Supporting UK Infrastructure

renew

Renew Holdings plc

Annual Report and Accounts

Year ended 30 September 2015

Supporting UK Infrastructure

Renew provides multidisciplinary Engineering Services through its independently branded businesses supporting essential UK infrastructure.

Energy – p24

Nuclear, traditional and renewable power and gas infrastructure

Environmental – p26

Water infrastructure and land remediation

Infrastructure – p28

Rail and wireless telecoms delivery infrastructure

Specialist Building – p31

High Quality Residential

Strategic Report

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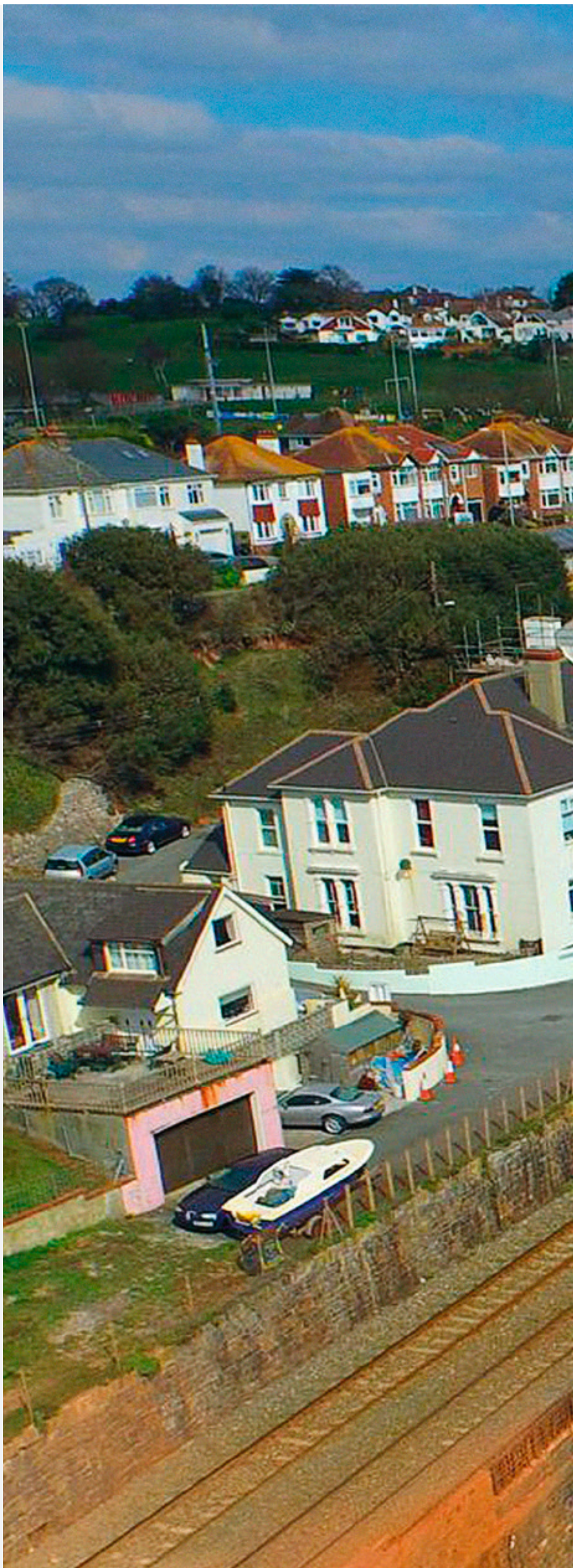
www.renewholdings.com



Highlights

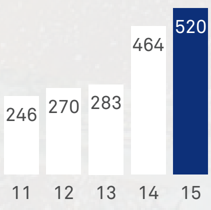
The Group has successfully grown its Engineering Services business, with an increase in revenue and operating profit in 2015.

- Record order book of £502m
- Engineering Services revenue up 15% to £441m
- Adjusted EPS growth of 25% to 26p

Financial highlights

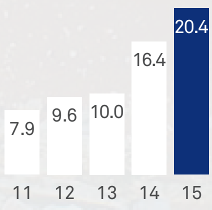
Revenue

£520m



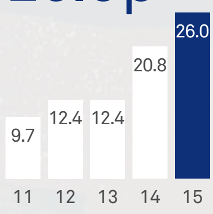
Adjusted operating profit*

£20.4m



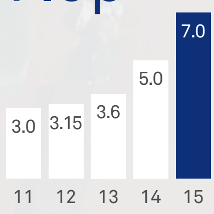
Adjusted earnings per share*

26.0p



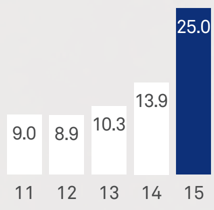
Dividend per share

7.0p



Net assets

£25.0m



* Results are shown prior to exceptional items and amortisation charges and exclude the results of discontinued operations.

Renew at a glance

Responding to our clients' requirements

Integrated Engineering Services

With our range of integrated Engineering Services we are ideally positioned to access essential maintenance and renewal spending programmes across our markets.

Our businesses provide:

- operational support and asset care;
- critical planned and reactive maintenance and renewals; and
- civil, mechanical and electrical engineering.

Energy
Page 24

Key highlights

- We remain the largest mechanical, electrical and instrumentation employer on site at Sellafield
- Awarded a new 4 year E,C&I framework for Magnox
- Work carried out at a nuclear waste fuel processing facility at Springfields

Capabilities

- Maintenance and decommissioning of nuclear facilities
- Maintenance of thermal and renewable energy facilities
- Replacement of low and medium-pressure gas mains

Environmental
Page 26

Key highlights

- Continued our long-standing relationships with Northumbrian Water, Wessex Water and Welsh Water
- Awarded AMP6 Sewerage Repairs and Maintenance framework with Northumbrian Water
- Revenue with the Environment Agency has doubled following the 2014 MEICA framework northern region award

Capabilities

- Supporting the water industry in maintaining and renewing its networks
- Supporting flood risk management programmes
- Providing land remediation solutions

Infrastructure
Page 28

Key highlights

- Asset Management frameworks extended for 2 years with Network Rail
- Increased opportunities through Network Rail's Infrastructure Project frameworks
- Further sea defence works awarded with Network Rail following work at Dawlish

Capabilities

- Provision of "off-track" renewal and maintenance of Network Rail assets
- Planned, reactive and 24/7 emergency maintenance services
- Multidisciplinary services to the wireless telecoms network infrastructure market

Specialist Building

As a leading provider of prestigious private residential refurbishment projects.

- specialist temporary works design and engineering.

Specialist Building
Page 31

Key highlights

- We completed a number of residential refurbishment projects for private clients
- £85m of new projects secured during the financial year
- Revenue fully secured for 2015/16

Capabilities

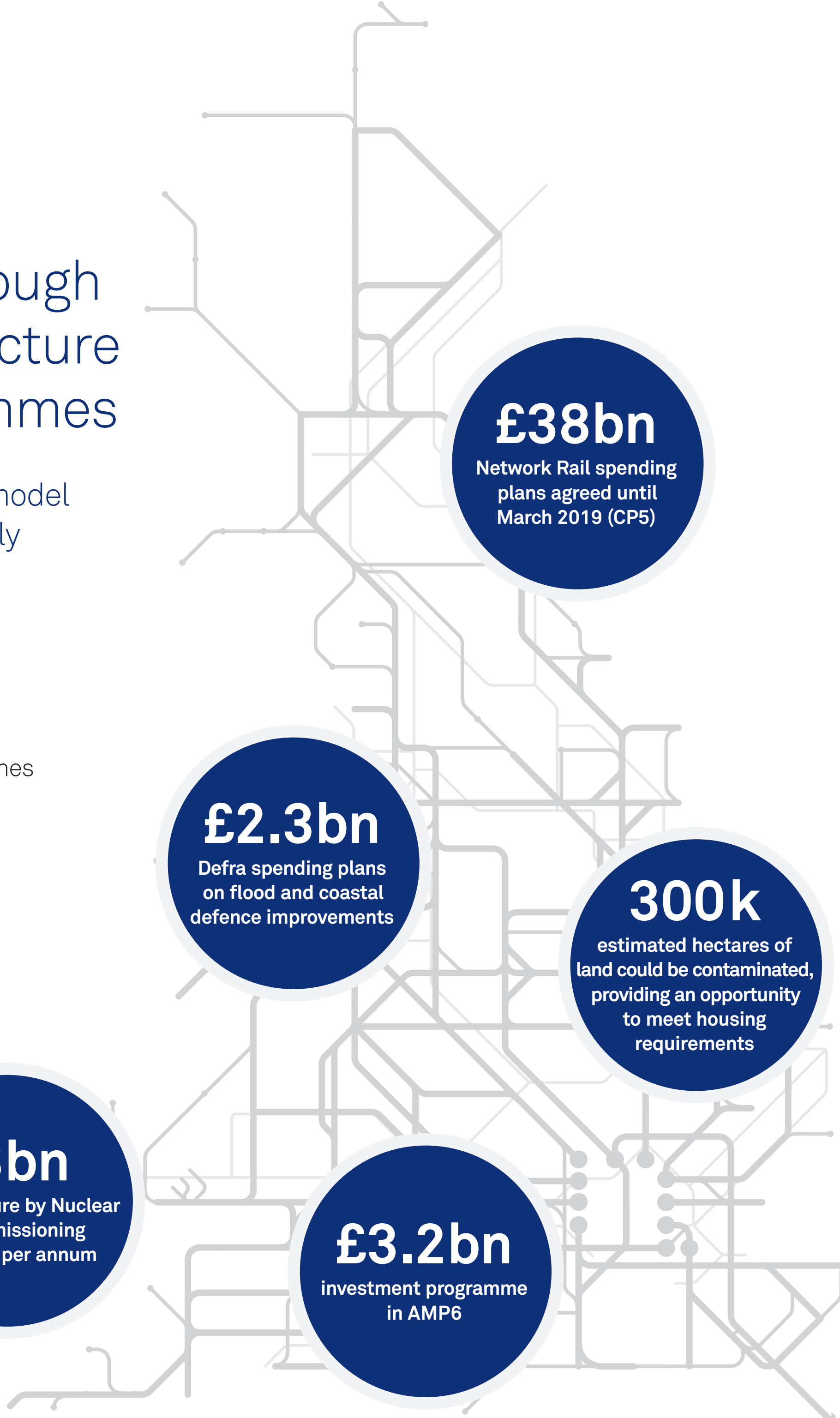
- Refurbishment of prestigious private residences
- Major structural works above and below ground

Large-scale opportunities through national infrastructure spending programmes

We focus on a direct delivery model through our strong, strategically located brands, supporting customers across the UK.

Our opportunities

- National rail network
- Medium and low-pressure gas pipelines
- Water network
- Traditional power stations
- Nuclear power stations
- Wireless telecoms network



Our markets – p14
Sources – p15

Our subsidiary businesses

Our independently branded subsidiary businesses, supported by the strength of the Renew Holdings Group, deliver Engineering Services aligned to our clients' local needs. Our regional knowledge and specialist expertise provide key differentiators.

Learn more about our businesses:
www.renewholdings.com

AMCO engineering · LEWIS · VHE · SEL · seymour · Forefront · CLARKE telecom · AMCO rail · WALTERLILLY · BRITANNIA

Investment case

A strong platform for growth

We continue to drive growth by developing long-term relationships with clients responsible for the renewal and maintenance of essential operational assets.

Working in the Energy, Environmental and Infrastructure markets, our subsidiary businesses are aligned to respond to the ongoing maintenance needs of our clients' assets.

Key growth drivers

Consistent delivery of strategic targets
The Group continues to deliver its strategic targets which, since 2006, have focused on expanding its engineering operations organically and through acquisitions.

Continued growth
The Group continues to deliver organic growth whilst looking to build on its strengths through additional earnings enhancing acquisitions.

Operating in markets with high barriers to entry
The markets in which we operate demand a highly skilled workforce and a proven track record of safe delivery.

Delivery of integrated engineering services
Our subsidiary businesses offer a range of integrated multidisciplinary Engineering Services solutions, delivering both time and cost efficiencies.

Operating in mainly regulated markets
Our target markets are mainly regulated which drives long-term programmes of spending on asset renewal and maintenance.

Long-term relationships with key clients
Our range of services and responsiveness position us as a key supplier to our clients as we assist them in maintaining their assets and providing continuity of service.

Growing operating margins
The Group has delivered continual operating margin improvement, growing from 1% in 2006 to 3.9% in 2015.

Strong balance sheet
The Group's net assets have grown from £5m to £25m over the last 9 years.

Capital growth
The Group has grown its market capitalisation more than eightfold since 30 September 2005 without recourse to new equity.

We grow our Engineering Services business through:

1
Our ability to respond to the critical requirements of key operational assets, enabling required service levels to be maintained.

2
Our ability to deliver locally through our branded subsidiary businesses.

3
Investment in the skills of our multi-skilled, directly employed workforce.

4
The successful integration of our complementary acquisitions.

5
Consideration of further strategic earnings enhancing opportunities.

Chairman's statement
R J Harrison OBE

Strongly positioned with record results

Highlights

- Record results for the year ended 30 September 2015
- The Engineering Services business has seen growth of 15% across its Energy, Environmental and Infrastructure markets
- Engineering Services adjusted operating profit has seen a 23% increase to £20.1m

Results
Record results for the year ended 30 September 2015 demonstrate that the Group continues to progress as a leading provider of engineering services, supporting critical UK infrastructure.

