risk management structure

The management of risk is overseen by the Board which reviews and agrees the Group's risk matrix including the identification of new risks and opportunities and reviewing the Group's principal risks.

Our subsidiary businesses are governed by a system of controls including our Group minimum standards which are audited internally to ensure compliance in areas including risk management, control environment and activities, information and communication, and the evaluation of our ability to deliver robust commercial risk management.

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

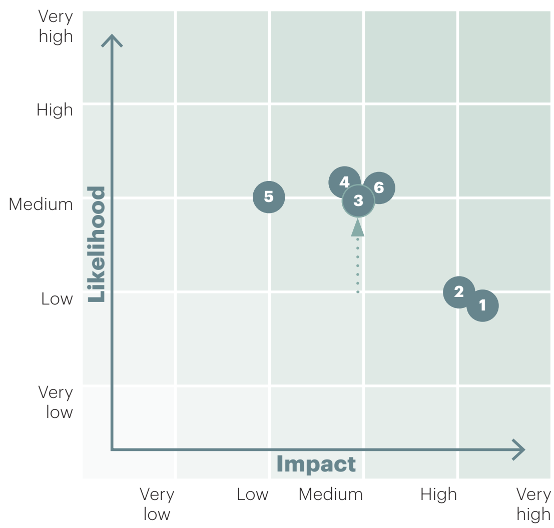
- Review and agree risk profile
- Identify new risks
- Agree principal risks

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.

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



Decrease Increase Same as last year

Consideration of ESG issues
We consider the impact of ESG related risks as part of the Group's risk management review process and include consideration of risks such as climate change and carbon emissions, human rights, Board diversity and the diversity of the wider Group along with a number of other social, environmental and governance related risks.

During 2021/22 the Board will undertake a detailed review of ESG related risks and opportunities to the business which will form the basis of our Task Force on Climate-related Financial Disclosures reporting.

Read more about our commitment to ESG on pages **48–55**

Covid-19
The Board continually reviews the principal risks and uncertainties affecting the Group in the context of the impact of the Covid-19 pandemic.

Whilst the Board recognised that the impact of Covid-19 increased the overall risk environment, the Board considered that the principal risks and uncertainties remained appropriate and therefore unchanged.

The Board has taken additional actions to address those risks specifically arising from Covid-19.

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

1

Major accident or hazard

Risk trend

Same as last year

Link to strategy

Read more on pages **26 & 27**

1 2 4

Governance oversight

- Executive Directors
- Renew senior management teams
- Group SHEQ Director

Risk and 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 reputation loss.

Tolerance to residual risk:
Reduce

Example mitigating actions

- Established and proven processes and policies
- Broad nature of the sectors in which we are engaged
- Directly employed safety practitioners within our subsidiaries
- Advisors' specialist knowledge of the complex 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 the investment in training; there has been no change to this risk during the year.

Opportunity

We undertake a high volume of safety training across our business. We directly employ our workforce which together means we are able to better control the environment and the competencies of the workforce we deploy.

2

Loss of a major customer

Risk trend

Same as last year

Link to strategy

Read more on pages **26 & 27**

1 2 4

Governance oversight

- Executive Directors
- Renew senior management teams
- Subsidiary senior management teams

Risk and 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.

Tolerance to residual risk:
Accept

Example mitigating actions

- Keeping close to our clients
- Responsive, compliant, safe, innovative and proactive
- Delivery of innovative solutions
- 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. The acquisition of J Browne has broadened the Group's customer base.

Opportunity

Having a number of larger clients means we able to build strong relationships over many years. We understand our clients' long-term ambitions and assist them in the delivery of these through our culture of engagement.

Risk management continued

Decrease | Increase | Same as last year

3 Major project loss

Risk trend

Increase

Link to strategy
Read more on pages **26 & 27**

4 5

Governance oversight
- Executive Directors
- Renew senior management teams
- Subsidiary senior management teams

Risk and 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.

Tolerance to residual risk:
Accept

Example mitigating actions
- Rigorous project selection process
- 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. There remains the potential for legacy claims from the discontinued Allenbuild business. Given this, the likelihood has moved from low to medium for this risk.

Opportunity
In developing our rigorous selection processes, the Group focuses on those schemes that present the least risk to the business. We have improved our record keeping as a result of reviewing our risk in this area and this has assisted the business significantly in being able to accurately review historical contracts.

4 Cost inflation

Risk trend

Increase

Link to strategy
Read more on pages **26 & 27**

2 3 4

Governance oversight
- Executive Directors
- Renew senior management teams
- Subsidiary senior management teams

Risk and potential impact
A risk of our employment and other input costs increasing that we are not able to pass on.

Tolerance to residual risk:
Reduce

Example mitigating actions
- Ensure that the contractual terms and conditions are appropriate and properly understood
- New contract vetting procedures are robust and in line with the Group Minimum Requirements

Change in the year
This risk has replaced the "Economic conditions" risk as the Board agreed this better represented the real time risk to the business through changes to the economy. The Board determined that the risk of cost inflation is medium likelihood, medium impact.

The Board recognises that there has been a significant increase in the price of certain materials and labour during the course of the last financial year however the Group is largely able to mitigate these increases due to the short-term nature of our contracts and our ability to recover these additional costs through the contracts.

Opportunity
The review of our contract vetting procedures and the improvements undertaken in the year mean we are more robust in our approach in this area.

5 Business continuity and cyber risk

Risk trend

Same as last year

Link to strategy
Read more on pages **26 & 27**

1 4

Governance oversight
- Executive Directors
- Group IT Director
- Subsidiary senior management teams

Risk and 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.

We recognise the importance of maintaining the integrity of the business' electronic communications and management systems from both failure and cyber attack.

Tolerance to residual risk:
Reduce

Example mitigating actions
- A business continuity approach to disaster recovery
- Industry best practice cyber attack defence tools
- Automated off-site 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. There has been no change to this risk.

Opportunity
We continue to reinforce our systems which alongside user training and awareness programmes means we are exposed to less risk in this area.

6

Management and succession planning

Risk trend

Link to strategy
Read more on pages **26 & 27**

1 3 4

Governance oversight
- Executive Directors
- Renew senior management teams
- Subsidiary senior management teams
- Group HR Director
- Nomination Committee

Risk and 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.

Tolerance to residual risk:
Reduce

Example mitigating actions
- Review of succession planning and management in each of our subsidiary businesses
- Review succession for the senior teams in the short, medium and long term

Change in the year
The Group has further developed its succession planning and diversity procedures during the year and continues to carefully monitor any changes at regular intervals with our subsidiaries. There has been no change to this risk.

Opportunity
The process of management and succession planning allows the business to reveal any vulnerabilities and skills gaps which through appropriate mitigation actions reduces the likelihood of sudden, unexpected change.

Working together

Safely supporting the hazardous nuclear environment

Shepley Engineers delivered a significant safety milestone during the year, surpassing 12 million hours of work without recording a RIDDOR Reportable incident at the Sellafield site in Cumbria.This is a testament to the continuous focus on safety, exemplary Health and Safety approach and a reflection of every employees dedication to maintaining the highest standards of safe working.

Viability statement
Assessing the business

How Renew assesses its prospects
The Directors have conducted a review and assessed the prospects and viability of the Group.

The assessment period
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 during the period being considered. It is highly likely that the Board will be able to replace these facilities at the appropriate time.

Assessment viability
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.

Creating the right leadership

The members of the Board bring a range of expertise on issues of performance, strategy and governance, which support the success of the group. The Board is satisfied that, between the directors, it has an effective and appropriate balance of skills and experience to deliver the Group's long-term strategy.

Working together

Creating the right culture through our governance framework

The Group's core values and governance framework form the structure for embedding our culture. As a Group we have a set of Group Minimum Requirements ("GMRs") which each of our subsidiaries are required to comply with.

The GMRs cover all aspects of the business operations and ensure we maintain high standards across all areas including, health & safety, financial control, ESG, information technology and human resources.

Considering all our stakeholders

The Board carefully considers all of its stakeholders in the decisions it made during the year. The Board is conscious its decisions have wide reaching consequences for a range of stakeholders and seeks to ensure these consequences are fully understood as part of any decision making process.

Board Performance Evaluation

The Board understands the importance of self evaluation and undertakes an annual performance review of its members and committees. The results of the review form the basis of the annual Board improvement plans.

Skills and experience

The Board regularly reviews the range of skills and experience of its members through its annual Board performance evaluation process. Identified skills or experience gaps form the basis of future recruitment plans. More details of the Board's skills and experience can be found on pages 62 and 63.

The Board seeks to ensure that its range of skills and experience are aligned with both its current and future requirements.

Leadership

The Group's Chairman, David Forbes, has been in position for 10 years and, in accordance with best practice, has decided to step down as Chairman and from the Board. David has worked with the Board to identify the skills and experience required of a prospective Chairman and the Board has commenced an exercise to find a replacement.

The Board remains confident that this process will conclude in the new year and that a strong candidate will be appointed. David has agreed to remain as Chairman until that appointment is finalised which is expected to be no later than spring 2022 at which point David will step down from the Board.

In accordance with the Group's normal rules, a resolution approving David Forbes re-election as a Director will be put to shareholders at the Annual General Meeting in 2022.

Board recruitment

The Board undertakes a rigorous recruitment process supported by external specialist advisors to identify potential Board candidates that have the necessary skills and experience to compliment the existing team.

Recruitment interviews are held by the Chairman and a Non-executive Director. Further meetings are held to introduce potential candidates to the rest of the Board.

How the Board add value

The Board adds value by providing advice to the executive team and in presenting challenge as appropriate. The Board works on behalf of the Group's shareholders and brings a wide range of experience and assistance across a broad range of topics. These skills and experience of the Board members support the achievement of the Group's medium and longer-term objectives.

Diversity

In recent years the Board has worked hard to improve its diversity profile. It recognised the lack of diversity that existed and the limitations this would bring. The Group has increased its gender and diversity profile through the recruitment of two new Non-executive directors since 2019. Work continues to further diversify the board, understanding the benefits that a well rounded Board offers.

How the Board works together

The Board, led by the Chairman, usually meets at least nine times a year in person unless this is not practicable. The Board reflects on the results of the period presented, reviews progress of agreed strategic implementation goals and discusses points raised by the executive team. The Board discuss, support and challenge the executive team as necessary.

Outside of the formal Board meetings the Board provides additional support as required. An example of this would be through the Covid-19 pandemic. The executive team received guidance and support in their decision making processes and in navigating what was an unprecedented situation.

Succession planning

The Board undertakes an annual succession planning process and more frequently as situations dictate. Succession planning it's undertaken by the Group's Nomination Committee, chaired by David Forbes.

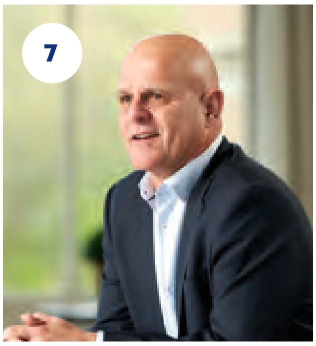
Board meetings held on the year

11

Board site visits

2

Our Board



1. 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:
11 out of 11.

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

2. 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:
Chair of Unicef UK. Non-executive Director at SIG plc and Speedy Hire plc.

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

Number of Board meetings attended:
11 out of 11.

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

3. 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 former chief executive of The Go-Ahead Group and Go-Ahead's London Bus business.

External appointments:

Director of the Rail Delivery Group Limited.

Skills brought to the Board:
Transport industry experience.

Number of Board meetings attended:
10 out of 11.

Sector experience:
Transport.

4. 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:
Non-executive Director at NSMP Limited and Neos Networks. Senior Advisor to Shell Renewables and Energy Services.

Skills brought to the Board:
Infrastructure, strategy, business development and M&A experience.

Number of Board meetings attended:
10 out of 11.

Sector experience:
Utilities and telecoms.

5. 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:
11 out of 11.

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

6. 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:
11 out of 11.

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

7. 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:
11 out of 11.

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

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

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

Committed to high standards of governance

David Forbes
Chairman

Dear Shareholder,

The last 18 months has been turbulent for the UK. Businesses have faced unprecedented challenges and the Covid-19 pandemic has highlighted the critical role governance plays in a business.

The Board of Renew has continued to uphold the highest standards of corporate governance and as part of this continues to comply with the Quoted Companies Alliance ("QCA") Corporate Governance Code 2018 to the extent considered appropriate for a company of this size. In many areas we exceed and continue to improve on the requirements of the Code where we are able to. Details of how Renew complies with the code or an explanation as to why it does not is included on the following pages.

We also recognise we are able to go further and during the year we undertook a benchmarking process against the 2018 Corporate Governance Code. This identified areas that, as a Board, we felt we could comply with that would add value to our reporting. Some of the results of that exercise can be seen in the additional disclosures contained in this Annual Report.

Shareholder engagement

Myself and the rest of the Board continue to welcome the views of all our shareholders. During the year we have communicated with our shareholders through the delivery of our results information, and the Company's Annual General Meeting ("AGM"). Outside of these events, I can be contacted by email at chairman@renewholdings.com.

Future focus

The Board remains focused on improving the diversity of the Board and the wider Group as well as developing our response to climate change and ESG activities as we move through 2022.

David Forbes
Chairman
9 December 2021

Board induction process

The Board has a robust induction process led by the Chief Executive Officer. New Board members 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;
- detailed meetings with the Chief Executive Officer to outline how the business operates based around the Group's Strategic Plan and covering in detail areas such as health and safety, risk management, strategy and culture;
- an introduction to the senior team; and
- a site visit to a Group subsidiary business shortly following their appointment.

Whilst the core elements of the on boarding 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.

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

→ Read more about how we manage risk to ensure the successful delivery of our strategy on pages **56–59**

→ Read more about our strategy on pages **26 & 27**

→ Read more about our business model on pages **20 & 21**

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 find a link to the website of Link Group 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 Officer 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 page **22**

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

→ Read more about how we engage with our stakeholders on pages **22–25**

→ Read more about how we deliver value for our stakeholders on pages **20 & 21**

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation.

→ Read more about how we identify and manage risk on pages **56–59**

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.

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation. continued

Internal controls continued
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 15 years and including 2021, 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

Read more about the Remuneration Committee's key responsibilities and activity during 2021 on pages **77–84**

Nomination Committee

Read more about the Nomination Committee's key responsibilities and activity during 2021 on pages **75 & 76**

Audit and Risk Committee

Read more about the Audit and Risk Committee's key responsibilities and activity during 2021 on pages **72–74**

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 11 times in the year ended 30 September 2021 with all Directors in attendance other than on two occasions.

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.

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 **62 & 63**

Read more about how our Board works on pages **60 & 61**

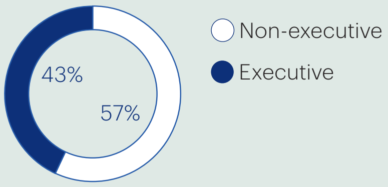
Principle 6: Ensure that, between them, the Directors have the necessary up-to-date experience, skills and capabilities.

Brief biographies of the Directors can be viewed on pages **62 & 63**

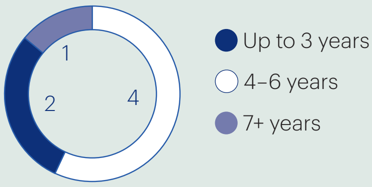
The members of the Board bring a range of expertise on issues of performance, strategy and governance, which are vital to the success of the Group. The Board is satisfied that, between the Directors, it has an effective and appropriate balance of skills and experience.

Our Board

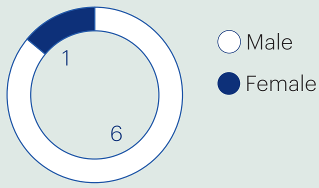
Members



Length of tenure



Diversity



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 new Non-executive Directors, a specialist executive search agency will be 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.

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 year 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 2021.

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.