Group revenue increased by 12% to £519.6m (2014: £464.5m) with operating profit prior to exceptional items and amortisation increasing by 24% to £20.4m (2014: £16.4m). Earnings per share on this basis increased by 25% to 26.03p (2014: 20.80p) with basic earnings per share on continuing activities up 27% to 21.34p (2014: 16.83p).

The Engineering Services business has seen growth of 15% across its Energy, Environmental and Infrastructure markets with revenue of £440.5m (2014: £382.5m). When the effect of acquisitions and non-recurring Rail revenue is eliminated, the underlying organic growth in Engineering Services is 22%.

Engineering Services now accounts for 85% of Group revenue (2014: 82%). Engineering Services operating profit was up 23% to £20.1m (2014: £16.3m) with a margin of 4.6% (2014: 4.3%).

Specialist Building remains focused on the High Quality Residential market in London and the Home Counties. Revenue was £79.5m (2014: £82.1m) with an operating profit of £2.3m (2014: £2.2m) resulting in an improved margin of 2.9% (2014: 2.6%).

Dividend
The Board is proposing a final dividend of 4.75p per share, increasing the full year dividend by 40% to 7.0p (2014: 5.0p). The dividend will be paid on 1 March 2016 to shareholders on the register as at 29 January 2016. The Board continues to grow dividends progressively.

Order Book
The Group's contracted order book at 30 September 2015 stood at £502m (2014: £439m), a 14% increase, with the Engineering Services order book up 11% to £400m (2014: £361m). The order book reflects our established position in attractive markets with long-term visibility of revenue.

Cash
Cash generation has been good with a year-end cash position of £10.7m (2014: £5.6m) giving a net debt of £4.8m (2014: £16.1m). The Board expects the Group to report a net cash position by the end of the 2015/16 financial year.

People
We are pleased to report our commitment to providing a safe working environment which has seen the Group continue to record an Accident Incidence Rate substantially lower than the industry average. These results and the success of the Group demonstrate the skills and commitment of all our employees for which the Board would like to extend its gratitude.

> "Record results for the year demonstrate that the Group continues to progress as a leading provider of engineering services".

Strategy

In Specialist Building, the Group concentrates on the High Quality Residential market in London and the Home Counties. Our expertise is in refurbishment of prestigious private residential projects where we specialise in engineering solutions for major structural alterations.

In Engineering Services, the Group continues to develop its position as a leading provider of engineering services to support critical UK assets in the Energy, Environmental and Infrastructure markets. The markets we operate in are mainly governed by regulation. Our operations focus on the long-term programmes of essential maintenance spending in these markets, which provide good visibility of future opportunities and more sustainable earnings streams.

It remains the Board's strategy to continue the growth of its Engineering Services business, both organically and through selective acquisitions. Over the last nine years, Renew has completed six major acquisitions without recourse to shareholders for funding. Substantial, profitable growth has been generated from this strategy which, complemented by organic growth, has enabled the Board to deliver a six fold increase in market capitalisation since 2006. In recent weeks, the Board has seen a number of good quality, potential acquisitions across all market sectors of our Engineering Services business and we continue to pursue appropriate earnings enhancing additions to the Group.

Outlook

The Group enters the 2015/16 financial year in a strong position.

The Board previously published targets for 2017 of Group revenue in excess of £500m, Group operating profit margin prior to exceptional items and amortisation of 4.5% and growth in EPS on that basis of at least 40% from the reported level of 20.8p in 2014. The Group revenue target has been achieved with these results. The Group has also delivered an 11% improvement in Group operating margin to 3.9% and a 25% increase in EPS giving the Board confidence that the Group is on track to deliver on these strategic targets.

R J Harrison OBE
Chairman
24 November 2015

Chief Executive's review
B W May

Relationships built on responsiveness

Highlights
- Continued progression as a leading provider of Engineering Services
- The Engineering Services order book has grown 11% to £400m
- Strengthened position in our mainly regulated markets, where we undertake essential work

Renew delivers engineering support services to the UK's critical infrastructure assets. The Group has strong, long-term relationships built on responsiveness with a range of clients in the Energy, Environmental and Infrastructure markets. The Group operates in mainly regulated markets which have high barriers to entry. Integrated engineering services are delivered through our strong, independently branded UK subsidiary businesses which directly employ a highly skilled workforce. Our operations support the day-to-day running of key operational assets including nuclear and traditional power generation sites, water and gas pipes along with the rail and wireless telecoms networks. The Group also has a Specialist Building operation focusing on the High Quality Residential market in London and the Home Counties.

Engineering Services
Revenue in Engineering Services increased by 15% to £440.5m (2014: £382.5m) and accounted for 85% (2014: 82%) of Group revenue and 90% (2014: 88%) of Group operating profit prior to exceptional items, amortisation and central activities. This generated an improved margin of 4.6% (2014: 4.3%). The Engineering Services order book has grown 11% to £400m (2014: £361m).

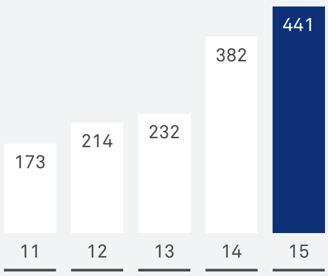
Energy
In Energy, the Group provides integrated engineering support to assets in the nuclear, traditional and renewable energy markets and in the gas infrastructure market.

During the year, we were appointed by the UK's largest nuclear decommissioning company, Magnox, as the sole provider on the £30m Electrical, Controls & Instrumentation framework, which runs to 2019, across 10 UK sites. The Group now delivers multidisciplinary engineering services at 15 nuclear licenced sites, where we support operational plant associated with long-term waste treatment and processing, decommissioning and the clean-up of redundant facilities. The Nuclear Decommissioning Authority's expenditure continues at approximately £3bn per year, of which 67% is allocated to the Sellafield site in Cumbria where the majority of our work is undertaken. The Group has operated at Sellafield for over 70 years and remains the largest mechanical, electrical and instrumentation employer on site.

As part of the high hazard risk reduction programme at Sellafield, work on the Evaporator D project has again grown materially ahead of expectation. During the year, the Group increased its resources to complete critical milestones as the project moves towards commissioning. This increased scope is now expected to deliver up to £100m of work over the duration of the project.

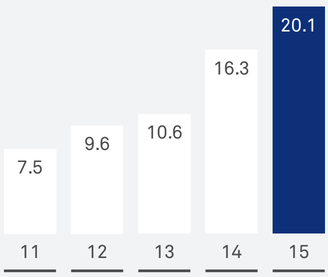
Engineering Services revenue

£441m
+15%



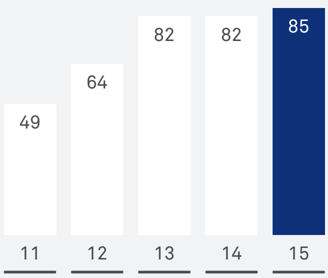
Engineering Services operating profit

£20.1m
+23%



Engineering Services as % of Group revenue

85%



"The Group has strong, long-term relationships built on responsiveness with a range of clients in the Energy, Environmental and Infrastructure markets."

Work on the Multi Discipline Site Works ("MDSW") framework continues and our operations remain focused on the largest scope of work, Production Operations Support. The MDSW framework, where we operate as one of three participants, has been extended for two years to early 2017 and is advertised to deliver £70m annually. Other framework extensions during the year include the Bundling Spares, Site Remediation & Decommissioning Project and Bulk Sludge Retrievals Facility frameworks.

The Group also operates in the traditional and renewable energy markets for clients including E.ON, SSE, Scottish Water and Dwr Cymru Welsh Water ("DCWW") where work includes long-term maintenance and asset renewal services. Achievements in the year include good progress on the hydroelectric scheme at Tyn Y Waun Water Treatment Works for DCWW, reappointment to the maintenance framework at Deucheran Hill Wind Farm by E.ON and the refurbishment of the Cuaich Aqueduct on the Tummel hydroelectric scheme for SSE.

In the gas infrastructure market work continues for National Grid and Southern Gas Networks on the 30/30 Iron Mains Replacement programme as well as on the London Medium Pressure Strategic Gas Mains Replacement programme. New frameworks for the delivery of these programmes have been slow to gain momentum and as a result this business has not performed to our expectations, however the addressable market is both substantial and visible with the national programme for iron mains replacement running to 2032 with an estimated value of £1bn per annum.

Environmental

The Group provides operational support to the water industry where the focus remains on maintaining and renewing infrastructure assets as well as the flood alleviation and river and coastal defence programmes.

In the year, we continued our long-standing relationships with our clients Northumbrian Water, Wessex Water and Welsh Water. Awards included Northumbrian Water's AMP6 Sewerage Repairs and Maintenance Framework where we operate as one of two suppliers; the framework has an advertised value of over £14m per annum to 2024.

Work for Wessex Water continued on the Workstream framework during the year with new awards including the AMP6 Minor Civils framework. Major projects completed included the Taunton Grid Scheme.

Revenue for the Environment Agency has doubled in the year where our relationship was extended with the award of a £10m MEICA framework in 2014. This exclusive framework, which runs to March 2018, covers flood and water management sites throughout the Northern region. The appointment follows our success on the existing four Minor Works frameworks which were extended for a further two years.

In Land Remediation, we operate for National Grid on a number of frameworks nationally. Other frameworks include the Land Quality Services framework with Magnox to remediate the sites of former nuclear power generation across the UK and a new Landfill Engineering framework with Viridor for the North of England and Scotland regions.

Chief Executive's review continued
B W May

"Our operations support the day-to-day running of key operational assets including nuclear and traditional power generation sites, water and gas pipes along with the rail and wireless telecoms networks."

Infrastructure
The Group delivers nationally a wide range of off-track asset renewal and maintenance engineering services as well as providing a 24/7 emergency service to the rail network. These services are provided through Infrastructure Projects and Asset Management support for Network Rail where we are a top four supplier.

Following the award in 2014 of a number of infrastructure renewal frameworks for Network Rail, which run to 2019, we have good visibility of future workflow. During the year, works were undertaken to enhance the Dawlish lower sea wall following our successful operation in 2014 to reinstate the wall after severe storms. Further to our work at Dawlish we have been appointed to undertake another coastal line protection scheme at Saltcoats in Scotland. We are now established as the major structures renewals & maintenance contractor in Scotland.

In Asset Management our frameworks have been extended by two years to 2017. We carry out infrastructure maintenance works to bridges, viaducts, tunnels, culverts, embankments, level crossings and line side structures. During the year, we have delivered over 5,000 individual schemes ranging from minor brickwork repairs to major sea defence works and our responsiveness was recognised at the National Rail Awards where we were presented with "Maintenance Team of the Year".

In the wireless telecoms infrastructure delivery market the Group works for the major cellular network operators and original equipment manufacturers. This market has seen major corporate M&A activity during the year which has caused volatility and a performance below our expectations. The attraction of this market remains as demand for 4G mobile internet access and communications is outstripping current capacity, requiring additional infrastructure, upgrading of existing networks and decommissioning of redundant assets.

Specialist Building
In Specialist Building revenue of £79.5m (2014: £82.1m) and an operating profit of £2.3m (2014: £2.2m) generated an improved margin of 2.9% (2014: 2.6%). Our Specialist Building order book stands at £102m (2014: £78m). In the High Quality Residential market in London and the Home Counties our subsidiary, Walter Lilly, is a market leading luxury brand. It focuses on major structural engineering works including extending properties below ground. In excess of £85m of new projects has been secured in the period.

Discontinued operation
On 31 October 2014, the Board reached an agreement to sell Allenbuild Ltd to Places for People Group Ltd ("PFP") for a total consideration of £2.75m payable in cash. PFP paid the initial 50% of the consideration on 31 October 2014 and will pay the balance on 31 January 2016. Allenbuild Ltd is a business focused on the new build affordable housing market and as such was not core to the Group's strategy to develop its Engineering Services business. In accordance with IFRS 5, the results of Allenbuild Ltd have been treated as a discontinued business. During the transition period, Renew retains the cost and benefit of certain contracts. These were secured during the recession and subsequently supply chain prices have risen markedly resulting in post-tax losses of £7.3m in the discontinued business.

Summary
In Specialist Building, our business operates in the consistently robust High Quality Residential market and continues to improve its quality of earnings with an emphasis on risk mitigation.

In Engineering Services, we have strengthened our position in our chosen, mainly regulated markets, undertaking essential work on critical assets where funding is derived from clients' operational expenditure budgets. Our key markets' characteristics combined with the Group's integrated engineering support services model will continue to provide opportunities for further profitable growth.