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.

David Forbes, currently Chairman of the Company, has indicated his desire to stand down as Chairman and from the Board. The Nomination committee has undertaken an exercise to identify his successor which is largely complete. A new Chairman is expected to be appointed in the spring at which point David will stand down.

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 and how the Board works together on page **64**

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

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 culture on pages **42 & 43**

Read more about our core values on page **20**

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 11 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

Read about the Remuneration Committee's responsibilities and activity during 2021 on pages **77–84**

Nomination Committee

Read about the Nomination Committee's responsibilities and activity during 2021 on pages **75 & 76**

Audit and Risk Committee

Read about the Audit and Risk Committee's responsibilities and activity during 2021 on pages **72–74**

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 2022.

Read more about how we manage risk on pages **56–59**

Working together

To build a better understanding of our business – Board site visit to Luton Airport Parkway

The Board continues to look for ways to better understand the business and its stakeholders. As part of this, the Board seeks to undertake at least two site visits per year.

In June, the Board visited an AmcoGiffen rail site in Luton as part of the new, above ground Direct to Air Rail Transit (DART) system. The scheme is designed to transform the experience of those travelling to Luton Airport by rail and will enable passengers to travel from St. Pancras to the airport in just 30 minutes.

Working for Network Rail, on behalf of London Luton Airport, the team designed and built a new pedestrian footbridge over the railway tracks as well as providing the construction of associated lifts and escalators on the operational platforms.

The Board met with the site team and were given a short presentation on the scheme. Once personal protective equipment was on, the Board were given a tour of the site and a chance to ask questions.

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	11/11	3/3	4/4	4/4
D A Brown	10/11	3/3	4/4	4/4
S A Hazell	10/11	3/3	3/4	4/4
S D Dasani	11/11	3/3	4/4	4/4
P Scott	11/11	—	—	—
S C Wyndham-Quin	11/11	—	—	—
A P Liebenberg	11/11	—	—	—

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 11 times in the year ended 30 September 2021 with all Directors in attendance except for on two occasions.

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

Read about the Remuneration Committee's responsibilities and activity during 2021 on pages **77–84**

Read about the Nomination Committee's responsibilities and activity during 2021 on pages **75 & 76**

Read about the Audit and Risk Committee's responsibilities and activity during 2021 on pages **72–74**

Shareholder engagement

Read more about how we deliver value for our stakeholders on pages **22–25**

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.

Shareholder voting

The table on pages 70 and 71 shows the votes cast at the 61st Annual General Meeting of Renew Holdings plc which was held at Thorpe Park Hotel on 27 January 2021 at 11.00am.

Due to the UK Government's public health guidelines on Covid-19 and in the interests of the safety and wellbeing of our shareholders, shareholders were not permitted to attend the 2021 Annual General Meeting in person.

Details on how to vote on the resolutions at the Annual General Meeting and how to ask questions of the Board of Directors were included in the Notice of Meeting.

Working together

Our Board evaluation process

As part of the Board's commitment to continuous improvement, a Board performance evaluation process is undertaken annually. 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 2021.

Timeline for the 2022 Board performance evaluation process

January 2022	Board performance evaluation survey distributed to Board members electronically.
February 2022	Board performance evaluation survey responses received.
March 2022	Confidential survey responses collated for Chairman's review.
May 2022	Key areas for discussion outlined at the Board meeting and an action plan agreed.
June 2022+	The Board will work through the areas raised in the Board performance evaluation process.

2021 Annual General Meeting voting results

	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 2020 and the reports of the Directors and auditor thereon.	44,153,395	13,630	5,637
Ordinary resolution 2			
To declare a final dividend for the year ended 30 September 2020 of 8.33p per Ordinary Share in the capital of the Company to be paid on 5 March 2021 to shareholders who appear on the register at the close of business on 29 January 2021.	44,171,230	0	1,432
Ordinary resolution 3			
To re-elect Sean Wyndham-Quin as a Director of the Company. Mr Wyndham-Quin retires as a Director in accordance with the Company's Articles of Association and offers himself for re-election.	43,377,859	117,346	677,457
Ordinary resolution 4			
To re-elect David Brown as a Director of the Company. Mr Brown retires as a Director in accordance with the Company's Articles of Association and offers himself for re-election.	44,053,091	21,576	103,773
Ordinary resolution 5			
To re-elect Stephanie Hazell as a Director of the Company. Ms Hazell was appointed as a Director during the year and, in accordance with the Company's Articles of Association, retires as a Director and offers herself for re-election.	44,167,282	7,000	847
Ordinary resolution 6			
To approve the Remuneration report for the year ended 30 September 2020.	42,914,640	1,044,022	217,858
Ordinary resolution 7			
To appoint KPMG LLP as auditor of the Company.	43,771,846	399,497	5,319
Ordinary resolution 8			
To authorise the Audit and Risk Committee of the Board of Directors of the Company to determine the remuneration of the auditor.	44,009,599	113,006	54,057

	Voting for	Voting against	Voting withheld
Ordinary resolution 9			
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 ("Rights") up to a nominal amount of £2,622,711 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 2022 (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 expires and the Directors may allot such Shares or grant such Rights pursuant to any such agreement as if this authority had not expired.	44,052,215	110,485	19,740
Special resolution 10			
THAT, subject to the passing of resolution 9, 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 9 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 or other pre-emptive 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 £393,406. 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 2022 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.	43,959,196	201,004	22,240
Special resolution 11			
THAT, subject to the passing of resolution 9 above, the directors of the Company (the "Directors") be empowered in addition to any authority granted under resolution 10 to allot equity securities (as defined in the Companies Act 2006 (the "Act")) for cash under the authority given by resolution 9 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 £393,406; 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 2022 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.	43,459,246	709,769	13,425

By order of the Board

Sean Wyndham-Quin CA
Company Secretary
9 December 2021

Our approach to managing risk

Shatish Dasani
Chairman of the Audit and Risk Committee

In 2022, the Committee will oversee the transition to the new external audit firm as well as continue to focus on risk management and the control environment.

Key responsibilities and terms of reference

- 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.

Focus in the reporting year

- Review of risk management framework
- External auditor tender process
- Internal audit programme
- Introduction of whistleblowing policy

Priorities for 2022

- Continued focus on risk management and the control environment
- Delivery of the internal audit programme
- IT related risks including cyber security
- Overseeing transition to new external auditors

Membership

David Forbes
Shatish Dasani (Committee Chair)
David Brown
Stephanie Hazell

Meeting attendance[1]

David Forbes

Shatish Dasani

David Brown

Stephanie Hazell

1 There were three meetings held during the year ended 30 September 2021.

Introduction

Dear Shareholder,

I am pleased to present the Audit and Risk Committee report for the financial year ended 30 September 2021. 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 above.

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 three 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.

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

- conduct a rigorous tender process for the external audit, resulting in the proposal to appoint EY LLP as auditors for the financial year beginning 1 October 2021;
- 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 2020/21 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 intangibles recognised on acquisition

The acquisition of J Browne on 26 March 2021 and the acquisition of REL on the 28 May 2021 required the valuation of separately identifiable intangible assets which involved a degree of judgement. An independent accounting firm Garbutt + Elliott was commissioned to produce a report on this matter for J Browne which was reviewed and approved by the Committee.

Risk management and internal control

The Committee has undertaken a review of the Group's financial, operational and compliance controls and is satisfied that these remain appropriate for the Group.

A rolling program of internal financial audits are undertaken which review the processes and procedures used in the Group's financial management. Undertaken by senior members of the finance team, the findings can include recommendations for corrective or preventive action. Results of the internal audits are reviewed with the business and the Audit and Risk Committee. Each subsidiary is audited at least once every three years and agreed actions are monitored to ensure that they are completed on a timely basis.

External auditor tender process

In line with the Corporate Governance Code 2018, KPMG LLP will resign as the Group's audit firm at the conclusion of the 2021 audit process. In preparation for this, during 2021 the Committee undertook a process to identify a new auditor. This thorough process was concluded successfully and the Committee proposed to the Board that EY LLP be recommended for appointment as the Group's auditor at the Annual General Meeting in 2022. The Committee would like to thank KPMG LLP for their services to the Group.

KPMG LLP has audited the Group's accounts for the year ended 30 September 2021. 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.

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 which is summarised below.

Policy on the provision of non-audit services

- Provision of certain non-audit services by the Group's Auditors are prohibited and must not be provided under any circumstances.
- Fees for permissible non-audit services should not exceed 70% of the average audit fees paid in the last three consecutive financial years with effect from 1 January 2020.
- A register is kept of all permitted non-audit services provided by the Auditors and the fees agreed.
- Any individual engagement with a fee exceeding £10,000 or where the cumulative fee for the calendar year would exceed 25% of the audit fee should be approved by the Chairman of the Audit and Risk Committee.
- Any individual engagement with a fee exceeding £25,000 or where the cumulative fee exceeds 40% of the audit fee should be approved by the Audit and Risk Committee.
- Permissible non audit services are generally assurance related. Audit related services are those non-audit services specified in the FRC Ethical Standard 2019 that are largely carried out by members of the audit engagement team, and where the work involved is closely related to the work performed.

Fees of external auditor

During the financial year, the Group external auditor's fees were £893k (2020: £610k). The Committee confirms that no non-audit services were undertaken by the Group's auditor, KPMG LLP, in the period.

Whistleblowing policy

During the year the Group introduced its whistleblowing policy to ensure any fraud, misconduct or wrongdoing by employees or officers of Renew is reported and appropriately dealt with. The policy clearly sets out the procedure and protection for whistleblowers and includes contact details for an independent third-party whistleblowing helpline.

2022 and beyond

We are committed to providing the highest levels of oversight to the Group's reporting and control processes. In 2022, the Committee will continue to focus on risk management and the control environment in particular any potential IT related risks and cyber security. The Committee will also oversee the transition to the new external auditor.

Approval

The Audit and Risk Committee report was approved by the Board on 9 December 2021 and signed on its behalf by:

Shatish Dasani
Chairman of the Audit and Risk Committee
9 December 2021

A forward thinking Board

David Forbes
Chairman of the Nomination Committee

The Nomination Committee will continue to 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, supporting the continued success of the Group.

Key responsibilities and terms of reference

- Review the structure, size and composition of the Board and its Committees
- Review skills, knowledge, experience, and diversity of the Board
- Review of time commitments and external directorships
- Succession planning for Directors and senior executives
- Keep under review the leadership needs of the organisation, both Executive and Non-executive
- Leadership talent development
- Board performance evaluation
- Committee effectiveness and terms of reference

Focus in the reporting year

- The appointment of a new Non-executive Director to the Board
- Continued QCA Corporate Governance Code compliance
- Board and senior management succession planning
- Board performance evaluation
- Undertake a process for the identification and appointment of a replacement Chairman

Priorities for 2022

- Continue to develop the Group's approach to diversity and inclusion
- Review skills, knowledge, experience and diversity of the Board
- Succession planning for Directors and senior executives
- Onboarding of new non-executive director
- Complete the appointment of a new Chairman for the Group

Membership

David Forbes (Committee Chair)
Shatish Dasani
David Brown
Stephanie Hazell

Meeting attendance[1]

David Forbes	
Shatish Dasani	
David Brown	
Stephanie Hazell	

1 There were four meetings held during the year ended 30 September 2021.

Introduction

Dear Shareholder,

As Chairman of the Nomination Committee, I am pleased to present my report on the committee's activities during the year.

Board changes

There have been no Board changes in the year ending 30 September 2021. Since the year end Louise Hardy has been appointed as a Non-executive Director.

Board effectiveness

During the year the committee undertook its annual Board performance evaluation process to assess the performance and effectiveness of the Board and its committees. The results of this process has informed the Board's plans for 2022.

Board composition and succession planning

The committee has reviewed the composition of the Board and its committees to ensure they continue to have the appropriate balance of skills and experience necessary to support the delivery of the Group's long-term strategy. Over the last two years the Board has continued to develop its range of skills and experience through the appointment of two non-executive directors.

Succession planning for the Board members and 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 the results of this underpin the development of individuals at both Group and subsidiary business level.

David Forbes, currently Chairman of the Company, has indicated his desire to stand down as Chairman and from the Board. The Nomination committee has undertaken an exercise to identify his successor which is largely complete. A new Chairman is expected to be appointed in the Spring at which point David will stand down.

During the year the Group launched its leadership development programme 'RISE' (Renew Inspiring Senior Executives) which will support the development of senior management talent across the Group.

Diversity and inclusion

It is the Board's view that a diverse membership enhances the quality of debate and decision making to the benefit of all stakeholders. The Board is keen for its membership to reflect its wider workforce and the communities in which the Group operates. The appointment of new members to the Board considers the Board's diversity requirements as part of the overall recruitment requirements.

Over the last three years we have worked to improve the diversity of the Board in its widest sense with two new appointments. Diversity remained a focus throughout the year and, as part of this, the committee undertook a recruitment process to appoint a new non-executive director. Subsequent to the year-end, the Board was pleased to announce the appointment of Louise Hardy with effect from 9 December 2021. Louise brings complementary skills and experience to the those of the existing Board members.

The Group works to support an inclusive culture across the business and this will be a focus area during 2022 as we seek to ensure our workforce better represents the diversity of the communities in which we operate.

Gender pay gap

The Board is committed to treating all employees equally. The engineering sector has traditionally been male dominated and, as a result, this is reflected in the gender pay profile of our business. We will be working with our subsidiaries to further develop our roadmap to improving our gender pay profile through 2022.

Assessment of independence of the non-executive directors

The committee undertakes an annual assessment of the independence of our non-executive directors. The committee was satisfied all the non-executive directors remained independent in the period with the exception of David Forbes, the Group's Chairman, due to a Board tenure exceeding 10 years. After consideration, the Board is confident David remains independent in his judgement and is committed to his role on the Board.

Time commitments and external appointments of non-executive directors

The committee reviewed the non-executive directors' time commitments and external appointments during the year and confirms that the non-executive directors have sufficient time to be able to fulfil their Group responsibilities. The committee did not identify any instances of overboarding.

Retirement by rotation

David Forbes and Andries Liebenberg will retire from the Board by rotation at the Group's AGM in 2022 and offer themselves for re-election.

2022 and beyond

The Nomination Committee will continue to 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, supporting the continued success of the Group.

David Forbes
Chairman of the Nomination Committee
9 December 2021

Rewarding good performance

David A Brown
Chairman of the Remuneration Committee

We continue to improve our disclosures in line with best practice and commissioned an external review of our policy during the year.

Key responsibilities and terms of reference

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

Focus in the reporting year

- Ensured continued compliance with best practice and the QCA Corporate Governance Code 2018
- Set targets for the 2020 LTIP award and 2021 annual performance-related bonus
- Approved the 2020 annual performance-related bonus payout and vesting of the 2017 LTIP award
- Approved the 2021 Directors' remuneration report
- Reviewed Board and senior management remuneration
- Considered the suitability of introducing a share ownership scheme
- External review of Non-executive remuneration policy

Priorities for 2022

- Consider and implement the recommendations arising from a review of Renew's Remuneration policy undertaken by PwC on behalf of the Company in 2021
- Ensure continued compliance with the QCA Corporate Governance Code 2018 and continue to develop best practice disclosures

Membership

David Forbes
Shatish Dasani
David Brown (Committee Chair)
Stephanie Hazell

Meeting attendance[1]

David Forbes	4
Shatish Dasani	4
David Brown	4
Stephanie Hazell	3

1 There were four meetings held during the year ended 30 September 2021.

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 2021.

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 2021 and proposed remuneration for the year ended 30 September 2022.

The auditor is not required to report to the shareholders on the Remuneration report. The Remuneration report will be presented at the Annual General Meeting on 26 January 2022 and will be the subject of an advisory vote.

During the year the Committee reviewed the Group's remuneration policy to ensure that the policy continues to be appropriate for the Company at its current stage of development, that it remains aligned to both shareholders' and other key stakeholders' interests and continues to support our long-term business strategy, values, and culture. During the year, the committee also commissioned an external review of the Group's remuneration policy which was undertaken by PwC LLP.

Corporate governance

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 that meet best practice for AIM listed companies.

Over the last year the committee has continued to ensure it remains closely aligned with the QCA Remuneration Committee guidance. The committee also during the year undertook a benchmark exercise of the Group's compliance with the UK Corporate Governance Code 2018 which has resulted in additional disclosures on Chief Executive pay ratio and director's shareholdings.

Remuneration Committee

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

At the 2021 Annual General Meeting, votes on the advisory resolution relating to the Remuneration report were cast as follows:

In favour	42,914,640	(97.1 per cent)
Against	1,044,022	(2.4 per cent)
Withheld	217,858	(0.5 per cent)
Total votes cast	44,176,520	(100 per cent)

Engagement with shareholders

We encourage our shareholders and representative bodies to engage with the Remuneration Committee at any time. This helps inform the committee's decision making process.

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 the 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 interests 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 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 Executive Directors determine 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 are adjusted where the committee believes that adjustments are appropriate to reflect performance and changed responsibilities. The 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.

How this links to the Group's strategy – This enables the Group to attract, retain and motivate the best candidates to deliver the Group's strategic objectives.

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 in the following pages.

How this links to the Group's strategy – The bonus award incentivises Executive Directors to drive the in-year performance of the business and rewards strong performance, thereby driving longer term shareholder returns.

Long Term Equity Incentive Plans

The Remuneration Committee implemented a long term incentive plan ("LTIP") which was approved at an extraordinary general meeting ("EGM") held on the 25 January 2012. The LTIP has been designed so as to comply with ABI guidelines in all material respects.

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 is 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 or 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% 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 is no vesting if aggregate TSR growth over the three-year performance period is 25% or less.

The relative TSR target requires the company's 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 perform this is in the top decile of the TSR comparator group, then 100% 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 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).

The Remuneration Committee is empowered to grant a maximum number of LTIP options over 10p ordinary shares equivalent in value to 150 percent 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 shareholders all whilst preserving the overall economic effects of the LTIP award.

At the discretion of the Remuneration Committee, the LTIP rules allow for the amount of dividends paid 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 participants once the LTIP has vested. This payment can be made as either a cash payment or in the form of additional shares.

How this links to the Group's strategy – The LTIP scheme closely aligns a material part of an executive director's remuneration with the delivery of the Group's long-term strategy and shareholder returns.

Pension arrangements

Under their terms of engagement, the executive directors are entitled to receive an annual pension contribution of 15% 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. This arrangement is currently being reviewed as part of the external PwC review.

Executive Director minimum shareholding requirement

The executive directors are required by the Committee to build up and hold a minimum of 100% 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.

How this links to the Group's strategy – This aligns the financial interests of the executive directors with those of the Group's shareholders.

Discretion

The committee applies the exercise of discretion very carefully when considering the total amounts earned under the annual performance related bonus and LTIP, including the overall performance of the Group, health and safety performance and any exceptional factors.

When determining the future vesting of any LTIP awards, the committee will carefully consider whether any discretion is required to ensure outcomes are fair and appropriate.

Remuneration for the year ended 30 September 2021

During 2021, the Group's remuneration policy operated as intended by the committee. Full details of the relevant targets and performance achieved are set out on pages 78 to 81.

The committee recognises and appreciates the hard work and contribution of the executive directors throughout the full financial year. The committee believes that the 2021 pay outcomes are appropriate in the context of aligning the executive directors' interests with those of our stakeholders at this time.

Remuneration policy review

During the year, the Committee commissioned PwC LLP ("PwC") to conduct an external review of the Group's Remuneration policy. The comprehensive review looked at all aspects of the Remuneration Committee processes, including planning and approval processes, the executive director remuneration structure, Non-executive Director fees and alignment to best practice corporate governance codes.

As part of the review, PwC undertook a quantum benchmark of the executive director roles relative to the marketplace. This benchmarking with our comparator Group showed a disparity in the Chief Executive Officer and Chief Financial Officer's remuneration which the committee will review during 2022.

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 12-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 the re-election by shareholders at least every three years.

The service contracts of the directors who served during the year ended 30 September 2021 and were in post on that day 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

Directors' remuneration

Information is provided below for directors who served during the financial year and as at 30 September 2021.

	Notes	Salary/fees £000	Bonuses £000	LTIP £000	Benefits £000	Total emoluments 2021 £000	Increase from previous year %	Total emoluments 2020 £000
Executive Directors								
P Scott	**1,2,3,4,5,8**	**314**	**359**	**274**	**63**	**1,010**	21	833
A P Liebenberg	**2,3,4,5,8**	**225**	**261**	**204**	**55**	**745**	22	609
S C Wyndham-Quin	**2,3,4,5,7,8**	**240**	**274**	**204**	**54**	**772**	63	474
						2,527		1,916
Non-executive Directors								
D M Forbes	**8**	**78**	**—**	**—**	**—**	**78**	4	75
D A Brown	**8**	**47**	**—**	**—**	**—**	**47**	7	44
S D Dasani	**8**	**47**	**—**	**—**	**—**	**47**	7	44
S A Hazell	**6,8**	**47**	**—**	**—**	**—**	**47**	7	25
						2,746		2,104

Notes:

1. The highest paid director for 2021 was P Scott, who received emoluments of £1,010,000 (2020: £833,000).
2. Bonuses were earned by P Scott, A P Liebenberg and S Wyndham Quin during the current financial year and will be paid in the year ending 30 September 2022.
3. Details of the LTIP options exercised during the year can be found in the Directors' 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. S Hazell was appointed as a Non-executive Director with effect from 1 March 2020 and so the comparative emoluments represent the period from 1 March 2020 until 30 September 2020.
7. The disproportionate increase in total emoluments is as a result of the first year of options vesting under LTIP since becoming Chief Financial Officer.
8. The overall increase from the previous year is distorted due to the salary reductions taken in year ended 30 September 2020 as a result of Covid-19.

Total single remuneration figure for 2021 (£000)

The total single remuneration figure for our executive directors for the year ended 30 September 2021 is shown below.

	2021 £000	2020 £000
Chief Executive Officer, P Scott	**1,010**	833
Executive Director, A P Liebenberg	**745**	609
Chief Financial Officer, S C Wyndham-Quin	**772**	474

Annual bonus awards

The company provides a bonus incentive scheme for executive directors, the majority of which is based on two challenging measures.

Operating profit target

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 met that target then the executive directors were entitled to receive an annual bonus equal to 100% 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% of salary being paid if the performance exceeds the target by 30% with no bonus being payable if performance was 50% or more below target. Any bonus payable in excess of 100% 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 make 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 2021 the Remuneration Committee agreed a target for operating profit before exceptional items for the group of £42,618,000. This was revised to £44,769,000 following the acquisition of J Browne in March 2021. The operating profit before exceptional items for the group was £51.2m and therefore exceeded this target by 14.4%. Accordingly, under the terms of the scheme, the executive directors are entitled to receive an annual bonus equal to 114.4% of salary.

Health and Safety target

The annual bonus award includes a review of health and safety performance over the reporting period. The committee is able to use its discretion to reduce bonus payments in line with performance. The Group maintained its health and safety performance during the year and therefore no reduction in annual bonus award was necessary.

Long-term equity incentive plans

The market price of the company shares at 30 September 2021 being the last trading day of the month was 790p and the range of market prices during the year was between 435p and 850p.

Information is provided below for directors who served during the financial year and as at 30 September 2021.

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 4 Dec 2021 and 3 Dec 2028	Exercisable between 18 Feb 2023 and 17 Feb 2030	Exercisable between 15 Dec 2023 and 14 Dec 2030
LTIP options			
P Scott	129,310	118,269	89,785
A P Liebenberg	92,833	84,907	65,267
S C Wyndham-Quin	96,983	88,702	68,702

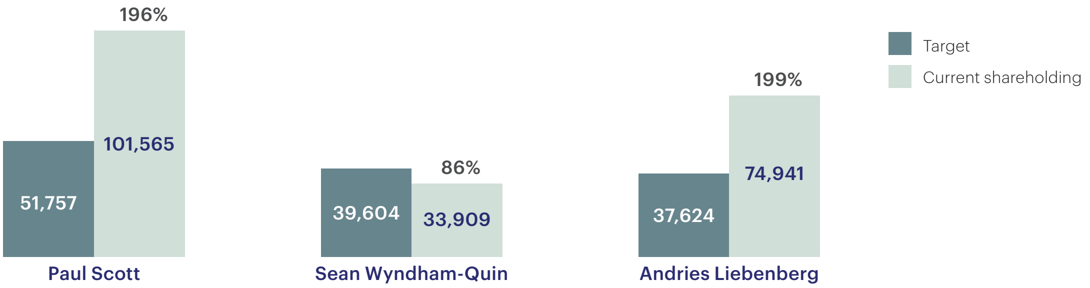
The LTIP options are exercisable at a nominal cost but are only exercisable to the extent that certain performance criteria are achieved by the company over a three-year performance period. For consistency with previous years, the close of market on the Friday following the group's preliminary results announcement was used as a valuation point for the LTIP grant.

During the year, options awarded on 22 November 2017 amounting to 126,280 shares in aggregate, vested in accordance with their vesting conditions. This represents 100% of the relative TSR measure and zero percent of the absolute measure in accordance with the scheme rules are set out in the graph over. These options were subsequently exercised on 14 December 2020, and 50,820 shares were issued to P Scott, 37,730 shares to A P Liebenberg and 37,730 to S Wyndham-Quin.

Shareholding requirement percentage of salary

Executive directors are encouraged to build up and hold their personal shareholding as soon as possible to ensure their financial interests are aligned with that of our shareholders. The shareholding guidelines require executive directors to hold ordinary shares equal in value to 100 per cent of their salary as set out in the graphs below.

Shareholding requirement % of salary



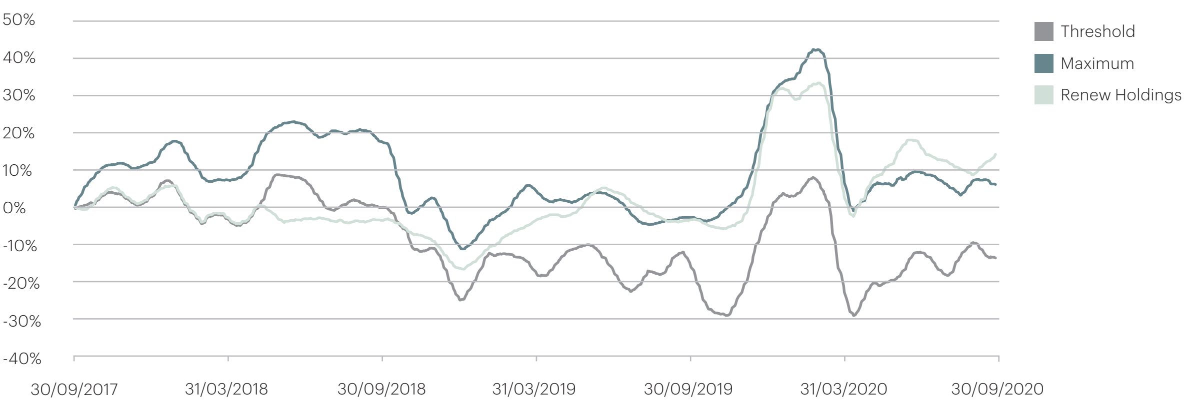
Notes

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 for year ending 30 September 2021 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 2020 and 1 October 2021, being £6.06.

Unvested LTIP shares do not count towards satisfaction of the shareholding requirement, but the board note that, in addition to the shareholdings, the executive directors also have an interest in the unvested share options detailed on page 81.

Renew Holdings TSR performance VS comparison group

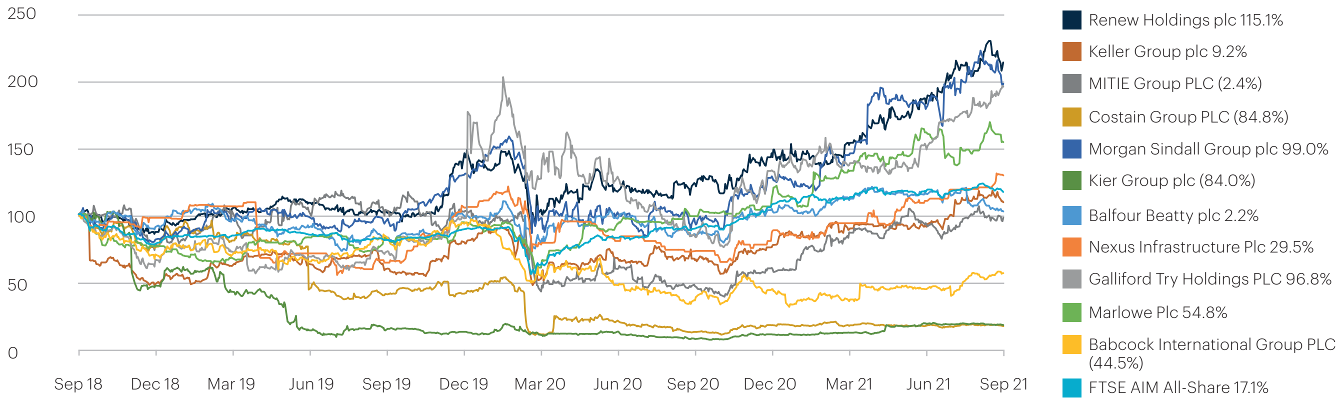


In addition, and in accordance with the rules of the LTIP payments of £13,976, £10,376 and £10,376 were made to P Scott, A P Liebenberg and S Wyndham Quin in shares respectively representing dividends accrued during the vesting period on the shares vested as detailed above. As a consequence of the LTIP vesting P Scott made a gain on exercise of options of £260,198, A P Liebenberg made a gain on exercise of options of £193,178 and S C Wyndham-Quin made a gain on exercise of options of £193,178.

Post the period end, on 4 December 2021, 319,972 options awarded on 3 December 2018 vested in accordance with their vesting conditions but have not yet been exercised. During the year £258,000, (2020: £244,000) was charged/credited to the income statement with a corresponding (credit)/charge to the share-based payment reserved 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.

Total shareholder return (TSR) performance graph 2018–2021

The graph over shows a comparison of Renew Holdings plc cumulative TSR against that achieved by AIM for the last three financial years to 30 September 2021. The chart shows cumulative TSR over the same period for the Group's TSR comparator businesses.



Chief Executive Officer historical remuneration

The table below shows the remuneration of the Chief Executive Officer over the five-year period to 30 September 2021.

Chief Executive Officer's remuneration over the last five years

The total remuneration figure includes the performance-related bonus and LTIP awards.

Year ended 30 September	Group Chief Executive	Single total remuneration figure £000	Annual performance-related bonus £000	Long term incentive vesting £000
2021	Paul Scott	1,010	359	274
2020	Paul Scott	833	270	208
2019	Paul Scott	797	309	127
2018	Paul Scott	663	163	155
2017	Paul Scott	473	142	—

Chief Executive Officer pay ratio

The table below sets out the ratio of the Chief Executive Officer to the equivalent base salary pay for the lower quartile, median and upper quartile of the Group's employees (calculated on a full-time basis). The ratios have been calculated in accordance with The Companies (Miscellaneous Reporting) Regulations 2018.

Year ended 30 September	Method option	25th percentile pay ratio	50th percentile pay ratio	75th percentile pay ratio
2021	A	13:1	10:1	7:1

1. "Option A" methodology was selected on the basis that it provides the most robust and statistically accurate means of identifying the median, lower quartile and upper quartile colleagues.
2. The workforce comparison is based on actual payroll data for the period 1 October 2020 to 30 September 2021.
3. Part time workers have been included by calculating the full-time equivalent value of their base pay.
4. Leavers, joiners and employees on reduced pay (due to sick pay, maternity leave, etc.) have been included.