B W May
Chief Executive
24 November 2015


1280 KG

Financial review

Dividend growth of 40%

Highlights

- A final dividend of 4.75p (2014: 3.5p) per share bringing the total for the year to 7.0p (2014: 5.0p)
- The Group's profitability, together with further improved working capital generation, has reduced net debt by £11.3m in the year

Results

Group revenue from continuing activities was £519.6m (2014: £464.5m) with an operating profit before tax from continuing activities of £20.4m (2014: £16.4m) prior to exceptional items and amortisation charges. A tax charge of £3.6m (2014: £3.3m) resulted in a profit after tax for the year of £16.1m (2014: £12.8m) prior to exceptional items and amortisation charges. The profit for the year from continuing activities was £13.2m (2014: £10.3m). After accounting for discontinued activities, the profit for the year was £5.9m (2014: £5.2m).

Fair value adjustments

In accordance with IAS 36, the Board reviewed the fair value of assets and liabilities of both Clarke Telecom Ltd and Forefront Group Ltd using information available up to 12 months after the date of acquisition. Fair value was calculated using Level 3 inputs as defined by IFRS 13.

No fair value adjustments arose at Clarke Telecom Ltd. At Forefront Group Ltd, the Board concluded that the fair value of property, plant and equipment was overstated at the date of acquisition by £1.1m. Furthermore, the depreciation policy has now been aligned with that of the Group.

The Board also recognised two onerous contracts which existed at the acquisition date and has set aside a provision based on projected cash flows to the forecast conclusion date. The resulting fair value adjustment amounted to £2.1m. Additionally, certain debtors at the point of acquisition have proved to be irrecoverable and a fair value adjustment of £0.2m arose.

When deferred tax is calculated as a consequence of these fair value adjustments, a total fair value adjustment of £2.8m arises, resulting in a corresponding increase to goodwill.

Cash

The Group's profitability, together with further improved working capital generation, has led to our reporting a cash balance of £10.7m (2014: £5.6m) at the year end. As a result, the Group's net debt position as at 30 September 2015 was £4.8m (2014: £16.1m). The Group has complied with the covenants associated with the term loans throughout the year.

Pension schemes

The IAS 19 valuation of the Lovell Pension Scheme, which was closed to new members in 2000, has resulted in a substantial accounting surplus of £12.4m (2014: £0.6m) after accounting for deferred taxation. In 2011, the Board, in conjunction with the Trustees of the Lovell Scheme, completed a buy-in of part of the pensioner liabilities of the scheme. This measure, which was completed without any further cash contribution to the scheme by the Group, has reduced the risks associated with those liabilities and, at the year end, the annuities purchased represent 26% of the scheme's total liabilities.

"The Group's profitability, together with further improved working capital generation, has led to our reporting a cash balance of £10.7m (2014: £5.6m) at the year end."

Following the triennial valuation of the scheme which was carried out as at 31 March 2015, the scheme actuary has measured the deficit in the scheme to be £12.1m, a material reduction from the £24.1m deficit which was recorded at the previous valuation. In accordance with the scheme specific funding requirements of the Pensions Act 2005, the Board has reached an agreement with the Trustees of the scheme on the level of future contributions of £4.3m per annum. This recovery plan is projected to eliminate the deficit under the Statutory Funding Objective of the Pensions Act 2004 by 31 July 2018. The next triennial valuation is due as at 31 March 2018.

The IAS 19 valuation of the Amco Pension Scheme shows a deficit of £0.5m (2014: surplus of £0.6m) after accounting for deferred taxation. In 2013, the Board, in conjunction with the Trustees of the Amco Scheme, completed a buy-in of part of the pensioner liabilities of the scheme. This measure, which was completed without any further cash contribution to the scheme by the Group, has reduced the risks associated with those liabilities and, at the year end, the annuities purchased represent 49% of the scheme's total liabilities.

Following the triennial valuation of the scheme which was carried out as at 31 December 2013, the scheme actuary has measured the deficit in the scheme to be £2.1m, compared to the £2.5m deficit which was recorded at the previous valuation. In accordance with the scheme specific funding requirements of the Pensions Act 2005, the Board has agreed the level of future contributions with the Trustees of the scheme at £0.3m per annum. This recovery plan is projected to eliminate the deficit under the Statutory Funding Objective of the Pensions Act 2004 by 31 October 2020. The next triennial valuation is due as at 31 December 2016.

Taxation

The UK tax charge on profit for the year is £2.9m (2014: £2.7m). This represents an effective Group tax rate of 18.3% (2014: 20.8%). Following the sale of Allenbuild Ltd, the Group's available tax losses have been reduced although, due mainly to the tax deductibility of pension scheme contributions which are not charged to the Income statement, the rate of corporation tax payable in each of the next few years is expected to remain below the headline rate.

Distributable profits

The distributable profits of Renew Holdings plc stood at £37.5m (2014: £27.9m) enabling the Board to recommend a final dividend of 4.75p (2014: 3.5p) per share bringing the total for the year to 7.0p (2014: 5.0p), an increase of 40%.

J Samuel
Group Finance Director
24 November 2015

Our markets

Growth built on the continuing requirement for asset care

Our clients are responsible for keeping many of the country's key assets operational. We provide integrated engineering services to help them achieve continuity of service.

Markets

Energy

Nuclear

- The Nuclear Decommissioning Authority ("NDA") is responsible for the clean-up and waste management of the UK's nuclear legacy. The NDA's expenditure continues at approximately £3bn per annum, over half of which is allocated to the Sellafield site in Cumbria.[1]
- An estimated investment of around £60bn is expected in new nuclear power stations in the UK by 2030 as most of the existing fleet of nuclear power stations is retired.[2]

Traditional and renewable power and gas infrastructure

- As demand for energy increases, it is likely that the UK's existing traditional generating assets will continue to require investment in long-term maintenance programmes.
- Demand for renewable energy is expected to increase following the government's commitment to deliver 15% of the UK's energy consumption from renewable sources by 2020.[3]
- As part of ongoing improvements to the gas network, the UK is currently undertaking a number of essential gas network asset replacement programmes. Following concerns over iron gas mains safety, the Health and Safety Executive has implemented the national Iron Mains Risk Reduction Programme to replace gas mains within 30m of a building by 2032 or earlier.[4]

Environmental

Water

- UK water companies, regulated by the Water Services Regulation Authority, Ofwat, undertake large-scale investment programmes to maintain and renew their water and sewerage infrastructure assets. Work on Asset Management Programme 6, the next five-year regulatory period in the water industry, commenced in April 2015 and focuses on maximising the efficient use of existing assets through integrated solutions.
- The UK government made a six-year commitment to invest record levels in improving flood and coastal defences to 2021.[5]

Land remediation

- The Homes and Communities Agency ("HCA") is responsible for the disposal of publicly owned land, including former industrial land transferred from the previous Regional Development Agencies.
- The HCA Corporate Plan 2014–2018 includes specific targets in relation to the use of such legacy sites and funding arrangements to achieve economic growth, providing suitable housing stock across the UK and stimulating strategic inward investment.[6]

Opportunities

Energy:

- Strong position at Sellafield with an established long-term programme of decommissioning.
- Continued spending on existing power assets to plug the "energy gap".
- HSE 30/30 Gas Iron Mains Replacement Programme and long-term frameworks operating for National Grid and SGN.

Environmental:

- £3.2bn investment programme in AMP6 for Northumbrian Water, Wessex Water and Welsh Water.
- £2.3bn Defra spending plans on coastal and river flood risk management.
- Previous estimates suggest there could be around 300,000 hectares of land affected by contamination[9] providing an opportunity to meet housing requirements.

Infrastructure

Rail

- Demand for rail services is anticipated to grow by more than 30% over the next decade. To meet this challenge, Network Rail is investing around £38bn over the next five years to 2019 (CP5) on running, maintaining and improving Britain's railway, which includes some 30,000 bridge, tunnel and embankment assets.[7]

Wireless telecoms

- Demand for mobile data could be as much as 45 times higher than today by 2030 as the market continues to expand, with growth largely driven by the increasing use of mobile devices and internet services.
- As demand for service on the existing mobile network infrastructure increases, substantial investment is required to add new infrastructure, upgrade existing networks and decommission redundant assets. Ofcom set a 2017 deadline for network operators to provide comprehensive 2G, 3G and 4G coverage across the country.[8]

- £38bn Network Rail spending plans agreed until March 2019 (CP5).
- Increasing wireless capacity to meet consumer demand for mobile data, particularly 4G.

Specialist Building

High Quality Residential

- The High Quality Residential market in London and the Home Counties remains strong with improved visibility. We have particular specialist engineering expertise in major structural alteration works both above and below ground.
- This market requires knowledge and experience. Our strong brand and excellent reputation has been developed over many years.

Opportunities

- Revenue for 2015/16 fully secured.
- Specialist capabilities in robust market.

Sources

1. Nuclear Decommissioning Authority, Business Plan – financial year beginning April 2015 to financial year ending March 2018 (March 2015).
2. HM Government, Industrial Strategy: government and industry in partnership. The UK's Nuclear Future (2013).
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4. Health and Safety Executive, Enforcement Policy for the iron mains risk reduction programme 2013-2021.
5. Department for Environment, Food and Rural Affairs, Reducing the risks of flooding and coastal erosion: An investment plan (December 2014).
6. Homes and Communities Agency, Corporate Plan 2014-18 (July 2014).
7. Network Rail Limited, Annual report and accounts 2014 (June 2014).
8. Ofcom, Mobile Data Strategy Statement (May 2014).
9. Environment Agency, Reporting the evidence. Dealing with contaminated land in England and Wales (January 2009).

Our business model

Delivering value to shareholders

We add value through the management and effective control of our subsidiary businesses, delivering capital growth together with a progressive dividend policy.

Underpinned by				
	Directly employed workforce Highly skilled with local knowledge	**Strong relationships** Long-term positions with our clients	**Robust risk management** Effective controls and operational framework	**Commitment to good corporate governance** Group-level committees provide control

Ensuring the safe delivery of our operations

Safety remains the Group's priority. Our safe operations are managed and delivered locally by our subsidiary businesses alongside their safety advisors who have specific knowledge in the individual environments.

Attention to delivering services safely ensures the continued improvement in our accident incidence rate, which has improved by over 90% in the last nine years and is materially lower than the industry average.

Corporate social responsibility – p32

Ensuring the consistent delivery of quality

A key factor in our success in our markets is the consistent delivery of quality. The type of work the Group undertakes involves a high volume of low-cost tasks throughout the UK's infrastructure networks.

We are committed to ensuring we consistently deliver quality and our businesses focus on maintaining and improving standards in logistics, training, technology, corporate social responsibility and in the management of their supply chain. We strive to continue to develop and improve our business processes with key initiatives such as our aftercare service programmes and supply chain workshops.

Operational review – p22

Ensuring thorough risk management

Our subsidiary businesses are governed by a system of controls which include overarching requirements to adhere to Group minimum standards monitored by internal audit processes to ensure compliance. Internal controls include risk management, control environment and activities, information and communication and the evaluation of effectiveness to deliver robust commercial risk management.

Regular operational and financial reporting is supported by monthly management meetings, attended by a Group Executive member, Executive Management Committee meetings and monthly Main Board meetings.

Each subsidiary business is required to have a management system in place certified to ISO:9001.

Risk management – p21

Development of long-term positions in target markets

We provide integrated engineering services concentrating on supporting the day-to-day operational requirements of some of the country's key infrastructure, where we fulfil a high volume of low-cost tasks. Our work covers asset care and maintenance, both planned and reactive, as well as emergency repair services under long-term framework agreements.

Our responsive integrated engineering services, and consistent delivery, mean that we work on some of the largest frameworks designed to deliver asset care and maintenance services fuelled by our clients' operational expenditure budgets.

Our markets – p14

Development and delivery of our growth strategy

We focus on developing our engineering services both organically and by acquisition where we can broaden our service offering to existing and new clients. Organic growth is achieved through the alignment of our operating subsidiaries with their clients' day-to-day service requirements on their key infrastructure assets. Our responsiveness and ability to provide an integrated solution are differentiators in our markets.

The Group also continues to look for complementary acquisition opportunities where businesses have strong relationships in regulated markets.

Our strategy and KPIs – p18 and p20

Our strategy

Delivering our growth strategy

Since 2006, it has been the Group's strategy to expand its Engineering Services activities both organically and through selective acquisitions.

It is the Group's ambition to deliver Group revenue in excess of £500m, a Group adjusted operating profit margin of 4.5%, and growth in pre-exceptional EPS of at least 40% over the 2014 level of 20.8p by 2017.

Our strategic priorities

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

We improve
We maintain
We renew

Our strategic targets for 2017:

£500m Group revenue

4.5% Group adjusted operating profit

40% growth in adjusted EPS from 2014 base of 20.8p

Our strategic priorities

Our strategic priorities	Our progress	
Be a key provider of Engineering Services in the UK's Energy, Environmental and Infrastructure markets	■ Developed long-term relationships in our markets, evidenced by increasing workloads and framework extensions. ■ Integrated the skills and capabilities associated with the Group's 2014 strategic acquisitions.	■ Collaborative working and sharing best practice initiatives undertaken. ■ Continued to develop our strategically important client relationships. ■ Developed the range of capabilities we offer our clients using skills from across the Group's subsidiary businesses.
Focus on non-discretionary spend in asset support, maintenance and renewals programmes	■ Worked closely with our clients to undertake essential operational renewal and maintenance tasks to support the UK's infrastructure assets. ■ Developed as a partner of choice through our responsive service.	■ Assisted our clients in the day-to-day operation of their assets, ensuring long-term continuity of service.
Expand our direct delivery model through our subsidiary businesses' strong local brands	■ Continued to develop our subsidiary businesses as strong recognised brands within their markets. ■ Invested in our directly employed, highly skilled workforce.	■ Built on our businesses' reputations for local knowledge and quality delivery.
Establish long-term relationships through responsiveness to clients' needs	■ Many of our clients have extended their relationship with us during the year where our ability to respond quickly proves a differentiator. ■ Developed our ability to understand our clients' requirements in the short term, whilst delivering their long-term objectives, helping us to establish strong working relationships.	■ Continued to closely align our business to reflect the requirements of our key clients. ■ Ensured we continue to deliver a high quality of service.
Continue to deliver organic growth combined with selective complementary acquisitions	■ The Group has seen underlying organic growth in its Engineering Services business of 22%. ■ The Group continues to develop its position as a leading provider of Engineering Services in its target markets.	■ It is the Board's strategy to continue to grow its Engineering Services business by seeking out appropriate earnings-enhancing acquisitions.