Directors' pension information

No director has pension entitlements under the groups 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, received a sum equivalent to 15% of their basic salary in lieu of pension contributions from the company. Under the terms of engagement, the executive directors are entitled to receive an annual pension contribution of 15% 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 2021 as follows.

Ordinary shares of 10p each.

	30 September				
	2021	2020	2019	2018	2017
D M Forbes	**35,000**	35,000	35,000	35,000	20,000
D A Brown	**7,042**	7,042	7,042	7,042	—
S D Dasani	**15,000**	15,000	5,000	—	—
S A Hazell	**4,476**	4,476	—	—	—
P Scott	**101,565**	74,739	47,412	29,042	5,000
A P Liebenberg	**74,941**	55,025	33,371	17,634	—
S C Wyndham-Quin	**33,909**	13,993	11,628	11,628	—

External appointments

The Chief Executive Officer and Chief Financial Officer did not have any external appointments during the year ended 30 September 2021.

Payments to former directors and payments for loss of office

There were no payments made to former executive directors or payments for loss of office during the year ended 30 September 2021 (2020: £Nil).

Employee share ownership scheme

During the year the committee reviewed the benefits of introducing an employee share ownership scheme to allow the Group's employees to share in the success of the company. The committee debated the suitability of such a scheme and for reasons relating to the Group's devolved business model, it was agreed such a scheme would not be suitable in the short term but that this would be reviewed annually.

Remuneration for the year ending 30 September 2022

Non-executive Directors

Fees

The PwC benchmarking report commissioned during the year, revealed a disparity between the existing fees and the benchmark/market rates. The executive directors made a decision to standardise the fees as follows effective from 1 October 2021:

	2021 £000
Chairman	**100**
Non-executive Director	**50**
The following additional fees apply:	
Senior Independent Director	**5**
Committee Chair	**5**

As a result of the standardisation of the non-executive directors' fees, the Non-executive Director and Chairman fees increased by 6.4% and 28% respectively.

Executive Directors

Basic salary and benefits

The basic salary of P Scott has increased by 2.5% to £321,491 which is closely aligned to the average annual pay award across the group as a whole. The basic salary of S C Wyndham-Quin and A P Liebenberg increased by 2.5% to £246,000 and 2.5% to £233,700 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.

Annual bonus awards

The structure of the annual bonus scheme for the year ending 30 September 2022 is the same as for the previous year as set out above, in all material respects, except for the targets.

Operating profit target

Executive directors will therefore be entitled to receive a cash bonus of 100% of their basic salary if the group achieves target operating profit and a maximum of 130% of their basic salary if the group achieved 130% of target operating profit. No bonus will be paid if the group achieves 50% or less of target operating profit. Any bonus payable in excess of 100% of basic salary will be paid in shares and will be subject to the minimum shareholding requirements set out earlier in this report. The operating profit target for year ended 30 September 2022 will be stated in the 2022 Annual Report & Accounts.

Health and safety target

The annual bonus award will include a review of health and safety performance over the reporting period. The committee will use its discretion to reduce bonus payments in line with performance in a manner that is fair to the individual and the company.

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 group's annual results. Awards for each participant in the scheme are limited in amount to 150 per cent of that participants basic salary. The 8th tranche of options granted under the LTIP, granted on 3 December 2018 as detailed above, vested on 4 December 2021 subject to the performance criteria contained therein.

Approval

The directors' Remuneration report was approved by the board on 9 December 2021 and signed on its behalf by:

David A Brown
Chairman of the Remuneration Committee
9 December 2021

Directors' report

The Directors present their report and the audited accounts for the year ended 30 September 2021.

Principal activities

For the year ended 30 September 2021 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 2021 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 £30,463,000 (2020: £20,752,000). The Directors recommend the payment of a final dividend on the Ordinary Shares of 11.17p (2020: 8.33p) giving a total for the year of 16.00p (2020: 8.33p).

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 2021 £481,000 (2020: £439,000) 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 notice board 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 "toolbox 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 44 to 55.

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, 60, was appointed to the Board on 3 April 2017. David was previously chief executive of The Go-Ahead Group Plc, managing director of Surface Transport for Transport for London and chief executive of Go-Ahead's London Bus business. David is a director of the Rail Delivery Group Limited.

David Forbes – Director, 61, 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, 59, was appointed to the Board as a Non-executive Director in February 2019. He is currently Chair of Unicef UK and a non-executive director of SIG plc and Speedy Hire plc. 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, 46, was appointed to the Board as a Non-executive Director in March 2020. Stephanie is currently Non-executive Director at NSMP Limited, Neos Networks and Senior Advisor to Shell Renewables and Energy Services. 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.

Louise Hardy - Director, 55, was appointed as a Non-executive Director in December 2021. Louise is currently Non-Executive Director of Crest Nicholson Holdings Plc, Genuit Group Plc and Severfield Plc. A Chartered Civil Engineer, Louise brings wealth of experience gained across a variety of roles in both the public and private sector including European Project Excellence Director at AECOM and Infrastructure Director at Laing O'Rourke.

Executive Directors

Andries Liebenberg – Director, 53, 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, 57, 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, 41, 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.

David Forbes and Andries Liebenberg retire by rotation at the 2022 Annual General Meeting ("AGM") and offer themselves 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.

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.

Disclosable interests

As at 30 September 2021, 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	14,763,727	18.8%
Investec Wealth & Investment Limited	6,203,368	7.9%
Charles Stanley Group PLC	5,456,956	6.9%
Canaccord Genuity Group Inc.	3,937,370	5.0%
Rathbone Brothers PLC	3,175,935	4.0%
BlackRock Asset Management Limited	2,753,546	3.5%
Polar Capital LLP	2,643,153	3.4%

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 2021 are set out on pages 80 to 84. No Director has any interest in any other Group company.

Details of the Directors' remuneration and service contracts appear on pages 80 and 81.

Share capital

As at the date of this report, the total number of shares in issue (being Ordinary Shares of 10p each) is 78,681,334. During the year, the Company has not bought back any of its own shares. 126,280 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 during the period being considered. It is highly likely that the Board will be able to replace these facilities at the appropriate time.

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 19.

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

In line with the Corporate Governance Code 2018, KPMG LLP will resign as the Group's audit firm at the conclusion of the 2021 audit process. In preparation for this, during 2021 the Committee undertook a process to identify a new auditor. This thorough process was concluded successfully and the Committee proposed to the Board that EY LLP be recommended for appointment as the Group's auditor at the Annual General Meeting in 2022. The Committee would like to thank KPMG LLP for their services to the Group.

Approval

The Board approved the Report of the Directors on 9 December 2021.

By order of the Board

Sean Wyndham-Quin
Company Secretary
9 December 2021

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 accounting standards in conformity with the requirements of the Companies Act 2006 applicable law and they have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law, 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 the Group's 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 international accounting standards in conformity with the requirements of the Companies Act 2006;
- 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 complies with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report
to the members of Renew Holdings plc

1 Our opinion is unmodified

We have audited the financial statements of Renew Holdings plc ("the Company") for the year ended 30 September 2021 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 note 1.

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 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- 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: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, 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, in decreasing order of audit significance, were as follows.

	The risk	Our response
Recognition of revenue and profit, and carrying value of contract balances **Recurring risk** £147.1m of contract balances (2020: £121.9m). £791.0m of contract revenue (2020: £620.3m). Refer to page 99 (accounting policy) and pages 104 and 114 (financial disclosures).	**Subjective estimate** The Group's activities are undertaken via specialist engineering 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.	We performed the detailed tests below rather than seeking to rely on any of the Group's controls because our knowledge of the design of these controls indicated that we would not be able to obtain the required evidence to support reliance on controls. Our procedures included: • **Test of detail:** Identifying contracts with risk indicators, including material contracts with low margin or loss making, material carrying values of contract assets, significant 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 other third-party documentation, 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 the position taken on such higher risk contracts;

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

	The risk	Our response
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 in relation to the acquisition of J Browne Group Holdings Limited Goodwill: £8.7m. Intangible Assets: £12.2m. Refer to page 100 (accounting policy) and page 110 (financial disclosures).	**Subjective Valuation** On 26 March 2021, the Group acquired J Browne Group Holdings for a total cash consideration of £41.5 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 the J Browne 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 the acquisition of the J Browne Group 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.	We performed the detailed tests below rather than seeking to rely on any of the Group's controls because our knowledge of the design of these controls indicated that we would not be able to obtain the required evidence to support reliance on controls. Our procedures included: • **Our sector experience:** Evaluating assumptions used, in particular those relating to forecast revenue, 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; and • **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.

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

	The risk	Our response
Recoverability of parent company's investment in subsidiaries **Recurring risk** £236.5m (2020: £195.0m) of investments in subsidiaries. Refer to page 132 (accounting policy) and page 135 (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.	We performed the detailed tests below rather than seeking to rely on any of the Group's controls because our knowledge of the design of these controls indicated that we would not be able to obtain the required evidence to support reliance on controls. Our procedures included: • **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; and • **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 £2.0m (2020: £1.5m), determined with reference to a benchmark of Group profit before taxation from continuing operations (2020: normalised to exclude the charge related to acquisition costs of Carnell Group, totalling £1.2m), of which it represents 5% (2020: 5%).

Materiality for the parent company financial statements as a whole was set at £1.8m (2020: 1.2m), determined with reference to a benchmark of Company net assets, of which it represents 2% (2020: 1%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% (2020: 75%) of materiality for the financial statements as a whole, which equates to £1.5m (2020: £1.1m) for the Group and £1.3m (2020: £1.0m) for the parent Company.

We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.1m (2020: £0.1m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 28 (2020: 29) reporting components, we subjected 23 (2020: 20) to full scope audits for Group purpose. These audits covered 94% (2020: 97%) of total Group revenue, 96% (2020: 95%) of Group profit before tax, and 92% (2020: 97%) 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 £1.76m to £0.05m (2020: £1.20m to £0.04m).

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

4 Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company'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").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its 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 and metrics relevant to debt covenants over this period were:

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

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources and covenants indicated by the Group's financial forecasts.

Our procedures included:

- Critically assessing assumptions in the Directors' initial downside scenarios relevant to liquidity and covenant metrics. We also compared past budgets to actual results to assess the directors' track record of budgeting accurately.
- Inspecting the confirmation from the lender of the level of committed financing, and the associated covenants requirements.
- Assessing the completeness of the going concern disclosure.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure in note 1 to be acceptable.

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 above conclusions are not a guarantee that the Group or the Company will continue in operation.

5 Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Group's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for management including the operating profit target for management remuneration.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is recorded in the wrong period and the risk that Group and component management may be in a position to make inappropriate accounting entries.

Further detail in respect of recognition of revenue and profit, and carrying value of contract balances is set out in the key audit matter disclosures in section 2 of this report.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test (for all full scope components subject to audit as disclosed in section 3 of this report) based on risk criteria and comparing the identified entries to supporting documentation. This included those posted to unusual accounts; and
- Performing procedures over revenue recognition for all full scope components including substantive procedures in respect of revenue truncations either side of the balance sheet date.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Directors (as required by auditing standards) and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation.

5 Fraud and breaches of laws and regulations – ability to detect continued

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations continued

We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law and environmental protection legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6 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.

7 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.

8 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 88, 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.

9 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
9 December 2021

Group income statement
for the year ended 30 September

	Note	Before exceptional items and amortisation of intangible assets 2021 £000	Exceptional items and amortisation of intangible assets (see Note 3) 2021 £000	Total 2021 £000	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
Revenue: Group including share of joint ventures		**790,995**	**—**	**790,995**	620,375	—	620,375
Less share of joint ventures' revenue		**(15,356)**	**—**	**(15,356)**	—	—	—
Group revenue from continuing activities	2	**775,639**	**—**	**775,639**	620,375	—	620,375
Cost of sales		**(666,454)**	**—**	**(666,454)**	(527,274)	—	(527,274)
Gross profit		**109,185**	**—**	**109,185**	93,101	—	93,101
Administrative expenses		**(57,985)**	**(10,070)**	**(68,055)**	(53,453)	(6,741)	(60,194)
Share of post-tax result of joint ventures	15	**11**	**—**	**11**	(39)	—	(39)
Operating profit	3	**51,211**	**(10,070)**	**41,141**	39,609	(6,741)	32,868
Finance income	5	**19**	**—**	**19**	44	—	44
Finance costs	5	**(836)**	**—**	**(836)**	(1,343)	—	(1,343)
Other finance income – defined benefit pension schemes	5	**428**	**—**	**428**	532	—	532
Profit before income tax		**50,822**	**(10,070)**	**40,752**	38,842	(6,741)	32,101
Income tax expense	7	**(11,096)**	**2,427**	**(8,669)**	(6,905)	1,146	(5,759)
Profit for the year from continuing activities		**39,726**	**(7,643)**	**32,083**	31,937	(5,595)	26,342
Loss for the year from discontinued operations	4			**(1,620)**			(5,590)
Profit for the year attributable to equity holders of the parent company				**30,463**			20,752
Basic earnings per share from continuing activities	9			**40.79p**			34.00p
Diluted earnings per share from continuing activities	9			**40.46p**			33.72p
Basic earnings per share	9			**38.73p**			26.78p
Diluted earnings per share	9			**38.41p**			26.57p

Group statement of comprehensive income
for the year ended 30 September

	Note	2021 £000	2020 £000
Profit for the year attributable to equity holders of the parent company		**30,463**	20,752
Items that will not be reclassified to profit or loss:			
Movement in actuarial valuation of the defined benefit pension schemes	28	**(25,672)**	(2,775)
Movement on deferred tax relating to the pension schemes		**9,026**	971
Total items that will not be reclassified to profit or loss		**(16,646)**	(1,804)
Items that are or may be reclassified subsequently to profit or loss:			
Exchange movement in reserves		**(8)**	(23)
Total items that are or may be reclassified subsequently to profit or loss		**(8)**	(23)
Total comprehensive income for the year attributable to equity holders of the parent company		**13,809**	18,925

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 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
Transfer from income statement for the year						30,463	30,463
Dividends paid						(10,354)	(10,354)
New shares issued	12					647	659
Recognition of share based payments					258		258
Exchange differences				(8)			(8)
Actuarial movement recognised in pension schemes						(25,672)	(25,672)
Movement on deferred tax relating to the pension schemes						9,026	9,026
At 30 September 2021	**7,868**	**66,378**	**3,896**	**1,308**	**1,079**	**44,290**	**124,819**

Group balance sheet
at 30 September

	Note	2021 £000	2020 £000
Non-current assets			
Intangible assets – goodwill	10	**139,698**	124,691
– other	10	**29,241**	23,062
Property, plant and equipment	11	**16,254**	14,806
Right of use assets	12	**17,247**	17,481
Investment in joint ventures	15	**5,708**	—
Retirement benefit asset	28	**661**	28,059
Deferred tax assets	7	**2,301**	2,164
		211,110	210,263
Current assets			
Inventories	13	**2,078**	1,619
Assets held for resale	14	**1,250**	1,500
Trade and other receivables	16	**157,416**	129,838
Current tax assets		**1,382**	2,174
Cash and cash equivalents	18	**881**	13,396
		163,007	148,527
Total assets		**374,117**	358,790
Non-current liabilities			
Borrowings	20	**—**	(4,373)
Lease liabilities	21	**(9,421)**	(9,347)
Retirement benefit obligation	28	**(152)**	—
Deferred tax liabilities	7	**(8,067)**	(14,252)
Provisions	22	**(441)**	(441)
		(18,081)	(28,413)
Current liabilities			
Borrowings	20	**(14,609)**	(8,752)
Trade and other payables	19	**(207,667)**	(192,370)
Lease liabilities	21	**(6,180)**	(6,047)
Provisions	22	**(2,761)**	(2,761)
		(231,217)	(209,930)
Total liabilities		**(249,298)**	(238,343)
Net assets		**124,819**	120,447
Share capital	24	**7,868**	7,856
Share premium account	25	**66,378**	66,378
Capital redemption reserve	25	**3,896**	3,896
Cumulative translation adjustment	25	**1,308**	1,316
Share based payments reserve	25	**1,079**	821
Retained earnings	25	**44,290**	40,180
Total equity		**124,819**	120,447

Approved by the Board and signed on its behalf by:

D M Forbes
Chairman
9 December 2021

Group cashflow statement
for the year ended 30 September

	Note	2021 £000	2020 £000
Profit for the year from continuing operating activities		**32,083**	26,342
Share of post-tax trading result of joint ventures	15	**(11)**	39
Impairment and amortisation of intangible assets	10,15	**6,463**	5,529
Defined benefit pension scheme G.M.P. equalisation/past service deficit	3	**2,805**	—
Depreciation of property, plant and equipment and right of use assets	11,12	**10,504**	9,672
Profit on sale of property, plant and equipment	3	**(649)**	(483)
(Increase)/decrease in inventories		**(405)**	301
(Increase)/decrease in receivables		**(15,289)**	1,465
Increase in payables and provisions		**3,996**	17,080
Current and past service cost in respect of defined benefit pension scheme	28	**61**	69
Cash contribution to defined benefit pension schemes	28	**(560)**	(4,817)
Charge in respect of share options	25	**258**	245
Finance income	5	**(19)**	(44)
Finance expense	5	**408**	811
Interest paid		**(836)**	(1,343)
Income taxes paid		**(7,335)**	(8,179)
Income tax expense	7	**8,669**	5,759
Net cash inflow from continuing operating activities		**40,143**	52,446
Net cash outflow from discontinued operating activities		**(976)**	(592)
Net cash inflow from operating activities		**39,167**	51,854
Investing activities			
Interest received		**19**	44
Dividend received from joint venture	15	**60**	100
Proceeds on disposal of property, plant and equipment		**1,263**	725
Purchases of property, plant and equipment		**(4,042)**	(3,756)
Acquisition of subsidiaries net of cash acquired		**(33,343)**	(40,512)
Net cash outflow from investing activities		**(36,043)**	(43,399)
Financing activities			
Dividends paid	8	**(10,354)**	(5,778)
Issue of share equity		**659**	14,797
New loan		**10,000**	—
Loan repayments		**(18,752)**	(8,750)
Repayments of obligations under lease liabilities		**(7,410)**	(6,972)
Net cash outflow from financing activities		**(25,857)**	(6,703)
Net (decrease)/increase in continuing cash and cash equivalents		**(21,757)**	2,344
Net decrease in discontinued cash and cash equivalents		**(976)**	(592)
Net (decrease)/increase in cash and cash equivalents		**(22,733)**	1,752
Cash and cash equivalents at beginning of year		**13,396**	11,667
Effect of foreign exchange rate changes on cash and cash equivalents		**(18)**	(23)
Cash and cash equivalents at end of year	32	**(9,355)**	13,396
Bank balances and cash		**881**	13,396
Bank overdraft		**(10,236)**	—
Cash and cash equivalents at end of year		**(9,355)**	13,396

1 Accounting policies

Presentation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006 ("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

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. 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.

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.

(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 cash flows, 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 applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"). 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.

Adopted IFRSs effective in the year:

The standards and interpretations that are applicable for the first time in the Group's financial statements for the year ended 30 September 2021 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 a construction contracts.

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.

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.

1 Accounting policies continued

(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 consideration 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 cash flows 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 have an indefinite useful life and are therefore not subject to amortisation, are 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 cash flows 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 cash flows. 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 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 cash flow 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.

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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 last year, Coronavirus Job Retention Scheme ("CJRS") income was received and offset against cost of sales or administrative expenses depending on where the employee costs were 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 43.0% (2020: 47.0%) 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 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 previous 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 including share of joint ventures 2021 £000	Less share of joint ventures 2021 £000	Group revenue from continuing activities 2021 £000	Group revenue from continuing activities 2020 £000
Engineering Services	**706,682**	**(15,356)**	**691,326**	577,238
Specialist Building	**84,425**	**—**	**84,425**	43,207
Inter segment revenue	**(2,250)**	**—**	**(2,250)**	(2,025)
Segment revenue	**788,857**	**(15,356)**	**773,501**	618,420
Central activities	**2,138**	**—**	**2,138**	1,955
	790,995	**(15,356)**	**775,639**	620,375

Analysis of profit on ordinary activities before taxation from continuing activities

	Before exceptional items and amortisation of intangible assets 2021 £000	Exceptional items and amortisation of intangible assets 2021 £000	2021 £000	Before exceptional items and amortisation of intangible assets 2020 £000	Exceptional items and amortisation of intangible assets 2020 £000	2020 £000
Engineering Services	**51,526**	**(9,070)**	**42,456**	40,754	(6,741)	34,013
Specialist Building	**1,613**	**—**	**1,613**	1,014	—	1,014
Segment operating profit	**53,139**	**(9,070)**	**44,069**	41,768	(6,741)	35,027
Central activities	**(1,928)**	**(1,000)**	**(2,928)**	(2,159)	—	(2,159)
Operating profit	**51,211**	**(10,070)**	**41,141**	39,609	(6,741)	32,868
Net financing costs	**(389)**	**—**	**(389)**	(767)	—	(767)
Profit on ordinary activities before income tax	**50,822**	**(10,070)**	**40,752**	38,842	(6,741)	32,101

Balance sheet analysis of business segments

	2021			2020		
	Assets £000	**Liabilities £000**	**Net assets £000**	Assets £000	Liabilities £000	Net assets £000
Engineering Services	**300,665**	**(195,758)**	**104,907**	282,885	(206,020)	76,865
Specialist Building	**72,971**	**(65,313)**	**7,658**	63,306	(57,069)	6,237
Central activities	**204,500**	**(174,650)**	**29,850**	217,860	(165,132)	52,728
Discontinued operations	**2,276**	**(19,872)**	**(17,596)**	3,348	(18,731)	(15,383)
Group eliminations	**(206,295)**	**206,295**	**—**	(208,609)	208,609	—
Group net assets	**374,117**	**(249,298)**	**124,819**	358,790	(238,343)	120,447

Other information

	2021			2020		
	Capital additions £000	**Depreciation £000**	**Amortisation £000**	Capital additions £000	Depreciation £000	Amortisation £000
Engineering Services	**9,919**	**8,546**	**6,463**	8,878	7,610	5,529
Specialist Building	**110**	**197**	**—**	24	225	—
Central activities	**1,233**	**1,761**	**—**	1,460	1,837	—
	11,262	**10,504**	**6,463**	10,362	9,672	5,529

(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

	2021 £000	2020 £000
Operating profit is arrived at after charging/(crediting)		
Auditor's remuneration – audit services	**893**	610
Auditor's remuneration – non audit services	**—**	11
Depreciation of owned assets	**4,392**	3,769
Depreciation of assets held as leases	**6,112**	5,903
Rental income	**(172)**	(197)
CJRS government grants	**—**	(4,751)
Profit on sale of property, plant and equipment	**(649)**	(483)

During the year, the following services were provided by the Group's auditor:

	2021 £000	2020 £000
Fees payable to the Company's auditor for the audit of the financial statements	**281**	194
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	**612**	416
Tax advisory services	**—**	9
Other assurance services	**—**	2
	893	621

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

	2021 £000	2020 £000
Defined benefit pension scheme guaranteed minimum pension equalisation	**1,107**	—
Amco defined benefit scheme past service cost deficit	**1,698**	—
Acquisition costs	**802**	1,212
Total losses arising from exceptional items	**3,607**	1,212
Amortisation of intangible assets (see Note 10 and Note 15)	**6,463**	5,529
Total exceptional items and amortisation charge before income tax	**10,070**	6,741
Taxation credit on exceptional items and amortisation	**(2,427)**	(1,146)
Total exceptional items and amortisation charge	**7,643**	5,595

As referred to in last year's Annual Report as a post balance sheet event, on 20 November 2020 the High Court handed down a further judgement in the Lloyds Bank case regarding equalising guaranteed minimum pension benefits. The judge found that pension schemes do have a liability to pay top-ups to members who transferred out in the past. The effect of this for the schemes has been estimated by the actuaries as an additional liability of £1,107,000.

The Amco defined benefit scheme recognised an actuarial estimate of £1,698,000 additional liabilities from extending the Barber window to be in line with recent legal advice received by the Trustee as part of a potential "buy-in" transaction to remove the scheme's investment and funding risk. This legal advice indicates that the scheme may not have equalised normal pension age (NPA) as previously assumed in the early 1990's, and that the NPA for members in service in May 1991 may be 60 for a higher proportion of their service.

Acquisition costs relate to the acquisitions of J Browne Group Holdings Ltd and Rail Electrification Ltd on 26 March 2021 and 28 May 2021 respectively.

The Board has separately identified the charge of £6,463,000 (2020: £5,529,000) 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, Carnell Group Holdings Ltd, J Browne Group Holdings Ltd and Rail Electrification Ltd. Further details are given in Note 10 and Note 15.

4 Loss for the year from discontinued operations

	2021 £000	2020 £000
Revenue	**—**	—
Expenses	**(1,620)**	(5,590)
Loss before income tax	**(1,620)**	(5,590)
Income tax charge	**—**	—
Loss for the year from discontinued operations	**(1,620)**	(5,590)

During the previous 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 resulted in the requirement for an additional £1,620,000 (2020: £5,319,000) accrual. This was as a result of the settlement of historic claims during the financial year and a subsequent internal reassessment of the likely costs required to settle other known contractual disputes.

5 Finance income and costs

Finance income

Finance income of £19,000 (2020: £44,000) has been earned during the year on bank deposits.

	2021 £000	2020 £000
Finance costs		
On bank loans and overdrafts	**(225)**	(871)
Other interest payable	**(611)**	(472)
	(836)	(1,343)

Other finance income – defined benefit pension schemes		
Interest on scheme assets	**3,204**	3,961
Interest on scheme obligations	**(2,776)**	(3,429)
Net pension interest	**428**	532

Further information on the defined benefit pension schemes is set out in Note 28 to the accounts.

6 Employee numbers and remuneration

	2021 Number	2020 Number
The average monthly number of employees, including Executive Directors, employed in continuing activities during the year was:	**3,630**	3,292
At 30 September:	**3,696**	3,338
Production	**2,247**	2,088
Administrative	**1,449**	1,204
	3,696	3,292

Cost of staff, including Executive Directors, during the year amounted to:

	2021 £000	2020 £000
Wages and salaries	**169,134**	140,612
Social security costs	**18,293**	15,381
Other pension costs	**8,274**	6,932
Share based payments	**258**	245
	195,959	163,170

6 Employee numbers and remuneration continued

Directors' emoluments

	2021 £000	2020 £000
Aggregate emoluments	**2,746**	2,102
Highest paid director: aggregate emoluments	**1,010**	833

	Salary/fees £000	Bonuses £000	LTIP £000	Benefits £000	Total emoluments 2021 £000	Total emoluments 2020 £000
Executive Directors						
P Scott	**314**	**359**	**274**	**63**	**1,010**	833
A P Liebenberg	**225**	**261**	**204**	**55**	**745**	609
S C Wyndham-Quin	**240**	**274**	**204**	**54**	**772**	474
					2,527	1,916
Non-executive Directors						
D M Forbes	**78**	—	—	—	**78**	75
D A Brown	**47**	—	—	—	**47**	44
S D Dasani	**47**	—	—	—	**47**	44
S A Hazell	**47**	—	—	—	**47**	25
					2,746	2,104

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 4 Dec 2021 & 3 Dec 2028	Exercisable between 18 Feb 2023 & 17 Feb 2030	Exercisable between 15 Dec 2023 & 14 Dec 2030
LTIP options			
P Scott	**129,310**	**118,269**	**89,785**
A P Liebenberg	**92,833**	**84,907**	**65,267**
S C Wyndham-Quin	**96,983**	**88,702**	**68,702**

During the year £258,000 (2020: £245,000) was charged to the income statement with a corresponding credit to the share based payments reserve in accordance with IFRS 2.

7 Income tax expense

(a) Analysis of expense in year

	2021 £000	2020 £000
Current tax:		
UK corporation tax on profits of the year	**(8,719)**	(5,732)
Adjustments in respect of previous period	**25**	216
Total current tax	**(8,694)**	(5,516)
Deferred tax – defined benefit pension schemes	**601**	(1,848)
Deferred tax – other timing differences	**(576)**	1,605
Total deferred tax	**25**	(243)
Income tax expense in respect of continuing activities	**(8,669)**	(5,759)

7 Income tax expense continued

(b) Factors affecting income tax expense for the year

	2021 £000	2020 £000
Profit before income tax	**40,752**	32,101
Profit multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	**(7,743)**	(6,099)
Effects of:		
Expenses not deductible for tax purposes	**(837)**	(297)
Timing differences not provided in deferred tax	**1,476**	433
Change in tax rate	**(1,590)**	(12)
Adjustments in respect of previous period	**25**	216
	(8,669)	(5,759)

Deferred tax has been provided at a rate of 25% (2020: 19%) following the decision that the UK corporation tax rate should increase to 25% (effective from 1 April 2023 and substantively enacted on 24 May 2021). The deferred tax asset and liability at 30 September 2021 has been calculated based on these rates, reflecting the expected timing of reversal of the related temporary timing differences (2020: 19%). The Group has available further unused UK tax losses of £25.3m (2020: £29.3m) 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 £5.2m (2020: £4.0m).

(c) Deferred tax asset

	2021 £000	2020 £000
Defined benefit pension scheme	**38**	—
Accelerated capital allowances	**—**	689
Other timing differences	**1,170**	241
Future tax losses	**1,093**	1,234
	2,301	2,164

(d) Deferred tax liabilities

	2021 £000	2020 £000
Defined benefit pension scheme	**(231)**	(9,821)
Accelerated capital allowances	**(52)**	—
Fair value adjustments	**(7,784)**	(4,431)
	(8,067)	(14,252)

(e) Reconciliation of deferred tax asset

	2021 £000	2020 £000
As at 1 October	**2,164**	1,416
Origination of timing differences	**331**	582
Change of deferred tax rate	**457**	166
Reclassification of opening accelerated capital allowances as a liability	**(689)**	—
Reclassification of opening pension scheme asset as a liability	**(253)**	—
Defined benefit pension schemes – income statement	**394**	—
Defined benefit pension schemes – SOCI	**(103)**	—
At 30 September	**2,301**	2,164

7 Income tax expense continued

(f) Reconciliation of deferred tax liability

	2021 £000	2020 £000
As at 1 October	**(14,252)**	(10,598)
Acquisition of subsidiary undertaking	**(2,754)**	(3,634)
Arising on fair value adjustments	**675**	1,051
Change of deferred tax rate	**(2,016)**	(194)
Reclassification of opening accelerated capital allowances as a liability	**689**	—
Reclassification of opening pension scheme asset as a liability	**253**	—
Defined benefit pension schemes – income statement	**207**	(1,848)
Defined benefit pension schemes – SOCI	**9,131**	971
At 30 September	**(8,067)**	(14,252)

8 Dividends

	2021 Pence/share	2020 Pence/share
Interim (related to the year ended 30 September 2021)	**4.83**	—
Final (related to the year ended 30 September 2020)	**8.33**	7.67
Total dividend paid	**13.16**	7.67

	£000	£000
Interim (related to the year ended 30 September 2021)	**3,800**	—
Final (related to the year ended 30 September 2020)	**6,554**	5,778
Total dividend paid	**10,354**	5,778

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 11.17p per Ordinary Share be paid in respect of the year ended 30 September 2021. This will be accounted for in the 2021/22 financial year.