Our KPIs

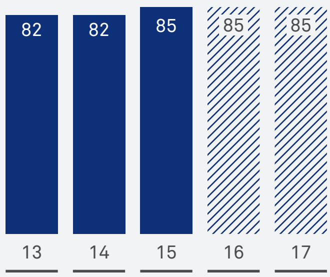
Consistently performing above expectations

Key performance indicators

The Directors have established a number of key performance indicators which they use to measure and monitor the performance of the Group in a number of different areas. These measures are set out in the charts below. The Engineering Services segment targets have been established as part of the Board's drive to grow both revenue and profitability in that segment of the business. The safety record improvement target is set annually and achievement of this target is an essential component of the bonus scheme for each Director and senior manager within the Group.

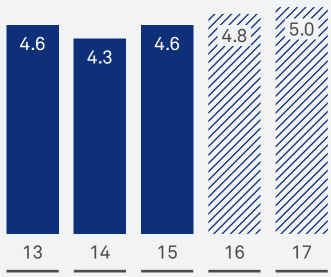
Engineering Services revenue as a percentage of Group revenue

85%



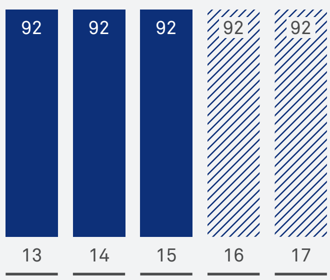
Adjusted Engineering Services operating profit as a percentage of revenue*

4.6%



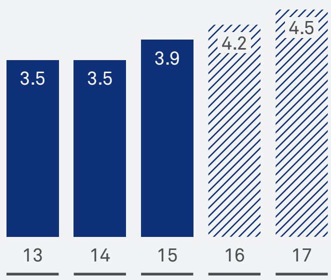
Cumulative reduction in accident incidence rate since 2005

92%



Adjusted Group operating profit as a percentage of revenue*

3.9%



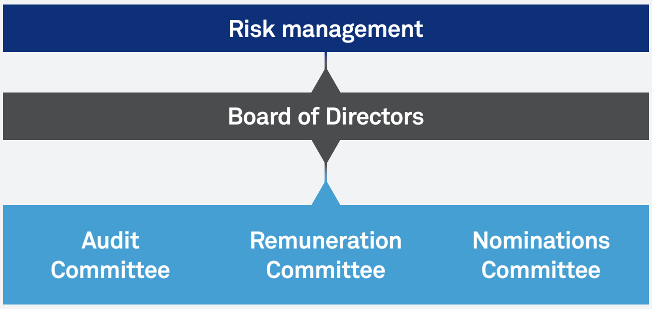
* Results are shown prior to exceptional items and amortisation charges and exclude the results of discontinued operations.

Risk management

Principal risks and uncertainties

Principal risks and uncertainties

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.



Risk	Mitigation and responsibility
Contractual conditions which exist at the time of contract procurement. Should initial estimates and judgments be incorrect, the actual financial outcomes may ultimately differ from that which is indicated.	The Group has a system of pre-contract and pre-tender risk assessment whereby senior management, including the Executive Directors where appropriate, review and advise on specific issues arising in the contract procurement process. In contracting, management is required to estimate the total expected costs on a contract and the stage of contract completion in order to determine both the revenue and profit to be recognised in an accounting period. The Group has control and review procedures in place to monitor, and evaluate regularly, 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. The Group also seeks to limit its risks by specialising in certain markets where it has extensive experience and a particular skills base.
Reliance on a relatively small number of major customers. If the Group was to lose its position as a supplier to some of these customers then its financial position could be materially affected.	As the Group has moved progressively into Engineering Services markets it has fewer, larger clients. Key clients are Network Rail, Sellafield Ltd, National Grid, Environment Agency, CTIL, Northumbrian Water, Wessex Water and Welsh Water. Loss of any of the above could potentially affect shareholder value. We mitigate this risk by maintaining strong relationships with our clients and by being seen as responsive, innovative and proactive.
The Group could be required to make substantial payments into two closed final salary pension schemes in accordance with the requirements of the Pensions Act 1995.	The Group has taken steps to mitigate this risk by working with the schemes' Trustees to develop liability matching investment strategies. These have included both schemes entering into annuity policies which match the liabilities in respect of certain of the schemes' beneficiaries. At 30 September 2015, these policies are equivalent to 30% of the combined schemes' liabilities.
The impact of accidents on our employees/public, consequential impact on contract performance and reputational damage.	Safety is managed across Renew by the Safety and Environmental Management Group, which co-ordinates activities and liaises with our team of locally based safety advisors. Working as part of an overall safety team, our advisors are encouraged to share specialist knowledge and best practice from their individual working environments.

For more information on safety – p35

Operational review

Clear and focused plan for growth

Highlights

- We remain focused on delivering integrated Engineering Services in our chosen markets
- We support many of the UK's critical infrastructure assets
- Our responsiveness to our clients' requirements proves a key differentiator

Renew remains focused on delivering its integrated Engineering Services in the Energy, Environmental and Infrastructure markets. We work in rail, nuclear, water, wireless telecoms and gas providing engineering services nationally for high profile clients.

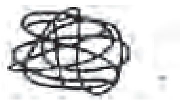
We target opportunities in areas of non-discretionary infrastructure spending in the UK where markets are often characterised by long-term spending programmes established to care for key assets.

Our teams undertake a variety of essential maintenance and renewal tasks, which assist our clients in ensuring continuity of service. Our day-to-day maintenance services are typically undertaken through long-term framework agreements.

The markets in which we operate have high barriers to entry and require a highly skilled and experienced workforce. Work is undertaken by our strong local subsidiary businesses where our market knowledge and experience proves a differentiator.

We concentrate on developing and extending relationships with our key clients across the business. Our range of Engineering Services capabilities means we are able to offer an integrated service adding value to our clients in the form of cost savings and risk reduction.

Keeping critical infrastructure including the rail network, our water and gas distribution network and energy generation assets operational is key to the UK and, as such, investment in asset care and maintenance has good visibility, often for many years.



P Scott
Engineering Services Director
24 November 2015

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Nuclear, traditional and renewable power and gas infrastructure

Infrastructure – p28
Rail and wireless telecoms delivery infrastructure

Environmental – p26
Water infrastructure and land remediation

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High Quality Residential

Operational review continued

Energy

Nuclear

We deliver a range of integrated Engineering Services to the nuclear industry. Our work concentrates on high hazard risk reduction operations, supporting the maintenance and decommissioning of operational plant.

We provide engineering support for the care and maintenance of operational plant associated with waste treatment or processing, decommissioning, demolition and clean-up of redundant facilities.

We continue to differentiate ourselves through the integration of generation, grid and decommissioning services.

Capabilities

- Nuclear operational support and asset care.
- Critical planned and reactive maintenance and renewals.
- Civil, mechanical and electrical engineering services.
- Nuclear decommissioning.
- Specialist fabrication and manufacturing.

Our progress in 2015

- We are strongly positioned across the Nuclear Decommissioning Authority's portfolio, on 15 nuclear licensed sites.
- We remain the largest mechanical, electrical and instrumentation employer on site at Sellafield, which is allocated over half the NDA's 2015/16 £3bn investment and where we have operated for over 70 years.
- Appointed by Magnox as the sole provider on the £30m Electrical, Controls and Instrumentation framework, which runs to 2019, across 10 UK sites.
- At Sellafield, work on the Evaporator D project has again grown materially ahead of expectation. This increased scope is now expected to deliver up to £100m of work over the duration of the project.
- Our position on the Multi Discipline Site Works framework has been extended for a further two years to early 2017. Operations remain focused on the largest scope of work, Production Operations Support.
- Successfully positioned on a new workstream to deliver the long-term programme of works associated with the Magnox Swarf Storage Silo project at Sellafield.
- Other Sellafield based framework extensions during the year include the Bundling Spares, Site Remediation and Decommissioning Project and Bulk Sludge Retrievals Facility frameworks.
- Award of Sellafield's Resident Engineer's safety award for 'Outstanding Safety Performance' for a second year. We have undertaken over 6 years and 5.5 million man hours at Sellafield since a lost time accident.
- We carried out work at a major nuclear waste fuel processing facility at Springfields in addition to work on the reactor outage at the Heysham Nuclear Power Station.

Traditional and renewable power and gas infrastructure

We provide long-term maintenance and asset renewal support at many of the UK's traditional power generation plants through established framework agreements.

Our directly employed service teams provide long-term maintenance and asset renewal support, assisting in the continued operation of key infrastructure assets.

We work across the gas distribution network replacing low and medium-pressure gas mains. Our directly employed workforce repairs, replaces and maintains over 150km of gas mains per annum.

Our progress in 2015

- We operate at 5 of the UK's traditional power stations for clients E.ON, Eggborough Power Limited and SSE.
- Good progress has been made on hydroelectric schemes including at Tyn Y Waun for Dwr Cymru Welsh Water.
- We have been reappointed to the maintenance framework at Deucheran Hill Wind Farm by E.ON.
- Appointed to undertake the refurbishment of the Cuaich Aqueduct on the Tummel hydroelectric scheme for SSE.
- Work continues for tRIIO, a strategic partner of National Grid, and Southern Gas Networks on the 30/30 Iron Mains Replacement Programme as well as on the London Medium Pressure Strategic Gas Mains Replacement Programme.
- Additional frameworks with tRIIO cover specialist flow stopping, drilling and maintenance.

Operational review continued

Environmental

Water

The Group has extensive expertise in water infrastructure development and maintenance, flood alleviation and river and coastal defences.

We partner on frameworks delivering improvements to the water infrastructure network, where our work includes mains replacement, upgrades to the sewer network and storm water alleviation schemes.

Capabilities

- Operational support and asset care to the water industry.
- Critical, planned and reactive maintenance.
- Maintaining strategic water mains and main drainage.
- Clean and waste water rehabilitation infrastructure.
- Flood alleviation and attenuation.
- Port, harbour and sea defences.

Our progress in 2015

- We continued our long-standing relationships with Northumbrian Water, Wessex Water and Welsh Water.
- Awarded Northumbrian Water's £14m per annum AMP6 Sewerage Repairs and Maintenance framework where we operate as one of two suppliers to 2024.
- Substantial volumes of work were undertaken on the flood prevention programmes for Northumbrian Water, in addition to our continued involvement in trunk mains cleaning.
- Work continues for Wessex Water on the workstream framework, with new awards including the AMP6 Minor Civils framework.
- Environment Agency revenue has doubled in the year following the 2014 award of the exclusive £10m MEICA framework to March 2018 for the Northern region.
- Existing Minor Works frameworks with the Environment Agency were extended for a further two years.
- We established a position in emergency reactive works for Welsh Water in addition to the Pressurised Pipelines and the Major Civil Engineering frameworks.
- Our expertise in moving structures was enhanced with the completion of the Woolwich Ferry Terminal link spans refurbishment project for Transport for London.

Land remediation

Renew is a leading provider of sustainable land remediation services nationwide, with over 30 years' expertise in specialist soil and groundwater remediation and associated earthworks.

Our in-house capabilities include soil washing, biophysical treatment, solidification and stabilisation, enhanced segregation and geotechnical improvements. Our ability to recover up to 100% of soils and excavated materials on site can provide a sustainable and cost effective solution for our clients.

Capabilities

- Operational support and asset care in the land remediation market.
- Design of bespoke remediation and ground engineering solutions.
- Combining remediation strategies with infrastructure delivery.
- Soil and groundwater remediation.

Our progress in 2015

- We continue to operate for National Grid on a number of frameworks nationally.
- New Landfill Engineering framework awarded with Viridor for the north of England and Scotland.
- Other frameworks include the Land Quality Services framework with Magnox for the design and construction of land remediation services on decommissioned nuclear power generation sites across the UK.
- Work is currently underway on the SGN 8 year framework that will generate opportunities across Scotland and the South East of England until 2021.

We partner on frameworks delivering improvements to the water infrastructure network where work includes mains replacement, upgrades to the sewer network and storm water alleviation schemes.

Operational review continued

Infrastructure

Rail

Our specialist skills and 24/7 emergency response services are delivered nationally by our directly employed, multi-skilled local delivery teams.