9 Earnings per share

	2021			2020		
	Earnings £000	EPS Pence	DEPS Pence	Earnings £000	EPS Pence	DEPS Pence
Earnings before exceptional items and amortisation	**39,726**	**50.51**	**50.09**	31,937	41.22	40.89
Exceptional items and amortisation	**(7,643)**	**(9.72)**	**(9.63)**	(5,595)	(7.22)	(7.17)
Basic earnings per share — continuing activities	**32,083**	**40.79**	**40.46**	26,342	34.00	33.72
Loss for the year from discontinued operations	**(1,620)**	**(2.06)**	**(2.05)**	(5,590)	(7.22)	(7.15)
Basic earnings per share	**30,463**	**38.73**	**38.41**	20,752	26.78	26.57
Weighted average number of shares		**78,655**	**79,304**		77,480	78,114

The dilutive effect of share options is to increase the number of shares by 649,000 (2020: 634,000) and reduce basic earnings per share by 0.32p (2020: 0.21p).

10 Intangible assets

	Goodwill £000	Contractual rights and customer relationships £000
Cost:		
At 1 October 2019	105,282	30,976
Addition	19,409	19,128
At 1 October 2020	124,691	50,104
Additions	15,007	12,508
At 30 September 2021	**139,698**	**62,612**
Impairment losses/amortisation:		
At 1 October 2019	—	21,513
Charge for year	—	5,529
At 1 October 2020	—	27,042
Charge for year	—	6,329
At 30 September 2021	**—**	**33,371**
Carrying amount:		
At 30 September 2021	**139,698**	**29,241**
At 30 September 2020	124,691	23,062
At 30 September 2019	105,282	9,463

The carrying amounts of goodwill allocated to cash generating units ("CGUs") are as follows:

	2021 £000	2020 £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	**57,800**	54,193
Carnell Group Holdings Ltd	**19,409**	19,409
J Browne Group Holdings Ltd and its subsidiaries	**11,400**	—
	139,698	124,691

J Browne Group Holdings Ltd and its subsidiaries

Goodwill of £11,400,000 arises on acquisition 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 £12,236,000, which represent customer relationships and contractual rights, were also acquired and will be amortised over their useful economic lives in accordance with IFRS 3. Deferred tax has been provided on this amount. Amortisation of this intangible asset will commence from April 2021.

Rail Electrification Ltd

Goodwill of £3,607,000 arises on acquisition 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 £272,000, which represent customer relationships and contractual rights, were also acquired and will be amortised over their useful economic lives in accordance with IFRS 3. Deferred tax has been provided on this amount. Amortisation of this intangible asset will commence from June 2021.

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

Rail Electrification Ltd continued

In order to test goodwill for impairment the Group performs value in use calculations by preparing cash flow 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 cash flows 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 2-5% (2020: 1-5%) per annum has been used. The range of discount rates used within each CGU is 10.0%-12% (2020: 10.0%-12%). 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. The valuation of the cash generating units indicates sufficient headroom such that any reasonably possible change to key assumptions is unlikely to result in an impairment in related goodwill.

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 2019	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 1 October 2020	6,135	411	33,196	39,742
Additions	446	—	3,596	4,042
Disposals	—	—	(4,182)	(4,182)
Transfer from right of use assets	—	—	2,650	2,650
Acquisition of subsidiary	—	—	573	573
At 30 September 2021	**6,581**	**411**	**35,833**	**42,825**
Depreciation:				
At 1 October 2019	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 1 October 2020	696	70	24,170	24,936
Charge for year	293	135	3,964	4,392
Disposals	—	—	(3,935)	(3,935)
Transfer from right of use assets	—	—	1,178	1,178
At 30 September 2021	**989**	**205**	**25,377**	**26,571**
Net book value:				
At 30 September 2021	**5,592**	**206**	**10,456**	**16,254**
At 30 September 2020	5,439	341	9,026	14,806
At 30 September 2019	5,573	—	15,359	20,932

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 1 October 2020	8,185	—	17,062	25,247
Additions	2,340	—	4,880	7,220
Disposals	—	—	(402)	(402)
Transfer to Property, plant and equipment	—	—	(2,650)	(2,650)
Acquisition of subsidiary	289	—	209	498
At 30 September 2021	**10,814**	**—**	**19,099**	**29,913**
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 1 October 2020	1,947	—	5,819	7,766
Charge for year	1,991	—	4,121	6,112
Disposals	—	—	(34)	(34)
Transfer to Property, plant and equipment	—	—	(1,178)	(1,178)
At 30 September 2021	**3,938**	**—**	**8,728**	**12,666**
Net book value:				
At 30 September 2021	**6,876**	**—**	**10,371**	**17,247**
At 30 September 2020	6,238	—	11,243	17,481
At 30 September 2019	—	—	—	—

13 Inventories

	2021 £000	2020 £000
Raw materials	**2,078**	1,619

All inventories are pledged as security for liabilities.

14 Assets held for resale

	2021 £000	2020 £000
Property	**1,250**	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 ventures

a) Movement in year

	Goodwill £000	Other intangible asset £000	Reserves £000	TOTAL £000
At 1 October 2019	—	—	139	139
Dividend received			(100)	(100)
Equity accounted share of net loss			(39)	(39)
At 1 October 2020	—	—	—	—
On acquisition of JBC (see Note 33)	3,812	1,820	259	5,891
Amortisation		(134)		(134)
Dividend received			(60)	(60)
Equity accounted share of net profit			11	11
At 30 September 2021	**3,812**	**1,686**	**210**	**5,708**

b) Summarised financial information related to equity accounted joint ventures

	2021 £000	2020 £000
Non-current assets		
Property, plant and equipment	**1,296**	—
Current assets		
Inventories	**233**	—
Trade and other receivables	**12,207**	—
Current tax assets	**110**	—
Cash and cash equivalents	**6,200**	—
	18,750	—
Total assets	**20,046**	—
Non-current liabilities		
Lease liabilities	**(1,094)**	—
	(1,094)	—
Current liabilities		
Trade and other payables	**(18,516)**	—
Current tax liabilities	**(16)**	—
	(18,532)	—
Total liabilities	**(19,626)**	—
Net assets reported by equity accounted joint ventures (100%)	**420**	—
Revenue (100%)	**30,712**	—
Expenses (100%)	**(30,690)**	(112)
Net profit/(loss) after tax (100%)	**22**	(112)

c) Results of equity accounted joint ventures (50%)

	2021 £000	2020 £000
Group share of profit/(loss) before tax	**14**	(46)
Group share of tax	**(3)**	7
Group share of profit/(loss) after tax	**11**	(39)

15 Investment in joint ventures continued

c) Results of equity accounted joint ventures (50%) continued

The Group, through a subsidiary undertaking, has the following interest in the joint ventures:

	Country of incorporation	Principal activity	Percentage of shares held
Blackwater Plant Hire Ltd	England and Wales	Engineering	50%
Cappagh Brown Utilities Ltd	England and Wales	Engineering	50%
Enisca Browne Ltd	Northern Ireland	Engineering	50%

The joint ventures were acquired as part of the acquisition of J Browne Holdings Ltd.

16 Trade and other receivables

	2021 £000	2020 £000
Trade receivables	**57,839**	53,244
Contract assets	**89,335**	68,819
Other receivables	**359**	2,152
Prepayments and accrued income	**9,883**	5,623
	157,416	129,838

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 £3.2m (2020: £4.9m) 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. £1.0m (2020: £2.1m) of these balances relate to certified retentions. The average age of these receivables is 361 days (2020: 358 days).

Ageing of past due but not impaired receivables:

	2021 £000	2020 £000
30-180 days	**679**	864
180-365 days	**449**	1,112
Greater than 1 year	**2,034**	2,919
	3,162	4,895

17 Construction contracts

	2021 £000	2020 £000
Contracts in progress at the balance sheet date:		
Amounts due from construction contract customers included in trade and other receivables	**57,776**	53,169
Amounts due from construction contract customers included in contract assets	**89,335**	68,819
Amounts due to construction contract customers included in contract liabilities	**(11,614)**	(6,092)
	135,497	115,896
Contract costs incurred plus recognised profits less recognised losses to date	**3,804,062**	3,585,693
Less: progress billings	**(3,668,565)**	(3,469,797)
	135,497	115,896

At 30 September 2021 retentions held by customers amounted to £14.2m (2020: £10.3m). Advances received from customers for contract work amounted to £11.6m (2020: £6.1m).

Amounts due from construction contract customers which are past due at the reporting date amounted to £3.2m (2020: £4.9m).

This amount includes retention balances of £1.0m (2020: £2.1m). The Group does not hold any collateral over these balances or other trade and other receivables.

Contract revenue recognised in the year amounted to £790.1m (2020: £620.4m).

18 Cash and cash equivalents

	2021 £000	2020 £000
Cash at bank	**869**	13,388
Cash in hand	**12**	8
	881	13,396

19 Trade and other payables

	2021 £000	2020 £000
Contract liabilities	**11,614**	6,092
Trade payables	**49,398**	44,170
Other taxation and social security	**22,926**	30,695
Other payables	**5,906**	6,092
Accruals and deferred income	**117,823**	105,321
	207,667	192,370

20 Borrowings

	2021 £000	2020 £000
Bank overdraft and loans repayable:		
Within one year	**14,609**	8,752
Within two to five years	**—**	4,373
	14,609	13,125

The QTS acquisition was partially funded by a £35m loan from HSBC; £4.4m (2020: £13.1m) of loan instalments remain which will be cleared by 31 March 2022. 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	
	2021 £000	2020 £000	2021 £000	2020 £000
Amounts payable under leases:				
Within one year	**6,426**	6,426	**6,180**	6,047
Within two to five years	**9,727**	9,727	**9,421**	9,347
	16,153	16,153	**15,601**	15,394
Less: future finance charges	**(552)**	(759)	**—**	—
Present value of lease obligations	**15,601**	15,394	**15,601**	15,394
Less: amount due for settlement within twelve months			**(6,180)**	(6,047)
Amount due for settlement after twelve months			**9,421**	9,347

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 (2020: 3 years). For the year ended 30 September 2021, the average effective borrowing rate was c.3% (2020: 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 2021 £000	Total 2020 £000
Within one year	2,529	3,651	**6,180**	6,047
Within two to five years	2,160	7,261	**9,421**	9,347
	4,689	10,912	**15,601**	15,394

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 2020	452	2,750	3,202
Movement in provision during the year	—	—	—
At 30 September 2021	**452**	**2,750**	**3,202**
Non-current liabilities	441	—	441
Current liabilities	11	2,750	2,761
At 30 September 2021	**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**
2021				
Assets				
Sterling	**—**	**—**	**438**	**438**
Dollar	**—**	**—**	**431**	**431**
		—	**869**	**869**
Liabilities				
Sterling	**3.0**	**(15,601)**	**(14,609)**	**(30,210)**
		(15,601)	**(14,609)**	**(30,210)**

		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)

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 (2020: 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.

23 Other financial instruments continued

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.

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 £Nil (2020: £230,000). The foreign exchange charge to finance costs amounted to £Nil (2020: £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 £8,000. 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

	2021 £000	2020 £000
Allotted, called up and fully paid:		
78,681,334 (2020: 78,555,054) Ordinary Shares of 10p each	**7,868**	7,856

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 15 December 2020 126,280 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 2021, there were 860,857 options outstanding under the scheme. On 4 December 2020, options to subscribe for a further 242,161 Ordinary Shares were granted. During the year 126,280 options were exercised and 119,720 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.

24 Share capital continued

Share options continued

Renew Holdings plc Long Term Incentive Plan continued

Vesting of one half of the options is dependent on absolute growth in the Company's Total Shareholder Return ('TSR'), and the other half is 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. 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 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 1 October 2020	66,378	3,896	1,316	821	40,180
Transfer from income statement for the year					30,463
Dividends paid					(10,354)
Recognition of share based payments				258	
New shares issued					647
Exchange differences			(8)		
Actuarial movement recognised in pension schemes					(25,672)
Movement on deferred tax relating to the pension schemes					9,026
At 30 September 2021	**66,378**	**3,896**	**1,308**	**1,079**	**44,290**

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.

£258,000 (2020: £245,000) has been charged to administrative expenses in accordance with IFRS 2. There is no impact on net assets since an equivalent amount has been credited to the share based payments reserve. 126,280 options were exercised and 119,720 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.

25 Reserves continued

Share based payments reserve continued

Renew Holdings plc Long Term Incentive Plan continued

Options granted under the Renew Holdings plc Long Term Incentive Plan over the Company's Ordinary Shares at 30 September 2021 were as follows:

Date of grant	3 December 2018	20 February 2020	4 December 2020	Total
Awards outstanding at 30 September 2021				
– Directors and employees	319,126	299,570	242,161	860,857
Exercise price	10.0p	10.0p	10.0p	
Price at date of grant	350.00p	548.00p	522.00p	
Maximum option life	10 years	10 years	10 years	
Assumed option life for purposes of valuation	2.83 years	2.61 years	2.79 years	
Expected volatility	28%	27%	38%	
Risk free interest rate	0.75%	0.46%	(0.09)%	
Value per option	226.0p	519.0p	495.0p	

26 Capital and leasing commitments

With regard to the leases held by the Group as lessor, the Group recognised £172,000 (2020: £197,000) of rental income in the income statement for 2021, 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:

	2021 £000	2020 £000
Receivables under non-cancellable operating leases:		
Under one year	**172**	184
Two to five years	**67**	110
	239	294

The Group had capital commitments at 30 September 2021 of £3,953,000 (2020: £443,000).

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).

The Company has given guarantees and entered into counter-indemnities in respect of bonds relating to certain of the Group's own contracts. The Company has also given guarantees in respect of certain contractual obligations of its subsidiaries. Performance guarantees are treated as a contingent liability until such time as it becomes probable that payment will be required under its terms.

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 2021 shows a surplus of £661,000 based on the assumptions set out below. The Amco scheme shows a deficit of £(152,000) 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 the Lovell scheme as, having reviewed the rules of the scheme, they are of the view that the employer has an unconditional right to that surplus.

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 2021 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 2021	As at 30 September 2020	As at 30 September 2019
Lovell Pension Scheme			
Rate of increase in salaries	**4.0%**	4.0%	4.0%
RPI increases to pensions in payment	**4.3%**	4.2%	4.2%
Discount rate	**2.0%**	1.5%	1.9%
Inflation assumption (CPI)	**2.7%**	2.1%	2.1%
Inflation assumption (RPI)	**3.5%**	2.9%	3.2%
Increases in deferred pensions	**3.4%**	2.9%	3.1%
Amco Pension Scheme			
Rate of increase in salaries	**3.0%**	2.2%	2.1%
RPI increases to pensions in payment	**3.5%**	2.9%	3.0%
Discount rate	**1.9%**	1.5%	1.8%
Inflation assumption (CPI)	**3.0%**	2.2%	2.1%
Inflation assumption (RPI)	**3.7%**	2.9%	3.1%
Increases in deferred pensions	**3.0%**	2.2%	2.1%

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 2020 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 2020 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 2021 £000	**Current allocation**	Value as at 30 September 2020 £000	Current allocation	Value as at 30 September 2019 £000	Current allocation
Annuities	**158,685**	**97%**	87,497	43%	89,317	45%
Diversified portfolio	**880**	**1%**	114,039	56%	106,775	54%
Cash	**3,362**	**2%**	2,149	1%	666	1%
Total	**162,927**	**100%**	203,685	100%	196,758	100%

The Trustees of the Lovell Pension Scheme purchased a bulk annuity from Rothesay life in November 2020 to de-risk the defined benefit scheme obligation. This covers all remaining insured scheme benefits following previous bulk annuity transactions in 2011 and 2016.

The Company took the decision to fund the buy-in based on the following considerations:

- a buy-in will remove volatility of the scheme from the balance sheet of the Company, and no further contributions would be expected; and
- the buy-in will transfer the pension risk associated with the scheme to a third party insurer. The only risk remaining will be the counterparty risk of the insurer.