Our business is structured to deliver a high volume of small value tasks across the rail network, including civil, mechanical and electrical engineering and maintenance services in this regulated market.

Our strength lies in our flexibility and ability to deliver a variety of integrated and sustainable solutions for our principal client, Network Rail.

Capabilities

- Off-track operational support and asset care.
- Critical planned, reactive and 24/7 emergency maintenance and renewal services.
- Civil, mechanical and electrical engineering.
- Asset renewal and refurbishment.
- Tunnel and shaft refurbishment.
- Bridges, structures and earthworks.
- Moving structures.

Our progress in 2015

- The Group delivers asset renewal and maintenance services nationwide through Infrastructure Projects and Asset Management support for Network Rail where we are a top four infrastructure supplier.
- We continued to work on the infrastructure renewal frameworks for Network Rail awarded as part of CP5, which runs to 2019.
- Works were undertaken to strengthen the Dawlish lower sea wall following our successful operation in 2014 to reinstate the wall after severe storms.
- Further to our work at Dawlish for Network Rail we were also appointed to undertake a similar coastal line protection scheme at Saltcoats in Scotland.
- Our Network Rail Asset Management frameworks have been extended by two years to 2017. We carry out infrastructure maintenance to bridges, viaducts, tunnels, culverts, embankments, level crossings and line side structures.
- Work on the Asset Management frameworks has seen us deliver more than 5,000 individual schemes, ranging from minor brickwork repairs to major sea defence works.
- We continued to develop our relationship with Network Rail and are now established as the major structures, renewals and maintenance contractor in Scotland.
- Our local delivery teams continue to provide a 24 hour emergency response service for Network Rail.
- Our work was recently recognised at the 2015 National Rail Awards where the LNW Asset Management Team received the “Maintenance Team of the Year” award.


AFON DYFRDWY

Operational review continued

Infrastructure

Wireless telecoms

We provide engineering services which encompass all aspects of wireless telecoms infrastructure delivery.

We deliver wireless infrastructure services for the UK's cellular network operators and major network equipment manufacturers. Our services include site acquisition and design, construction, installation and site optimisation, site maintenance and decommissioning.

The wireless telecoms infrastructure delivery market has seen major corporate M&A activity during the year. The market remains attractive as demand for 4G mobile internet access and communications is outstripping the current network capacity.

Capabilities

- Operational support and asset care in the UK wireless telecoms market.
- Critical planned and reactive maintenance and renewals.
- Civil, mechanical and electrical engineering.
- Wireless telecoms installations.
- Specialist indoor wireless coverage solutions.
- Temporary cellular network coverage for special events.
- Provision of 2G, 3G, 4G and Wi-Fi technologies.

Our progress in 2015

- As a leading provider of wireless telecoms infrastructure services we remain one of the top performing contractors with our customers, including Cornerstone Telecommunications Infrastructure Ltd and Mobile Broadband Network Ltd, joint ventures between the network operators which support their UK asset portfolios carrying the O2, 3, Vodafone and EE networks.
- Rising consumer demand has seen an increasing requirement for additional infrastructure, including the upgrade of existing networks and the decommissioning of redundant assets.
- We delivered over 40,000 individual tasks for our network customers during 2015.
- Work continues on the 4G upgrade rollout of low capacity sites.
- We continue to work as the sole approved service provider on the Ericsson 4G overlay.
- Work continues to roll out 4G equipment to network operators' main sites in London.

Specialist Building

High Quality Residential

Recognised as a market-leading luxury provider of prestigious private residential refurbishment projects in London and the Home Counties, we provide major structural engineering works which include our specialist skills in extending properties below ground.

The High Quality Residential market in London and the Home Counties remains strong, with good visibility of future opportunities.

Space restrictions in the South and the complex nature of the work we undertake means this market has high barriers to entry with specialist engineering and temporary works skills required.

In-house design and engineering capabilities are able to provide innovative solutions on projects that require extensive underground development. Other services include design management, planning, traffic management and logistics support as well as expertise in specialist finishes.

Our progress in 2015

- We remain focused on the High Quality Residential market in London and the Home Counties. We are recognised as a leading provider with expertise in fit out and refurbishment of prestigious private residential projects.
- Our specialist skills in providing extensive underground developments saw us undertake a range of schemes in the year for private clients.
- We have secured in excess of £85m of projects during the financial year.
- Revenue is fully secured for 2015/16.

Corporate social responsibility

Committed to our corporate responsibility

Our responsibility to our employees, the communities and environment in which we operate, as well as our clients, consultants and supply chain is integral to the work we undertake.

Community engagement and charitable giving

We recognise the importance of considering and engaging with our local communities and our businesses are involved in a wide range of schemes to support these essential relationships.

Our community involvement goes beyond commercial operations or minimum legal requirements. Local community projects provide an opportunity to assist communities using our skills, time and financial support, ensuring our work leaves a lasting positive impact.

Shepley Engineers assists various local education, charity organisations and fundraising events in Cumbria. Shepley also integrates social awareness training into its employee development programme, helping teams develop an understanding of broader community issues. Shepley provides expertise and skilled labour alongside direct funding to support the local community.

Working with School Sports Gloucestershire, Britannia Construction provides after-school sports sessions for 30 children a week. The sessions are held at local schools and include activities from dodgeball and handball to athletics and tag rugby. The sessions, which are free to attend, enable some children to get their first experience of sports coaching. Britannia also supports the Milestone School, a community special school that provides around 300 children with a wide range of specialist education.

Clarke Telecom supported local charity Family Action through a number of events in the year, including a Christmas present appeal, for young carers in the local community . Family Action is a leading provider of services to disadvantaged and socially isolated families.

The team at Walter Lilly, as part of the "All Out Africa: Build a Future" project, again travelled to Swaziland, Africa, this time to assist with the construction of a new Neighbourhood Care Point centre. The centre, which is now complete, provides local orphaned and vulnerable children with food, education and clothing. This is the second such visit the team from Walter Lilly has made to Swaziland to support similar community schemes.

The AMCO East Midlands Rail team, along with other Network Rail Infrastructure Projects framework partners, chose the "Accessibility Derbyshire - Super Sunday" charity as their fundraising challenge for 2015. AMCO arranged various events to help raise £10,000 for the fun day, which was held in September. The day provided a range of adventurous activities, including skywalking, canoeing and abseiling, alongside wheelchair basketball and other sports for over 500 children with additional needs and their families.

In June, a team from VHE successfully completed the Yorkshire Classic Cycle Challenge in aid of SportsAid, a charity for young children. VHE's team completed the challenging 58-mile route, which included over 4,000ft of combined climbs, along with 39 other teams in Yorkshire. Earlier this year, a team from Lewis Civil Engineering undertook a similar challenge, cycling 54 miles in aid of Mencap where they raised over £5,000.

Seymour Civil Engineering continues to support the Hartlepool and District Hospice as a corporate partner. In the year, Seymour sponsored two of the Hospice's flagship annual fundraisers: "It's a Knockout", helping with costs as well as planning and recruiting teams. In addition, Seymour was official vest sponsor for the Hospice's Great North Run team. The two events raised £35,000 and followed previous fundraising events, including Seymour's charity ball, which generated over £7,000 for patient care at the hospice.

Many other charities were supported during the year by our businesses and their employees, including Children in Need, Macmillan Cancer Support, Cancer Research UK, British Heart Foundation, Guide Dogs for the Blind, Royal National Lifeboat Institution, Yorkshire Air Ambulance, Bradford Toy Library and Resource Centre and Ilkley Candlelighters.

Environment and sustainability

We are committed to protecting and supporting the environment through our work. Understanding the environmental impact of the schemes we undertake and our day-to-day operations is a key consideration for our businesses.

It is the Group's policy to minimise the environmental impact of our activities, prevent pollution and continually improve our environmental performance. We employ systems and procedures that ensure the Group's compliance with all relevant legislation relating to the environment.

Our commitment in action

The Group ensures the implementation of its environmental policy through an integrated Safety and Environmental Management System.

We are continually developing these systems, alongside reporting and control procedures, to ensure the highest standards of compliance. These systems are accredited to the industry standard ISO:14001.

Using a mixed programme of training and awareness for both employees and subcontractors, we encourage the adoption of sound environmental understanding and practice. We manage our supply chain to encourage suppliers to minimise the use of materials, energy or processes which may impact the environment.

Our businesses work to identify areas of environmental impact and develop programmes to reduce these effects. These include the implementation of site-specific health, safety and environmental plans. During 2015 we focused on the reduction of carbon emissions and the promotion of more sustainable development by conserving energy, materials and resources, minimising consumption, and maximising efficiency through the effective management of waste. Initiatives included waste management plans on projects and the promotion of recycling and reuse of materials.

Innovative working practices are employed across our businesses, including employing energy reduction technology and remediation techniques. Schemes also include the assessment of subcontractors, where performance against environmental targets is measured.

During the year Renew registered with the Energy Saving Opportunity Scheme ("ESOS") which is designed to assist companies in planning for long-term reduction in energy use.

We work with industry bodies, business partners and other organisations to promote environmental care, increase our knowledge and share best practice within our business.

How we ensure compliance

Our businesses ensure effective management of environmental issues through:

- Control of relevant documentation.
- Management of environmental supply chain.
- Inclusion of sustainability principles in any design, procurement and operational activities.
- Environmental performance monitoring through audit and review.
- Provision of training opportunities for our employees and those who work with us.
- The dissemination of information, including legal requirements, procedures, statistics, reference material, relevant experience and audit recommendations.
- Environmental incident investigation.

Our businesses are supported by their health, safety and environmental advisors.

Corporate social responsibility continued

Employment and training

Our businesses understand the value of providing the right training and employment opportunities. Many schemes exist across the Group, which include apprenticeships, scholarships, work experience and management training programmes. Our businesses also work in partnership with schools and colleges to offer work opportunities within their local communities.

Our employment and training opportunities

Recognising the need for continued investment in traditional electrical and mechanical engineering skills, AMCO extended their craft apprenticeship training programme in the year. AMCO has also been involved with Network Rail's Infrastructure Projects Alliance Team to inform school students about new bridge installations on the rail network. The event involved students from schools in Loughborough working through the process of planning and delivering a new railway bridge.

Shepley Engineers facilitates the progression of school leavers into the industry by supporting schools through work placements and job experience opportunities. Apprentices and trainees are mentored through their learning experience with the business as part of their placement. Shepley also participates in their local Business Cluster, which co-ordinates business engagement with education providers.

VHE continues its long tradition of providing vocational training with the placement of four students during 2015. The students will be supported to develop practical knowledge and on the job training during their year-long involvement with VHE's site teams.

Walter Lilly continues its 18-year programme of sponsoring students from Loughborough University in disciplines such as construction management, quantity surveying and design management. Walter Lilly also provides work experience opportunities for Year 11 and 12 pupils from local schools.

Seymour continues to work alongside St. Hild's School, Hartlepool College and Construction Skills supporting pupils and staff through their placement scheme.

Britannia Construction, Clarke Telecom and VHE employees are supported with ongoing programmes of formal training to develop industry skills in addition to specialist equipment training.

Awards

Royal Society for the Prevention of Accidents ("RoSPA")

Our businesses have been recognised at the RoSPA annual Occupational Health and Safety Awards. At this year's awards, Shepley Engineers received an 'Order of Distinction', VHE was again awarded a President's Award, Britannia received a sixth consecutive Gold Medal Award and Lewis Civil Engineering received a Gold Medal on its first award application.

Other awards

- AMCO Rail's LNW Asset Management team won 'Maintenance Team of the Year 2015' at the National Rail Awards.
- AMCO Rail were awarded the Brunel Medal at the Institute of Civil Engineers ("ICE") South West annual awards for the Dawlish sea wall emergency works.
- AMCO Rail were awarded Civil Engineering Contractors Association ("CECA") 2014 Yorkshire & Humberside 'Linda Grant' Health & Safety Award for the Standedge Tunnel Ventilation Shafts Refurbishment scheme.
- The Belford Flood Alleviation Scheme, carried out by AMCO Engineering and VHE for the Environment Agency, won the ICE North East 2015 Robert Stephenson Award in the small project category.
- Shepley Engineers were awarded the 2015 Sellafield Resident Engineer's Safety Award for a second year.
- Seymour Civil Engineering's Megstone Avenue Flood Alleviation Scheme for Northumbrian Water was commended at the ICE North East Robert Stephenson Civil Engineering Awards 2015 in the small project category.
- VHE, as part of the team working on the Shawfield Regeneration Project for Clyde Gateway, received a Highly Commended Award in the sustainability category at the 2015 Ground Engineering Awards.
- Lewis Civil Engineering achieved Bronze Accreditation at the Fleet Operator Recognition Scheme ("FORS") during 2015.
- Clarke Telecom won a British Safety Council International Safety Award for 2015.

Safety

It remains the Group's priority to provide a safe working environment for all its employees and those who work with us.

Safety is managed across Renew's subsidiary businesses by the Safety and Environmental Management Group which co-ordinates activities and liaises with our team of locally based construction managers and safety advisors.

The Group's safety advisors are encouraged to share specialist knowledge and best practice from their individual, often unique, working environments.