The difference between the annuity purchase price and the defined benefit obligation covered by the policy has been accounted for in other comprehensive income. The accounting treatment is based on the following considerations made by the Company:

- the employer is not relieved of primary responsibility for the obligation. The policy simply covers the benefit payments that continue to be payable by the scheme;
- the contract is effectively an investment of the scheme; and
- the contract provides the option to convert the annuity into individual policies which would transfer the obligation to the insurer (known as a "buy-out"). Whilst this course of action may be considered in future, this is not a requirement and a separate decision will be required before any buy-out proceeds. There are currently no plans either by management or Trustees to convert the buy-in contract to individual policies.

28 Employee benefits: Retirement benefit obligations continued

IAS 19 "Employee Benefits" continued

The assets in the Amco scheme were:

	Value as at 30 September 2021 £000	**Current allocation**	Value as at 30 September 2020 £000	Current allocation	Value as at 30 September 2019 £000	Current allocation
Annuities	**6,198**	**41%**	6,738	45%	6,685	44%
Diversified portfolio	**8,426**	**55%**	8,052	53%	8,329	55%
Cash	**641**	**4%**	317	2%	213	1%
Total	**15,265**	**100%**	15,107	100%	15,227	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.

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. 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 the buy-in, all the scheme's liabilities are now matched within the annuities which has removed the scheme's investment and funding risk. Consequently, there has been a reduction in the IAS 19 Retirement Benefit assets in the Group's accounts for the year ended 30 September 2021. The next triennial valuation is due as at 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.

Amco Pension Scheme

The scheme actuary carried out the triennial valuation of the Amco Pension Scheme as at 31 December 2019. The scheme showed a deficit of £0.8m compared to £3.4m when measured as at 31 December 2016. 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 March 2026. 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-in of all pension liabilities.

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 the Lovell scheme. 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 plan's 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.

28 Employee benefits: Retirement benefit obligations continued

IAS 19 "Employee Benefits" continued

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.

The following amounts at 30 September were measured in accordance with the requirements of IAS 19.

Lovell Pension Scheme

	2021 £000	2020 £000
Movements in scheme assets and obligations		
Total fair value of scheme assets brought forward	**203,685**	196,758
Interest on scheme assets	**2,978**	3,703
Employer contributions	**56**	4,313
Benefits paid	**(8,930)**	(8,401)
Running costs	**—**	(13)
Actual return on scheme assets less interest on scheme assets	**(34,862)**	7,325
Total fair value of scheme assets carried forward	**162,927**	203,685
Present value of scheme obligations brought forward	**176,348**	172,685
Interest on scheme obligations	**2,565**	3,201
Current and past service costs	**61**	56
Past service cost and settlements	**—**	—
Benefits paid	**(8,930)**	(8,401)
Guaranteed minimum payment equalisation*	**1,000**	—
Actuarial movement due to experience on benefit obligation	**(237)**	(596)
Actuarial movement due to changes in financial assumptions	**(10,217)**	8,388
Actuarial movement due to changes in demographic assumptions	**1,676**	1,015
Total fair value of scheme obligations carried forward	**162,266**	176,348
Surplus in the scheme	**661**	27,337
Deferred tax	**(231)**	(9,568)
Net surplus	**430**	17,769
Amount charged to operating profit:		
Current and past service costs	**(61)**	(56)
Running costs	**—**	(13)
	(61)	(69)
Amount credited to other financial income:		
Interest on scheme assets	**2,978**	3,703
Interest on scheme obligations	**(2,565)**	(3,201)
Net pension interest	**413**	502
Amounts recognised in the statement of comprehensive income:		
Actual return on scheme assets less interest on scheme assets	**(34,862)**	7,325
Actuarial movement due to changes in assumptions on scheme obligations	**8,778**	(8,807)
Actuarial movement	**(26,084)**	(1,482)
Movement in the net scheme surplus during the year:		
Net scheme surplus brought forward	**27,337**	24,073
Current and past service costs	**(61)**	(56)
Running costs	**—**	(13)
Employer contributions	**56**	4,313
Guaranteed minimum payment equalisation*	**(1,000)**	—
Net pension interest	**413**	502
Actuarial movement	**(26,084)**	(1,482)
Net scheme surplus carried forward	**661**	27,337

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 arose in relation to many other defined benefit pension schemes.

* 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. The impact of the additional liabilities amounted to £1,000,000 for the Lovell Pension Scheme which is disclosed separately in the above table.

The following amounts at 30 September were measured in accordance with the requirements of IAS 19.

Amco Pension Scheme

	2021 £000	2020 £000
Movements in scheme assets and obligations		
Total fair value of scheme assets brought forward	**15,107**	15,227
Expected return on scheme assets	**226**	258
Employer contributions	**504**	504
Benefits paid	**(641)**	(1,450)
Actual return on scheme assets less interest on scheme assets	**69**	568
Total fair value of scheme assets carried forward	**15,265**	15,107
Present value of scheme obligations brought forward	**14,385**	13,746
Interest on scheme obligations	**211**	228
Past service cost and settlements	**1,805**	—
Benefits paid	**(641)**	(1,450)
Actuarial movement due to changes in financial and demographic assumptions	**(343)**	1,861
Total fair value of scheme obligations carried forward	**15,417**	14,385
(Deficit)/surplus in the scheme	**(152)**	722
Deferred tax	**38**	(253)
Net surplus	**(114)**	469
Amount credited to other financial income:		
Interest on scheme assets	**226**	258
Interest on scheme obligations	**(211)**	(228)
Net pension interest	**15**	30
Amounts recognised in the statement of comprehensive income:		
Actual return on scheme assets less interest on scheme assets	**69**	568
Actuarial movement due to changes in assumptions on scheme obligations	**343**	(1,861)
Actuarial movement	**412**	(1,293)
Movement in the net scheme (deficit)/surplus during the year:		
Net scheme surplus brought forward	**722**	1,481
Employer contributions	**504**	504
Past service cost and settlements	**(1,805)**	—
Net pension interest	**15**	30
Actuarial movement	**412**	(1,293)
Net scheme (deficit)/surplus carried forward	**(152)**	722

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 arose in relation to many other defined benefit pension schemes.

28 Employee benefits: Retirement benefit obligations continued

IAS 19 "Employee Benefits" continued

Amco Pension Scheme 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. The impact of the additional liabilities amounted to £107,000 for the Amco Pension Scheme which is disclosed within past service costs and settlements.

The Amco defined benefit scheme recognised an actuarial estimate of £1,698,000 additional liabilities from extending the Barber window to be in line with recent legal advice received by the Trustee as part of a potential "buy-in" transaction to remove the scheme's investment and funding risk. This legal advice indicates that the scheme may not have equalised normal pension age (NPA) as previously assumed in the early 1990's, and that the NPA for members in service in May 1991 may be 60 for a higher proportion of their service.

Lovell Pension Scheme

	2021 £000	2020 £000	2019 £000	2018 £000	2017 £000
Actual return on scheme assets less interest on scheme assets	**(34,862)**	7,325	27,897	(1,138)	(14,565)
As a percentage of the assets at the end of the year	**(21.4)%**	3.6%	14.2%	(0.7)%	(8.4)%
Total amount recognised in the statement of comprehensive income	**(26,084)**	(1,482)	3,904	5,076	(2,506)
As a percentage of the obligations at the end of the year	**(16.1)%**	(0.8)%	2.3%	3.4%	(1.5)%

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

	2021 £000	2020 £000	2019 £000	2018 £000	2017 £000
Actual return on scheme assets less interest on scheme assets	**69**	568	1,364	(90)	(680)
As a percentage of the assets at the end of the year	**0.0%**	3.8%	9.0%	(0.6)%	(4.7)%
Total amount recognised in the statement of comprehensive income	**412**	(1,293)	(361)	401	417
As a percentage of the obligations at the end of the year	**2.7%**	(9.0)%	(2.6)%	3.0%	2.8%

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 £8,274,000 (2020: £6,932,000) into these plans during the year. There are also £660,000 (2020: £513,000) 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 £2,746,000 (2020: £2,104,000) all of which was represented by short-term employment benefits, including £682,000 (2020: £362,000) 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 cash flows, 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.

30 Alternative performance measures continued

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 (£51.211m) and adjusted profit before tax (£50.822m) – 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 (£41.141m) and profit before tax (£40.752m).

Adjusted operating margin (6.5%) – This is calculated by dividing operating profit before exceptional items and amortisation of intangible assets (£51.211m) by group revenue including share of joint venture (£790.995m) 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 (5.2%) which is calculated by dividing operating profit (£41.141m) from group revenue including share of joint venture (£790.995m).

Adjusted earnings per share (50.51p) – 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 (£790.995m) – This measure is visible on the face of the income statement as Revenue: Group including share of joint ventures.

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 (£706.682m) – 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 (£51.526m) – 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 (£42.456m) which is also visible in Note 2 part (a).

Adjusted Engineering Services operating profit margin (7.3%) – This is calculated in the same way as adjusted operating profit margin but based on the adjusted Engineering Services operating profit (£51.526m) and the Engineering Services revenue (£706.682m) figures as set out above. The equivalent GAAP measure is engineering services operating profit margin (6.0%) which is calculated by dividing engineering services operating profit (£42.456m) from engineering services revenue including share of joint venture (£706.682m).

Organic growth (19%) reflects the companies' revenue growth year on year excluding the impact of any acquisitions made in the current or comparative financial period. For the current financial year the impact of Carnell was excluded for FY'21 and FY'20; Browne and REL were excluded from the FY'21 calculation.

31 Reconciliation of net cashflow to net cash/(debt)

	2021 £000	2020 £000
(Decrease)/increase in net cash and cash equivalents	**(22,751)**	1,729
Decrease in bank borrowings	**8,752**	8,750
(Decrease)/increase in net cash from cash flows	**(13,999)**	10,479
Net cash/(debt) at 1 October	**271**	(10,208)
Net (debt)/cash at 30 September	**(13,728)**	271

32 Analysis of net cash/(debt)

	At 1 October 2020 £000	Cash flows £000	**At 30 September 2021 £000**
Cash and cash equivalents	13,396	(22,751)	**(9,355)**
Bank loans	(13,125)	8,752	**(4,373)**
Net (debt)/cash	271	(13,999)	**(13,728)**

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.

32 Analysis of net cash/(debt) continued

Alternative measurement of debt

Some stakeholders include leasing commitments within their definition of net debt. The equivalent figures on that basis are:

	2021 £000	2020 £000
Net (debt)/cash (as above)	**(13,728)**	271
Finance lease liabilities	**(4,689)**	(5,494)
Net debt including finance leases	**(18,417)**	(5,223)
IFRS 16 right of use liabilities	**(10,912)**	(9,900)
Net debt including all lease liabilities	**(29,329)**	(15,123)

33 Acquisition of subsidiary undertaking – J Browne Group Holdings Ltd

On 26 March 2021, the Company acquired the whole of the issued share capital of J Browne Group Holdings Ltd ("J Browne") for a cash consideration of £29.5m plus a net cash and working capital adjustment of £12.0m. The £12.0m represents J Browne's surplus cash held in an escrow account at completion which was subsequently paid to the vendors. The net acquisition cost was funded by a combination of cash and the Group's existing revolving credit facility provided by HSBC UK Bank plc and National Westminster Bank plc.

The provisional value of the assets and liabilities of J Browne at the date of acquisition were:

	Book value £000	Adjustments £000	Fair value £000
Non-current assets			
Intangible assets – goodwill	2,674	8,726	11,400
– other	—	12,236	12,236
Property, plant and equipment	453	—	453
Right of use assets	176	317	493
Investment in joint ventures	259	5,632	5,891
	3,562	26,911	30,473
Current assets			
Inventories	35	—	35
Trade and other receivables	24,310	—	24,310
Cash and cash equivalents	293	—	293
	24,638	—	24,638
Total assets	28,200	26,911	55,111
Non-current liabilities			
Lease liabilities	—	(244)	(244)
Deferred tax liabilities	—	(2,671)	(2,671)
	—	(2,915)	(2,915)
Current liabilities			
Trade and other payables	(9,976)	—	(9,976)
Lease liabilities	(72)	(73)	(145)
Current tax liability	(575)	—	(575)
	(10,623)	(73)	(10,696)
Total liabilities	(10,623)	(2,988)	(13,611)
Net assets	17,577	23,923	41,500

33 Acquisition of subsidiary undertaking – J Browne Group Holdings Ltd continued

Goodwill of £11,400,000 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 £12,236,000, 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 April 2021.

Investment in joint ventures

Goodwill of £3,812,000 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 £1,820,000, 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 April 2021.

Right of use assets

J Browne's statutory accounts are reported under FRS 102. The group has made an adjustment for operating leases obtained on acquisition whereby the leases are capitalised based on discounted future lease payments together with an equivalent leasing liability to be consistent with IFRS 16 "Leases".

Trade and other receivables includes £12,000,000 held in an escrow account and represents the part of the acquisition self-funded by J Browne.

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 JBC had occurred on 1 October 2020, Group revenue would have been approximately £825.1m and profit before tax for the year ended 30 September 2021 would have been approximately £53.4m.

34 Acquisition of subsidiary undertaking – Rail Electrification Limited

On 28 May 2021 QTS Group Limited, a wholly owned Group subsidiary, acquired the whole of the issued share capital of Rail Electrification Limited ("REL") for a cash consideration of £3m plus a net cash and working capital adjustment of £0.6m. £1.32m deferred consideration has also been provided which is performance related. The acquisition cost was funded entirely by the subsidiary's cash reserves.

The provisional value of the assets and liabilities of REL at the date of acquisition were:

	Book value £000	Adjustments £000	Fair value £000
Non-current assets			
Intangible assets – goodwill	—	3,607	3,607
– other	—	272	272
Property, plant and equipment	120	—	120
Right of use assets	5	—	5
	125	3,879	4,004
Current assets			
Inventories	19	—	19
Trade and other receivables	800	—	800
Current tax asset	61	—	61
Cash and cash equivalents	1,080	—	1,080
	1,960	—	1,960
Total assets	2,085	3,879	5,964
Non-current liabilities			
Lease liabilities	(1)	—	(1)
Deferred tax liabilities	(31)	(52)	(83)
	(32)	(52)	(84)
Current liabilities			
Borrowings	(250)	—	(250)
Trade and other payables	(658)	—	(658)
Lease liabilities	(6)	—	(6)
	(914)	—	(914)
Total liabilities	(946)	(52)	(998)
Net assets	1,139	3,827	4,966

Goodwill of £3,607,000 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 £272,000, 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 June 2021.

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 REL had occurred on 1 October 2020, Group revenue would have been approximately £793.6m and profit before tax for the year ended 30 September 2021 would have been approximately £50.9m.

35 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 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

Goodwill of £19,409,000 arose 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 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 reviewed 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.