One of the most challenging areas the Group operates in is the nuclear environment. We have completed over 6 years and 5.5 million man hours of operations at the Sellafield Site in Cumbria since a lost time accident. Our safety achievement was recognised by Sellafield with the Resident Engineer's Safety Award for the second year running recognising "Outstanding Safety Performance".

Elsewhere we have undertaken 12 years at Magnox sites in the UK and 16 years on E.ON UK sites without a lost time accident.

Our businesses are committed to the continual improvement of the Group's safety profile. A reduction in the number of accidents and incidents is achieved through the use of safety awareness campaigns, training opportunities and workshops. The Renew Group is proud to have recorded another year where our accident incidence rate is materially lower than the industry average.

Safety improvement programmes support the development of our safe working culture and encourage open discussion within the business. The changing nature of the work the Group undertakes, and an increase in smaller teams working remotely, is reflected in the increasing use of behavioural safety training during the year.

Initiatives which help to identify where improvements can be achieved include cross-business inspections and audits, supplier safety forums, monitoring of sites and annual business safety awards.

Our businesses undertake a range of internal educational programmes designed to reflect the industries in which we operate; these include safety workshops and campaigns such as "You said, we did".

Working closely with our clients, we develop a consistent approach to our safety awareness programmes.

Many of our businesses continue to be accredited and approved with various health and safety schemes, including the Contractors Health and Safety Assessment Scheme, ConstructionOnline and Safecontractor.

This Strategic Report was approved by the Board on 24 November 2015 and is signed on its behalf by:

B W May

B W May
Chief Executive
24 November 2015

Directors' report

The Directors present their report and the audited accounts for the year ended 30 September 2015.

Principal activities
For the year ended 30 September 2015 the principal activity of the Group was as contractors in Engineering Services and Specialist Building. The main activities are carried out in the United Kingdom with some development activities in the USA. 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 2015 is listed in Note S to the Company's financial statements.

Results and dividends
The Group profit for the year after accounting for discontinued operations was £5,905,000 (2014: £5,182,000). The Directors recommend the payment of a final dividend on the Ordinary Shares of 4.75p (2014: 3.50p) giving a total for the year of 7.0p (2014: 5.0p).

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 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 investment in operations in the United States, movements in the US dollar/sterling exchange rate could materially affect the Group's and the Company's balance sheet. As at 30 September 2015, £4,233,000 (2014: £3,868,000) 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, amounts recoverable on contracts 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 amounts recoverable on contracts 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 subcontractors 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 produces a quarterly in-house publication, Renews, which provides information to its employees about the activities and performance of the Group.

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.

Employees continued

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 the Company will retrain 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

B W May continues as the designated Board Director of Health and Safety with Group responsibility for safety and environmental management. 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, 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 and Environmental Department consisting of the Group Health, Safety and Environmental Director, an administrator and regional Group Safety and Environmental advisors.

Certain Group companies employ their own specialist advisors who liaise directly with the Group Health, Safety and Environmental ("HSE") Director on common issues. The Group maintains its membership with the Royal Society for the Prevention of Accidents and locally based construction safety groups. All safety and environmental department personnel hold membership with the Institution of Occupational Safety and Health. Attendance on the five-day Construction Industry Training Board Site Safety Management Training Scheme continues to be a requirement for all construction management personnel, with a two-day refresher required every five years. A one-day Directors and Senior Managers course is available internally and is used to introduce new systems and detail changes to construction legislation. Short duration 'tool box talks' and 'safety briefings' are used to enhance the knowledge and competence of supervisory management.

Group policy requires each business to report and record all injuries, diseases and dangerous occurrences, regardless of severity. An incident database is maintained to collate this information and provide statistical data allowing performance to be measured and to 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 Incidence Rate ("AIR") for the year ended 30 September 2015, measured on the standard base line of 100,000 persons at work, is a key area where the Group measures its performance.

Corporate social responsibility and the environment

The Group's Corporate social responsibility report, which includes its report on the environment, is on pages 32 to 35.

Directors

The Directors of the Company who served throughout the year and their brief biographical details are set out below.

Non-executive Directors

John Bishop – Director, 70, was appointed to the Board as a non-executive Director in October 2006. He is a Chartered Accountant with over 20 years' PLC experience at main board level. Before retiring in 2005, John spent twelve years at Morgan Sindall Plc as development director and latterly as finance director.

David Forbes – Director, 55, was appointed to the Board as a non-executive Director in June 2011. He qualified as a Chartered Accountant in 1984 and has over 20 years' experience in corporate advisory services with N M Rothschild & Son Limited. He is non-executive chairman of entu (UK) plc and a non-executive director of Boohoo.com plc.

Roy Harrison OBE – Director, 68, was appointed to the Board as a non-executive Director in November 2003. Subsequently, he was appointed Executive Chairman in March 2004, reverting to non-executive Chairman with effect from 1 October 2005. He is a non-executive director of Fox Marble Holdings plc. He is a former chief executive of the Tarmac Group, a former director of BSS Group PLC and has a number of investing director positions in private construction materials companies. He is governor and chairman of a number of City Academies.

Directors' report continued

Executive Directors

Brian May – Director, 64, was appointed to the Board as Chief Executive Officer in June 2005. He is a Chartered Civil Engineer. He progressed his career in Tarmac, subsequently holding a number of senior positions in Mowlem plc before becoming chief executive of Laing Construction plc and more latterly HBG Construction Ltd. He is a non-executive director of RTC Group Plc.

Paul Scott – Director, 51, was appointed to the Board as Engineering Services Director on 21 July 2014. Paul has been with the Group for sixteen years, serving as managing director of Shepley Engineers Limited for seven years before taking up his current position in July 2013 prior to joining the Board.

John Samuel – Director, 59, joined the Board in May 2006 as Group Finance Director. He was previously group finance director at Filtronic plc from 1991 until 2004 and subsequently chief financial officer of Zetex plc from July 2004 until February 2006. He qualified as a Chartered Accountant in 1981 with Deloitte, Haskins and Sells before serving as a partner with Baker Tilly from 1987 until 1991.

An organogram with the Directors' areas of responsibility can be found on the Company's website: www.renewholdings.com.

Roy Harrison OBE and David Forbes retire by rotation at the 2016 Annual General Meeting and will 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 he may sustain or incur in connection with the performance of his duties of office, to the fullest extent permitted by law. The Company has purchased and maintained throughout the year directors' and officers' liability insurance in respect of its Directors.

Directors' interests

The beneficial interests of the Directors (and their immediate family members) in the shares of the Company and options for shares are set out on pages 41 and 42. No Director has any interest in any other Group company. Details of the Directors' remuneration and service contracts appear on pages 40 and 41.

Disclosable interests

As at 20 November 2015, 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	9,574,560	15.46%
Hargreave Hale Limited	7,597,364	12.27%
Investec Wealth & Investment Limited	3,773,606	6.09%
Brewin Dolphin Limited	2,800,783	4.52%

Share capital

As at the date of this report, the total number of shares in issue (being Ordinary shares of 10p each) is 61,917,948.

During the year, the Company has not bought back any of its own shares. 400,000 new Ordinary shares of 10p each were issued at 271.72p during the year to satisfy the exercise of share options.

Disclosure of information to the auditor

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

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

Auditor

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

Approval

The Board approved the Directors' report on 24 November 2015.

By order of the Board

J Samuel FCA
Company Secretary
24 November 2015

Company number: 650447

Directors' remuneration report

The Directors present the Directors' remuneration report (the "Remuneration Report") for the financial year ended 30 September 2015.

As an AIM-listed company, Renew is not required to prepare this Remuneration Report in accordance with the Directors' Remuneration Report Regulations 2002 or the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (together "the Regulations"). However, the Directors recognise the importance, and support the principles, of the Regulations and seek to follow them to the extent considered relevant for an AIM-listed company. The Remuneration Committee will continue to monitor market practice to ensure that, in future, this report will include disclosures at least as good as market practice for AIM companies. The auditor is not required to report to the shareholders on the Remuneration Report.

The Board 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. No material matters have been raised by shareholders relating to Directors' remuneration during the year.

At the last general meeting, votes on the advisory resolution relating to the Remuneration Report were cast as follows:

In favour	– 17,740,557 (99.3 per cent)
Against	– 128,421 (0.7 per cent)
Total votes cast	– 17,868,978 (100 per cent)

Remuneration Committee

On his appointment as a Director on 1 June 2011, D M Forbes assumed the Chairmanship of the Remuneration Committee, which also comprises R J Harrison and J Bishop. The Committee held four meetings during the financial year to discuss remuneration arrangements.

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

Non-executive Directors do not have any personal interest in the matters to be decided by the Committee other than as shareholders, nor any potential conflicts of interest arising from cross-directorships and no day-to-day involvement in the running of the Company. The Executive Directors and other senior personnel may be invited to attend meetings when appropriate to provide advice. However, no Director is present or takes part in discussions concerning his 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 objectives, without making excessive payments. The remuneration and employment terms of the Executive Directors are determined by the Committee by comparison with salaries paid 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.

It is the aim of the Committee to reward Executive Directors competitively and on the broad principle that they should be in the range of the median to upper quartile of remuneration paid to senior management of comparable public companies. For guidance, the Committee refers to published survey data. The Board determines the terms and conditions of non-executive Directors.

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

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

Basic salary and benefits

Basic salaries are reviewed annually by the Remuneration Committee, and adjusted where the Committee believes that adjustments are appropriate to reflect performance, changed responsibilities and/or market conditions.

Other benefits for Executive Directors include car allowances and certain medical cover for Directors and their immediate family. The Company also has a permanent health insurance policy to provide cover for the Executive Directors.

Annual bonus awards

It is the Company's policy to provide a bonus incentive scheme for Directors and senior executives of the operating companies, linked directly to the performance of the businesses for which they are responsible. In the case of Executive Directors, these relate to the performance of the Group as a whole. All performance criteria are subject to approval by the Remuneration Committee at the beginning of a year and all payments are made only when approved by the Remuneration Committee.

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

Directors' remuneration report continued

Remuneration policy continued

Long-term equity incentive plans

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

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

Vesting of one half of the options is dependent on absolute growth in the Company's Total Shareholder Return ("TSR"), and the other half 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 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 TSR growth between 25 per cent and 100 per cent, the half of the option which is subject to the absolute TSR growth target vests on a straight-line basis from nil vesting at 25 per cent growth, to 100 per cent vesting at 100 per cent growth. There is no vesting if TSR growth is 25 per cent or less.

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

The Renew Holdings plc Executive Share Option Scheme ("ESOS") and the Renew Holdings plc Savings Related Share Option Scheme were approved at an EGM held on 11 March 2004. There are 41,956 options outstanding under the ESOS. The Remuneration Committee does not currently intend to grant any further options under the Renew Holdings plc Savings Related Share Option Scheme.

The Company's policy to grant options or awards under the above schemes is at the Remuneration Committee's discretion as and when considered appropriate.

As set out above, it is the Group's policy that the Executive Directors should be rewarded in the range of the median to upper quartile of the remuneration paid to directors of comparable public companies. During the year a review was carried out which highlighted that the LTIP individual participation limit, previously set at 100 per cent of basic salary, was below the equivalent limit of comparable public companies. Accordingly, the Remuneration Committee is proposing that the individual participation limit is increased from 100 per cent to 150 per cent of basic salary per financial year and is seeking the approval of shareholders at the forthcoming Annual General Meeting for this increase. It is the current intention of the Remuneration Committee to make awards at 150 per cent of salary only in exceptional circumstances.

It is also intended to make certain changes to the rules of the LTIP scheme to provide extra flexibility in the mechanics of settling future LTIP awards. In particular, it is proposed that the Remuneration Committee will be able to grant options over Ordinary Shares with an exercise price equal to their nominal value (10p per share) in addition to the existing power to grant nil cost options. This will simplify the mechanics of settlement, reducing costs to the Company and reducing financial risk to the participants. All LTIP options will continue to have the vesting criteria previously identified.

It is also proposed that the Company will have the ability, but not the obligation, of providing a cash alternative to participants equal to the net benefit of their LTIP option. Again this proposal, whilst not changing the benefit to the participants, will simplify the settlement process, reducing complexity and cost to the Company, reducing risk and complexity to the participant and reducing dilution to the shareholders, all whilst preserving the overall economic effect of the LTIP award. A further resolution to make the necessary changes to the LTIP rules to achieve the flexibility of being able to grant nominal value (10p per share) options and to provide a cash alternative will be proposed at the 2016 Annual General Meeting.

Remuneration for the year ended 30 September 2015

Service contracts and letters of appointment

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

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

The service contracts of the Directors, who served during the year ended 30 September 2015, include the following terms:

Directors	Executive/non-executive	Date of contract	Unexpired term	Notice period (months)
R J Harrison	Non-executive	1 February 2009	Rolling one month	1
J Bishop	Non-executive	1 September 2008	Rolling one month	1
D M Forbes	Non-executive	1 June 2011	Rolling one month	1
B W May	Executive	20 June 2005	Rolling one year	12
P Scott	Executive	1 July 2014	Rolling one year	12
J Samuel	Executive	17 May 2006	Rolling one year	12

Directors' remuneration

Information is provided below for Directors who served during the financial year and as at 30 September 2015:

	Notes	Salary/fees £000	Bonuses £000	LTIP £000	Pension £000	Benefits £000	Total emoluments 2015 £000	Total emoluments 2014 £000
Executive Directors								
B W May	1,2,3,5,6	313	177	650	—	73	1,213	677
P Scott	2,4,5,7	195	117	—	47	13	372	62
J Samuel	2,3,5,6	241	136	433	—	56	866	522
							2,451	1,261
Non-executive Directors								
R J Harrison		60	—	—	—	—	60	58
J Bishop		33	—	—	—	—	33	31
D M Forbes		33	—	—	—	—	33	31
							2,577	1,381

Notes:

1. The highest paid Director for 2015 and 2014 was B W May who received emoluments of £1,213,000 (2014: £677,000).
2. Bonuses were earned by B W May, P Scott and J Samuel during the current financial year and will be paid in the year ending 30 September 2016.
3. Details of the LTIP options exercised during the year can be found below.
4. Pension cost includes 15 per cent Company pension contributions combined with employee pension contributions under a salary sacrifice arrangement which are paid into a personal pension plan.
5. Benefits include car allowances and certain medical cover for the Director and his immediate family.
6. B W May and J Samuel received payments amounting to 15 per cent of their basic salary in lieu of Company pension contributions. These were paid through payroll and taxed as salary and are included in Benefits above.
7. P Scott was appointed as a Director with effect from 1 July 2014 and so the emoluments shown above for 2014 represent the three-month period ended 30 September 2014.

Annual bonus awards

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

At the beginning of each year, the Remuneration Committee agrees targets for operating profit before exceptional items for the Group. If the Group meets those targets then the Executive Directors receive an annual bonus equal to 50 per cent of their salary. The level of over and under performance causes the level of annual bonus to vary on a straight line basis, with the maximum bonus of 100 per cent of salary being paid if the performance exceeds the target by 30 per cent with no bonus being payable if performance is 50 per cent or more below target. The Remuneration Committee makes such adjustments to the target and/or results to remove distortions such as acquisitions and disposals during the year and other items as they believe are necessary.

At the beginning of the year ended 30 September 2015, the Remuneration Committee agreed a target for operating profit before exceptional items for the Group based on the structure of the Group on that date of £19,600,000. The operating profit before exceptional items for the Group, adjusted to remove distortions caused by acquisitions and disposals during the year, exceeded the set target by approximately 4 per cent. Accordingly, under the terms of the scheme, the Executive Directors are entitled to receive an annual bonus equal to 56.6 per cent of salary.

Long-term equity incentive plans

The market price of the Company's shares at 30 September 2015 was 324.875p and the range of market prices during the year was between 240.5p and 343.5p.

Information is provided below for Directors who served during the financial year and as at 30 September 2015:

Directors' share options

Pursuant to the LTIP and the ESOS, 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.

The ESOS options, which have an exercise price of 286p per share, are solely used to allow beneficiaries to take advantage of the approved nature of the ESOS for a limited proportion of the LTIP award. The same performance criteria apply to the ESOS options, which cannot be exercised until the same date as the related LTIP options. To the extent that there is a gain arising on the ESOS options at the date of exercise, the option holder will forfeit LTIP options to the same value immediately.

Number of Ordinary Shares under option	Exercisable between 21 December 2015 & 20 December 2022	Exercisable between 3 January 2017 & 2 January 2024	Exercisable between 8 January 2018 & 7 January 2025
LTIP options			
B W May	228,560	140,647	109,000
P Scott			60,000
J Samuel	171,440	112,518	84,000

Directors' remuneration report continued

Directors' remuneration continued
Directors' share options continued

Number of Ordinary shares under option	Exercisable between 8 January 2018 & 7 January 2025
ESOS options	
B W May	10,489
P Scott	10,489
J Samuel	10,489

Performance criteria for the vesting of the share options under the LTIP are set out in the Remuneration Policy above and in Note 20 to the Accounts.

During the year, all of the options granted on 2 March 2012, amounting to 400,000 shares in aggregate, vested in accordance with their vesting conditions. These options were subsequently exercised on 25 March 2015 and 240,000 shares were issued to B W May and 160,000 shares to J Samuel at 271.72p per share. This level of vesting reflects the substantial rise in share price and total shareholder return during the vesting period.

Directors' pension information
No Director has pension entitlements under the Company's defined benefit pension scheme arrangements. The Group has established individual stakeholder plans for each employee who elects to join into which the Group makes contributions; B W May and J Samuel receive a sum equivalent to 15 per cent of their basic salary in lieu of pension contributions from the Company. The Company pays 15 per cent of P Scott's basic salary into his personal pension scheme.

Following the adoption of new Articles of Association at the AGM on 28 January 2009, the restriction on the retirement age of the Executive Directors was removed.

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 2015 as follows:

	Ordinary Shares of 10p each	
	30 September 2015	30 September 2014
R J Harrison OBE	**150,000**	150,000
J Bishop	**11,890**	10,000
D M Forbes	**20,000**	20,000
B W May	**584,193**	584,193
P Scott	**5,000**	—
J Samuel	**240,548**	240,548

Remuneration for the year ending 30 September 2016
Basic salary and benefits
The basic salaries of B W May, J Samuel and P Scott have increased by 3.0 per cent to £323,000, £248,000 and £213,000, respectively, with effect from 1 October 2015. The level of increase is very closely aligned to the average annual pay award across the Group as a whole, excluding rises for promotions or other changes in responsibility.

There have been no material changes in the benefits which the Directors are entitled to receive.

Annual bonus awards
The annual bonus scheme for the year ending 30 September 2016 has been agreed. The structure of the scheme is similar to the scheme for the previous year as set out above, in all material respects (except for the targets). Executive Directors will therefore be entitled to receive a bonus of 50 per cent of their basic salary if the Group achieves target operating profit and a maximum of 100 per cent of their basic salary if the Group achieves 130 per cent of target operating profit. No bonus will be paid if the Group achieves 50 per cent or less of target operating profit.

Long-term equity incentive plan.
The Remuneration Committee has made annual awards under the LTIP since it was set up in 2012. Each award has been made shortly after the publication of the Company's annual results, or in circumstances where the rules are being amended at the company's Annual General Meeting, then shortly after that meeting. It is expected that this will continue in the absence of unforeseen circumstances and that the next award will be announced shortly after the 2016 Annual General Meeting. If the resolutions proposed at the Annual General Meeting are approved by shareholders, then awards will be limited in amount to 150 per cent of basic salary. The second tranche of options granted under the LTIP, granted on 21 December 2012 as detailed above, will vest during the coming year subject to the performance criteria contained therein.

Approval
The Directors' Remuneration Report was approved by the Board on 24 November 2015 and signed on its behalf by:

D M Forbes
Chairman of the Remuneration Committee
24 November 2015

Corporate governance

R J Harrison OBE
Non-executive Chairman

John Bishop
Non-executive Director

David Forbes
Non-executive Director

As an AIM-listed company, Renew is not required to follow the provisions of the UK Corporate Governance Code ("the Code"), as set out in the Financial Services Authority's Listing Rules. The Directors, however, recognise the importance of, and accordingly support, the principles of good corporate governance as contained within the Code. The Directors normally seek to follow the Code to the extent considered relevant for an AIM-listed company but are unable to achieve compliance with the Code in a number of areas this year, primarily because of the lack of independent non-executive Directors. These matters are explained in further detail in the sections below.

The Board of Directors

The Board currently comprises the Chief Executive Officer, the non-executive Chairman, two Executive Directors and two independent non-executive Directors. Brief biographies of the Directors are given on pages 37 and 38. The Company is not compliant with the requirement of the Code that more than half of the Board should be comprised of independent non-executive Directors. Although the Board believes that R J Harrison acts as an independent Director, he is not regarded as such by the Code due to the period in 2004/2005 when he acted as Executive Chairman.

The composition of the Board is reviewed regularly. Appropriate training, briefings and inductions are available to all Directors on appointment and subsequently as necessary, taking into account existing qualifications and experience. New Directors are subject to election by shareholders at the first AGM after their appointment.

The Board met formally ten times in the year with all Directors in attendance other than on one occasion when J Bishop was unable to attend. 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. In addition, procedures are in place for the Directors to seek independent professional advice, if necessary, at the Company's expense.

Board Committees

The Board operates with a number of Board Committees. J Bishop, the senior independent non-executive Director, acts as Chairman of the Audit Committee and D M Forbes, an independent non-executive Director, acts as Chairman of the Remuneration Committee. The Nominations Committee is chaired by R J Harrison.

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

The Remuneration Committee, which comprises all of the non-executive Directors, determines and agrees with the Board the framework and policy of executive remuneration packages, including bonuses, incentive payments, share options or awards and pension arrangements. Further information concerning the Remuneration Committee is set out in the Directors' remuneration report.

The Nominations Committee, which comprises R J Harrison, J Bishop, D M Forbes and B W May, monitors the composition of the Board and recommends the appointment of new Directors. The Nominations Committee, with all Directors present, has held two meetings during the year to discuss nomination matters.

The Nominations Committee terms of reference include:

(a) to review the structure, size and composition of the Board;

(b) to consider succession planning for Directors and senior executives;

(c) to identify and nominate, for approval by the Board, suitable candidates to fill Board vacancies; and

(d) to make recommendations to the Board on the contents of letters of appointment, Directors' duties, reappointment or re-election of Directors upon conclusion of a specified term or retirement by rotation.

The Audit Committee has held two meetings to consider Audit Committee business. The Audit Committee consists of all three non-executive Directors. The Executive Directors are invited to attend Audit Committee meetings but at least two meetings are held each year with the external auditor at which the Executive Directors are not present. The Audit Committee considers the adequacy and effectiveness of the risk management and control systems of the Group, and reports the results to the Board. It reviews the scope and results of the external audit, its cost effectiveness and the objectivity of the auditor. The Audit Committee monitors the non-audit work performed by the auditor to help ensure that the independence of the auditor is maintained. All fees paid to the auditor whether for audit or non-audit work are approved by the Audit Committee in advance. The Audit Committee also reviews the Interim statement, the preliminary announcement, the Annual Report and Accounts and accounting policies.

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.

Corporate governance continued

Internal controls
Throughout the financial year ended 30 September 2015 and up to the date of approval of the Annual Report and Accounts, the Group has fully complied with the relevant provisions of the Code and the Turnbull guidance, other than as disclosed. 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. Consequently, the Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Group and that it is regularly reviewed by the Board.

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-term cash monitoring achieved by means of weekly 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. The Group has established a series of minimum standards in a number of financial and operational areas with which each business within the Group must comply. Group management monitors and reviews compliance with these requirements on a periodic 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 nine years and including 2015, 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 to 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.

Going concern
The Directors have reviewed the budgets and forecasts prepared by the Group and its trading subsidiaries and consider that at the time of approving the financial statements, there is a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Directors' remuneration
The Company's policy on the remuneration of Executive Directors, and information relating to the Directors' remuneration and their interests in share options, is included in the Directors' remuneration report.

Directors' and officers' indemnity
The Articles of Association provide that each Director or other officer or auditor of the Company shall be indemnified by the Company against losses, costs and expenses he may sustain or incur in connection with the performance of his duties of office, to the fullest extent permitted by law.

Shareholder relationships
Members of the Board have dialogue with individual shareholders during the year. In addition to the Annual and Interim Report and Accounts, the Chairman addresses shareholders at the AGM and invites questions to any members of the Board.

The AGM is normally attended by all Directors and provides an opportunity for communication with those shareholders attending. Notice of the AGM is given to shareholders at least 21 days in advance and separate resolutions are proposed on each substantially separate issue. Where resolutions at the AGM are dealt with by show of hands, the results of proxy votes for and against are still announced.

Financial and other information about the Group is available on the Company's website: www.renewholdings.com, from which shareholders can also access their shareholding details via a link to the website of Capita Asset Services.

Annual General Meeting
The AGM will be held on 27 January 2016, the Notice for which accompanies this Report and Accounts. The Notice contains special business relating to the renewal of the Board's power to allot equity shares. Brief details of the purpose and effect of the proposed resolutions are enclosed with the Notice of AGM.

Shareholders should complete the proxy form accompanying this document in accordance with the notes contained in the Notice of AGM.

Approval
The Board approved the Corporate governance report on 24 November 2015.

By order of the Board

J Samuel

J Samuel
Company Secretary
24 November 2015

Statement of Directors' responsibilities
in respect of the Strategic report, the Annual Report and financial statements

The Directors are responsible for preparing the Strategic report, 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. As required by the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the EU and applicable law and have elected to prepare the parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

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 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.

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

We have audited the financial statements of Renew Holdings plc for the year ended 30 September 2015 set out on pages 47 to 82. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the EU. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of Directors and auditor
As explained more fully in the Directors' responsibilities statement set out on page 45, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements
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 2015 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements 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.

M.R. Thompson.