Company balance sheet
at 30 September

	Note	2021 £000	2020 £000
Fixed assets			
Tangible assets	E	**606**	726
Investments	F	**236,502**	195,002
		237,108	195,728
Current assets			
Assets held for resale	G	**1,250**	1,500
Debtors due after one year	H	**661**	27,337
Debtors due within one year	H	**55,284**	55,227
Cash at bank		**48**	48
		57,243	84,112
Creditors: amounts falling due in less than one year	I	**(164,785)**	(141,047)
Net current liabilities		**(107,542)**	(56,935)
Total assets less current liabilities		**129,566**	138,793
Creditors: amounts falling due after more than one year	J	**—**	(13,312)
Net assets		**129,566**	125,481
Capital and reserves			
Share capital	L	**7,868**	7,856
Share premium account		**66,378**	66,378
Capital redemption reserve		**3,896**	3,896
Share based payments reserve		**1,079**	821
Profit and loss account		**50,345**	46,530
Equity shareholders' funds		**129,566**	125,481

Approved by the Board and signed on its behalf by:

D M Forbes
Chairman
9 December 2021

Company statement of comprehensive income
for the year ended 30 September

	2021 £000	2020 £000
Profit for the year attributable to equity holders of the parent company	**30,477**	6,904
Items that will not be reclassified to profit or loss:		
Movement in actuarial valuation of the defined benefit pension scheme	**(26,084)**	(1,482)
Movement on deferred tax relating to the pension scheme	**9,129**	519
Total items that will not be reclassified to profit or loss	**(16,955)**	(963)
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	**13,522**	5,941

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 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
Transfer from profit and loss account for the year					30,477	30,477
Dividends paid					(10,354)	(10,354)
New shares issued	12				647	659
Recognition of share based payments				258		258
Movement in actuarial valuation of the defined benefit pension scheme					(26,084)	(26,084)
Movement on deferred tax relating to the pension scheme					9,129	9,129
At 30 September 2021	**7,868**	**66,378**	**3,896**	**1,079**	**50,345**	**129,566**

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 cash flow 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 applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"). 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:

- Cash Flow 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 £30,477,000 (2020: £6,904,000).

The audit fee charged within the profit and loss account amounted to £281,000 (2020: £194,000).

C Employee numbers and remuneration

	2021 Number	2020 Number
The average monthly number of employees, all of whom were administrative staff including Executive Directors, employed in continuing activities during the year was:	**28**	27
At 30 September:	**28**	27

Cost of staff, including Executive Directors, during the year amounted to:

	£000	£000
Wages and salaries	**4,025**	2,400
Social security costs	**497**	369
Other pension costs	**188**	153
Share based payments	**258**	245
	4,968	3,167

Directors' emoluments

	£000	£000
Aggregate emoluments	**2,746**	2,104
Highest paid director: aggregate emoluments	**1,010**	833

Details of individual Directors' emoluments and pension contributions can be found in Note 6 to the consolidated accounts.

D Dividends

	2021 Pence/share	2020 Pence/share
Interim (related to the year ended 30 September 2021)	**4.83**	—
Final (related to the year ended 30 September 2020)	**8.33**	7.67
Total dividend paid	**13.16**	7.67

	£000	£000
Interim (related to the year ended 30 September 2021)	**3,800**	—
Final (related to the year ended 30 September 2020)	**6,554**	5,778
Total dividend paid	**10,354**	5,778

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 11.17p per Ordinary Share be paid in respect of the year ended 30 September 2021. This will be accounted for in the 2021/22 financial year.

E Tangible fixed assets

	Freehold land and buildings £000	Plant, vehicles & equipment £000	Total £000
Cost:			
At 1 October 2020	701	320	1,021
Additions	—	32	32
Disposals	—	(76)	(76)
At 30 September 2021	**701**	**276**	**977**
Depreciation:			
At 1 October 2020	116	179	295
Charge for year	85	67	152
Disposals	—	(76)	(76)
At 30 September 2021	**201**	**170**	**371**
Net book value:			
At 30 September 2021	**500**	**106**	**606**
At 30 September 2020	585	141	726

F Investments

	Subsidiary undertakings £000
Shares at cost:	
At 1 October 2020	341,140
Additions	41,500
At 30 September 2021	**382,640**
Provisions:	
At 1 October 2020	146,138
Provided during the year	—
At 30 September 2021	**146,138**
Net book value:	
At 30 September 2021	**236,502**
At 30 September 2020	195,002

On 26 March 2021, the Company acquired the whole of the issued share capital of J Browne Group Holdings ("J Browne") for a cash consideration of £29.5m plus a net cash and working capital adjustment of £12.0m. The £12.0m represents J Browne's surplus cash held in an escrow account at completion which was subsequently paid to the vendors. The net acquisition cost was funded by a combination of cash and the Group's existing revolving credit facility provided by HSBC UK Bank plc and National Westminster Bank plc.

Details of subsidiary undertakings are included in Note S.

G Assets held for resale

	2021 £000	2020 £000
Property	**1,250**	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

	2021 £000	2020 £000
Pension scheme asset (see Note R)	**661**	27,337
Due within one year:		
Trade debtors	**63**	75
Due from subsidiary undertakings	**39,295**	44,254
Corporation tax	**9,108**	7,169
Other debtors	**29**	24
Deferred tax (see Note J)	**959**	—
Prepayments and accrued income	**5,830**	3,705
	55,284	55,227
	55,945	82,564

I Creditors: amounts falling due within one year

	2021 £000	2020 £000
Bank loans and overdraft (secured)	**108,147**	105,819
Trade creditors	**982**	2,380
Other taxation and social security	**3,216**	804
Due to subsidiary undertakings	**42,945**	23,326
Other creditors	**300**	225
Accruals and deferred income	**9,195**	8,493
	164,785	141,047

Notes to the Company accounts continued

J Creditors falling due after more than one year

	2021 £000	2020 £000
Bank loans	—	4,373
Deferred tax	—	8,939
	—	13,312
Bank loans and overdraft repayable:		
Within one year	**108,147**	105,819
Within two to five years	—	4,373
	108,147	110,192

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 (asset)/liability:		
Defined benefit pension scheme	**231**	9,568
Future tax losses	—	(359)
Accelerated capital allowances	**(20)**	(29)
Other timing differences	**(1,170)**	(241)
	(959)	8,939

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 2021, this loan was £Nil (2020: £230,000).

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

	2021 £000	2020 £000
Allotted, called up and fully paid:		
78,681,334 (2020: 78,555,054) Ordinary Shares of 10p each	**7,868**	7,856

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 15 December 2020 126,280 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 2021, there were 860,857 options outstanding under the scheme. On 4 December 2020, options to subscribe for a further 242,161 Ordinary Shares were granted. During the year 126,280 options were exercised and 119,720 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 dependent on absolute growth in the Company's Total Shareholder Return ('TSR'), and the other half is 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. 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.

L Share capital continued

Share options continued

Renew Holdings plc Long Term Incentive Plan continued

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.

£258,000 (2020: £245,000) has been charged to administrative expenses in accordance with FRS 102. There is no impact on net assets since an equivalent amount has been credited to the share based payments reserve. 126,280 options were exercised and 119,720 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 2021 were as follows:

Date of grant	3 December 2018	20 February 2020	4 December 2020	Total
Awards outstanding at 30 September 2021				
– Directors and employees	319,126	299,570	242,161	860,857
Exercise price	10.0p	10.0p	10.0p	
Price at date of grant	350.00p	548.00p	522.00p	
Maximum option life	10 years	10 years	10 years	
Assumed option life for purposes of valuation	2.83 years	2.61 years	2.79 years	
Expected volatility	28%	27%	38%	
Risk free interest rate	0.75%	0.46%	(0.09)%	
Value per option	226.0p	519.0p	495.0p	

N Capital and leasing commitments

	Land and buildings £000	Other £000	Total 2021 £000	Total 2020 £000
Annual commitments under non-cancellable operating leases expiring in:				
Under one year	**222**	**4**	**226**	244
Two to five years	**384**	**—**	**384**	435
Five or more years	**—**	**—**	**—**	178
	606	**4**	**610**	857

During the year £283,000 (2020: £268,000) 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 2021 (2020: £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 £188,000 (2020: £153,000) into these plans during the year. There are also £13,000 (2020: £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 £2,746,000 (2020: £2,104,000) all of which was represented by short-term employment benefits including £682,000 (2020: £362,000) 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 2021 shows a surplus of £661,000 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 2021	As at 30 September 2020	As at 30 September 2019
Rate of increase in salaries	**4.0%**	4.0%	4.0%
LPI increases to pensions in payment	**4.3%**	3.5%	3.0%
Discount rate	**2.0%**	2.4%	3.7%
Inflation assumption (CPI)	**2.7%**	2.0%	2.0%
Inflation assumption (RPI)	**3.5%**	3.0%	3.0%
Increases in deferred pensions	**3.4%**	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 2020 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 assets in the Lovell scheme were:

	Value as at 30 September 2021 £000	**Current allocation**	Value as at 30 September 2020 £000	Current allocation	Value as at 30 September 2019 £000	Current allocation
Annuities	**158,685**	**97%**	87,497	43%	89,317	45%
Diversified portfolio	**880**	**1%**	114,039	56%	106,775	54%
Cash	**3,362**	**2%**	2,149	1%	666	1%
Total	**162,927**	**100%**	203,685	99%	196,758	100%

The Trustees of the Lovell Pension Scheme purchased a bulk annuity from Rothesay life in November 2020 to de-risk the defined benefit scheme obligation. This covers all remaining insured scheme benefits following previous bulk annuity transactions in 2011 and 2016.

R Employee benefits: Retirement benefit obligations continued
Defined benefit pension schemes continued
The Company took the decision to fund the buy-in based on the following considerations:

- a buy-in will remove volatility of the scheme from the balance sheet of the Company, and no further contributions would be expected; and
- the buy-in will transfer the pension risk associated with the scheme to a third party insurer. The only risk remaining will be the counterparty risk of the insurer.

The difference between the annuity purchase price and the defined benefit obligation covered by the policy has been accounted for in other comprehensive income. The accounting treatment is based on the following considerations made by the Company:

- the employer is not relieved of primary responsibility for the obligation. The policy simply covers the benefit payments that continue to be payable by the scheme;
- the contract is effectively an investment of the scheme; and
- the contract provides the option to convert the annuity into individual policies which would transfer the obligation to the insurer (known as a "buy-out"). Whilst this course of action may be considered in future, this is not a requirement and a separate decision will be required before any buy-out proceeds. There are currently no plans either by management or Trustees to convert the buy-in contract to individual policies.

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. 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 the buy-in, all the scheme's liabilities are now matched within the annuities which has removed the scheme's investment and funding risk. Consequently, there has been a reduction in the FRS 102 Retirement Benefit assets in the Group's accounts for the year ended 30 September 2021. The next triennial valuation is due as at 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.

	2021 £000	2020 £000	2019 £000	2018 £000	2017 £000
Actual return on scheme assets less interest on scheme assets	**(34,862)**	7,325	27,897	(1,138)	(14,565)
As a percentage of the assets at the end of the year	**(21.4)%**	3.6%	14.2%	(0.7)%	(8.4)%
Total amount recognised in the statement of comprehensive income	**(26,084)**	(1,482)	3,904	5,076	(2,506)
As a percentage of the obligations at the end of the year	**(16.1)%**	(0.8)%	2.3%	3.4%	(1.5)%

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 has been a reduction in the FRS 102 Retirement Benefit asset in the Company's accounts for the year ended 30 September 2021.

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. The impact of the additional liabilities amounted to £1,000,000 for the Lovell Pension Scheme which is disclosed separately in the next table.

R Employee benefits: Retirement benefit obligations continued

Scheme Funding Level and Actuarial Valuation continued

The following amounts at 30 September were measured in accordance with the requirements of FRS 102.

	2021 £000	2020 £000
Movements in scheme assets and obligations		
Total fair value of scheme assets brought forward	**203,685**	196,758
Interest on scheme assets	**2,978**	3,703
Employer contributions	**56**	4,313
Benefits paid	**(8,930)**	(8,401)
Running costs	**—**	(13)
Actual return on scheme assets less interest on scheme assets	**(34,862)**	7,325
Total fair value of scheme assets carried forward	**162,927**	203,685
Present value of scheme obligations brought forward	**176,348**	172,685
Interest on scheme obligations	**2,565**	3,201
Current and past service costs	**61**	56
Past service costs and settlements	**—**	—
Benefits paid	**(8,930)**	(8,401)
Guaranteed minimum payment equalisation	**1,000**	—
Actuarial movement due to experience on benefit obligation	**(237)**	(596)
Actuarial movement due to changes in financial assumptions	**(10,217)**	8,388
Actuarial movement due to changes in demographic assumptions	**1,676**	1,015
Total fair value of scheme obligations carried forward	**162,266**	176,348
Surplus in the scheme	**661**	27,337
Deferred tax	**(231)**	(9,568)
Net surplus	**430**	17,769
Amount charged to operating profit:		
Current and past service costs	**(61)**	(56)
Running costs	**—**	(13)
	(61)	(69)
Amount credited to other financial income:		
Interest on scheme assets	**2,978**	3,703
Interest on scheme obligations	**(2,565)**	(3,201)
Net pension interest	**413**	502
Amounts recognised in the statement of comprehensive income:		
Actual return on scheme assets less interest on scheme assets	**(34,862)**	7,325
Actuarial movement due to changes in assumptions on scheme obligations	**8,778**	(8,807)
Actuarial movement	**(26,084)**	(1,482)
Movement in the net scheme surplus during the year:		
Net scheme surplus brought forward	**27,337**	24,073
Current and past service costs	**(61)**	(56)
Running costs	**—**	(13)
Employer contributions	**56**	4,313
Guaranteed minimum payment equalisation	**(1,000)**	—
Net pension interest	**413**	502
Actuarial movement	**(26,084)**	(1,482)
Net scheme surplus carried forward	**661**	27,337

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 EV 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%
J Browne Group Holdings 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 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 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%
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 Homes 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 Ltd	Owned by subsidiary	England and Wales	100%
Amalgamated Construction (Scotland) Ltd	Owned by subsidiary	Scotland	100%
Amco Engineering Ltd	Owned by subsidiary	England and Wales	100%
Amco Group Ltd	Owned by subsidiary	England and Wales	100%
Amco Giffen Ltd	Owned by subsidiary	England and Wales	100%
Amco Rail Ltd	Owned by subsidiary	England and Wales	100%
Amco Rail Engineering Ltd	Owned by subsidiary	England and Wales	100%
Britannia Construction Ltd	Owned by subsidiary	England and Wales	100%
Carnell Support Services 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%
J Browne Construction Ltd	Owned by subsidiary	England and Wales	100%
J Browne Capital Delivery Ltd	Owned by subsidiary	England and Wales	100%
J Browne Developer Services Ltd	Owned by subsidiary	England and Wales	100%
J Browne Plant 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
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	Scotland	100%
QTS Specialist Plant Services Ltd	Owned by subsidiary	Scotland	100%
QTS Training Ltd	Owned by subsidiary	Scotland	100%
Rail Electrification Ltd	Owned by subsidiary	Scotland	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%
Blackwater Plant Hire Ltd	Owned by subsidiary	England and Wales	50%
Cappagh Brown Utilities Ltd	Owned by subsidiary	England and Wales	50%
Enisca Browne Ltd	Owned by subsidiary	Northern Ireland	50%
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 Blackwater Plant Hire Ltd and Cappagh Browne Utilities Ltd is Meelin House, Unit 2 Pavilion Business Centre, 6 Kinetic Crescent, Enfield, EN3 7FJ.

The registered office of Enisca Browne Ltd is c/o Enisca Derryloran Industrial Estate, Sandholes Road, Cookstow, County Tyrone, Northern Ireland, BT80 9LU.

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, officers and advisors

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

Peel Hunt LLP
100 Liverpool Street
London
EC2M 2AT

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	26 January 2022
Results	Announcement of interim results – May 2022
	Preliminary announcement of full year results – December 2022

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 shareholderenquiries@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.

Our subsidiary businesses

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
The Old Town Hall
Duke Street
Whitehaven
Cumbria
CA28 7NU
Tel: 01946 599022

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

Browne
Meelin House
Unit 1–2 Pavilion Business Centre
6 Kinetic Crescent
Enfield
EN3 7FJ
Tel: 020 3300 0033

Specialist Building

Walter Lilly
Knollys House
17 Addiscombe Road
Croydon
Surrey
CR0 6SR
Tel: 020 8730 6200

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Renew Holdings plc's commitment to environmental issues is reflected in this Annual Report, which has been printed on Arcoprint, an FSC® certified material. This document was printed by Pureprint Group using its environmental print technology, with 99% of dry waste diverted from landfill, minimising the impact of printing on the environment. The printer is a CarbonNeutral® company.

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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