Mick Thompson (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DW

24 November 2015

Group income statement
for the year ended 30 September

	Note	Before amortisation of intangible assets 2015 £000	Amortisation of intangible assets (see Note 3) 2015 £000	Total 2015 £000	Before exceptional items and amortisation of intangible assets 2014 £000	Exceptional items and amortisation of intangible assets (see Note 3) 2014 £000	Total 2014 £000
Group revenue from continuing activities	2	519,645	—	519,645	464,474	—	464,474
Cost of sales		(462,154)	—	(462,154)	(411,413)	—	(411,413)
Gross profit		57,491	—	57,491	53,061	—	53,061
Administrative expenses		(37,121)	(3,536)	(40,657)	(36,623)	(3,055)	(39,678)
Operating profit	3	20,370	(3,536)	16,834	16,438	(3,055)	13,383
Finance income	4	27	—	27	182	—	182
Finance costs	4	(939)	—	(939)	(427)	—	(427)
Other finance income/(expense) – defined benefit pension schemes	4	189	—	189	(87)	—	(87)
Profit before income tax		19,647	(3,536)	16,111	16,106	(3,055)	13,051
Income tax expense	6	(3,579)	636	(2,943)	(3,325)	611	(2,714)
Profit for the year from continuing activities		16,068	(2,900)	13,168	12,781	(2,444)	10,337
Loss for the year from discontinued operations	3			(7,263)			(5,155)
Profit for the year attributable to equity holders of the parent company				5,905			5,182
Basic earnings per share from continuing activities	8			21.34p			16.83p
Diluted earnings per share from continuing activities	8			21.06p			16.59p
Basic earnings per share	8			9.57p			8.44p
Diluted earnings per share	8			9.44p			8.32p

Group statement of comprehensive income
for the year ended 30 September

	Note	2015 £000	2014 £000
Profit for the year attributable to equity holders of the parent company		**5,905**	5,182
Items that will not be reclassified to profit or loss:			
Movement in actuarial valuation of the defined benefit pension schemes	24	**8,880**	1,068
Movement on deferred tax relating to the defined benefit pension schemes		**(1,570)**	(214)
Total items that will not be reclassified to profit or loss		**7,310**	854
Items that are or may be reclassified subsequently to profit or loss:			
Exchange movement in reserves		**304**	1
Total items that are or may be reclassified subsequently to profit or loss		**304**	1
Total comprehensive income for the year attributable to equity holders of the parent company		**13,519**	6,037

Group statement of changes in equity
for the year ended 30 September

	Called up 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 2013	6,140	5,893	3,896	751	390	(6,735)	10,335
Transfer from income statement for the year						5,182	5,182
Dividends paid						(2,461)	(2,461)
New shares issued	12	49					61
Recognition of share based payments					(98)		(98)
Exchange differences				1			1
Actuarial gain recognised in pension schemes						1,068	1,068
Movement on deferred tax relating to the pension schemes						(214)	(214)
At 30 September 2014	6,152	5,942	3,896	752	292	(3,160)	13,874
Transfer from income statement for the year						5,905	5,905
Dividends paid						(3,546)	(3,546)
New shares issued	40	1,047					1,087
Recognition of share based payments					35		35
Exchange differences				304			304
Actuarial gain recognised in pension schemes						8,880	8,880
Movement on deferred tax relating to the pension schemes						(1,570)	(1,570)
At 30 September 2015	**6,192**	**6,989**	**3,896**	**1,056**	**327**	**6,509**	**24,969**

Group balance sheet
at 30 September

	Note	2015 £000	2014 (restated*) £000
Non-current assets			
Intangible assets – goodwill	9	**56,060**	56,060
– other	9	**4,234**	7,770
Property, plant and equipment	10	**13,101**	14,143
Retirement benefit assets	24	**15,154**	1,456
Deferred tax assets	6	**1,718**	2,741
		90,267	82,170
Current assets			
Inventories	11	**4,864**	4,068
Trade and other receivables	12	**96,960**	85,319
Assets held for resale	9	**—**	1,250
Current tax assets		**2,187**	—
Cash and cash equivalents	14	**10,662**	5,586
		114,673	96,223
Total assets		**204,940**	178,393
Non-current liabilities			
Borrowings	16	**(9,300)**	(15,500)
Obligations under finance leases	17	**(2,514)**	(3,575)
Retirement benefit obligations	24	**(599)**	—
Deferred tax liabilities	6	**(3,537)**	(1,056)
Provisions	18	**(1,232)**	(1,232)
		(17,182)	(21,363)
Current liabilities			
Borrowings	16	**(6,200)**	(6,200)
Trade and other payables	15	**(153,612)**	(133,130)
Obligations under finance leases	17	**(2,609)**	(2,764)
Current tax liabilities		**—**	(694)
Provisions	18	**(368)**	(368)
		(162,789)	(143,156)
Total liabilities		**(179,971)**	(164,519)
Net assets		**24,969**	13,874
Share capital	20	**6,192**	6,152
Share premium account	21	**6,989**	5,942
Capital redemption reserve	21	**3,896**	3,896
Cumulative translation adjustment	21	**1,056**	752
Share based payments reserve	21	**327**	292
Retained earnings	21	**6,509**	(3,160)
Total equity		**24,969**	13,874

* Details of the restated balance sheet are set out in Note 26.

Approved by the Board and signed on its behalf by:

R J Harrison OBE
Chairman
24 November 2015

Group cashflow statement
for the year ended 30 September

	2015 £000	2014 £000
Profit for the year from continuing operating activities	**13,168**	10,337
Amortisation of intangible assets	**3,536**	2,231
Depreciation	**3,927**	2,893
Profit on sale of property, plant and equipment	**(278)**	(435)
Expense in respect of share option exercise	**1,087**	—
Increase in inventories	**(586)**	(323)
(Increase)/decrease in receivables	**(14,191)**	1,324
Increase in payables	**18,741**	9,630
Current and past service cost in respect of defined benefit pension scheme	**248**	59
Cash contribution to defined benefit pension schemes	**(4,279)**	(3,117)
Expense/(credit) in respect of share options	**35**	(98)
Finance income	**(27)**	(182)
Finance expenses	**750**	514
Interest paid	**(939)**	(427)
Income taxes paid	**(3,066)**	(1,926)
Income tax expense	**2,943**	2,714
Net cash inflow from continuing operating activities	**21,069**	23,194
Net cash outflow from discontinued operating activities	**(3,590)**	(4,691)
Net cash inflow from operating activities	**17,479**	18,503
Investing activities		
Interest received	**27**	182
Proceeds on disposal of property, plant and equipment	**530**	647
Purchases of property, plant and equipment	**(1,454)**	(1,559)
Disposal/(acquisition) of subsidiaries net of cash acquired	**1,135**	(32,132)
Net cash inflow/(outflow) from continuing investing activities	**238**	(32,862)
Net cash inflow/(outflow) from discontinued investing activities	**162**	(106)
Net cash inflow/(outflow) from investing activities	**400**	(32,968)
Financing activities		
Dividends paid	**(3,546)**	(2,461)
Issue of Ordinary Shares	**—**	61
New loan	**—**	24,000
Loan repayments	**(6,200)**	(4,800)
Repayments of obligations under finance leases	**(3,067)**	(2,096)
Net cash (outflow)/inflow from financing activities	**(12,813)**	14,704
Net increase in continuing cash and cash equivalents	**8,494**	5,036
Net decrease in discontinued cash and cash equivalents	**(3,428)**	(4,797)
Net increase in cash and cash equivalents	**5,066**	239
Cash and cash equivalents at beginning of year	**5,586**	5,348
Effect of foreign exchange rate changes on cash and cash equivalents	**10**	(1)
Cash and cash equivalents at end of year	**10,662**	5,586
Bank balances and cash	**10,662**	5,586

Notes to the accounts

1 Accounting policies

Presentation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") as adopted by the EU ("adopted IFRSs"). The financial statements are presented in sterling since this is the currency in which the majority of the Group's transactions are denominated.

Accounting estimates and 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) Accounting for construction contracts in accordance with IAS 11 "Construction Contracts"

IAS 11 requires management to estimate the total expected costs on a contract and the stage of contract completion in order to determine both the revenue and profit to be recognised in an accounting period. The Group has control and review procedures in place to monitor, and evaluate regularly, 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.

b) Impairment of goodwill in accordance with IAS 36 "Impairment of Assets"

In accordance with IAS 36, goodwill is tested annually for impairment by comparing the carrying value of goodwill with the recoverable amount which is determined by an estimation of the value in use of the related cash generating unit to which the goodwill is attributed. The calculation of the value in use requires estimates to be made of the future cashflows of the cash generating unit and the timescale over which they will arise. Estimated growth rates and discount factors are also used in the calculation to estimate the net present value of the cashflows. More information is given in Note 9 to these financial statements.

c) Accounting for the defined benefit pension schemes in accordance with IAS 19 "Employee Benefits"

The independent actuaries calculate the Group's liability in respect of the defined benefit schemes. The actuaries make assumptions as to discount rates, salary escalations, expected returns on scheme assets, 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. If the actual experience of the schemes is different from the assumptions used then the pension liability may differ from that shown in these financial statements. More information is given in Note 24 to these financial statements.

d) Accounting for provisions in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"

The Group makes provisions where the Board determines that liabilities exist but where judgements have to be made as to the quantification of such liabilities. A provision has been made for onerous lease contracts in respect of property leases where the Board has determined that the expected economic benefits to be derived from the leases are less than the unavoidable cost of meeting the Group's obligations under the lease contract. This arises where the Group is the head lessee for a property lease contract where the property is not used by the Group and where the Group has not been able to sublet the property or has only been able to do so on terms which are less favourable than those of the head lease.

e) Accounting for deferred taxation in accordance with IAS 12 "Income Taxes"

The Group provides for deferred taxation using the balance sheet liability method. Deferred tax assets are recognised in respect of tax losses where the Directors believe that it is probable that future profits will be relieved by the benefit of tax losses brought forward. The Board considers the likely utilisation of such losses by reviewing budgets and medium term plans for each taxable entity within the Group. If the actual profits earned by the Group's taxable entities are different from the budgets and forecasts used then the value of such deferred tax assets may differ from that shown in these financial statements.

f) Accounting for discontinued operations in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"

A non-current asset or a group of assets containing a non-current asset (a disposal group) is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and sale is highly probable within one year.

On initial classification as held for sale, non-current assets and disposal groups are measured at the lower of the previous carrying amount and fair value less costs to sell with any adjustments taken to profit or loss. The same applies to gains and losses on subsequent re-measurement although gains are not recognised in excess of any cumulative impairment loss. Any impairment loss on a disposal group is allocated first to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated.

In accordance with IFRS 5, the above policy is effective from the start of the accounting period in which the operation meets the criteria to be classified as held for sale.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is restated as if the operation has been discontinued from the start of the comparative period.

Notes to the accounts continued

1 Accounting policies continued

(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, including cashflow forecasts, and concluded that the Group has adequate cash resources to continue trading for the foreseeable future.

The consolidated financial statements have been prepared in accordance with IFRSs as adopted for use in the EU. The Group has applied all accounting standards and interpretations issued by the IASB and International Financial Reporting Committee relevant to its operations and which are effective in respect of these financial statements.

The following new or revised IFRSs and IFRIC interpretations will be adopted, where applicable, for the purpose of preparing future financial statements. The Group does not anticipate that the adoption of these new or revised standards and interpretations will have a material impact on its financial position or results from operations.

International Financial Reporting Standards	Applies to periods beginning after
IFRS 10 "Consolidated Financial Statements"	January 2014
IFRS 12 "Disclosure of Interests in Other Entities"	January 2014
Annual Improvement to IFRSs: 2010–2012 cycle	February 2015
Annual Improvement to IFRSs: 2011–2013 cycle	
Annual Improvement to IFRSs: 2012–2014 cycle	
IFRS 15 "Revenue from Contracts with Customers"	January 2018

(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.

(iii) Revenue
Revenue, which excludes intra-group revenue and value added tax, comprises:

– value of work executed during the year on construction contracts based on monthly valuations; and

– sales of developments and land which are recorded upon legal completion.

(iv) Construction contracts
Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. Contract revenue and expenses are recognised in accordance with the stage of completion of the contract. The stage of completion is determined by surveys of work performed. Contract costs incurred that relate to future activities are deferred and recognised as amounts recoverable on contracts. When it is probable that the total contract costs will exceed contract revenue, the expected loss is recognised as an expense immediately. To the extent that progress billings exceed costs incurred plus recognised profits (less recognised losses) they are recognised as amounts due to construction contract customers.

(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 ("CODM")), 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.

   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) Other intangible assets are stated at cost less accumulated amortisation and impairment losses. The cost of intangible assets is amortised over their expected useful lives. These intangibles relate to customer relationships and contractual rights and are amortised over the period over which the Board has determined that future cashflows are likely to arise from these relationships and rights.

1 Accounting policies continued

(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

(viii) Impairments

Goodwill arising on acquisitions and other assets that have an indefinite useful life and are therefore not subject to amortisation is reviewed at least annually for impairment. Other intangible assets and property, plant and equipment are reviewed for impairment whenever there is any indication that the carrying amount of the asset may not be recoverable. If the recoverable amount of any asset is less than its carrying amount, a loss on impairment is recognised. Recoverable amount is the higher of the fair value of the asset less any costs which would be incurred in selling the asset and its value in use. Value in use is assessed by discounting the estimated future cashflows that the asset is expected to generate. For this purpose, assets are grouped into cash generating units which represent the lowest level for which there are separately identifiable cashflows. Impairment losses in respect of goodwill are not reversed in future accounting periods. Reversals of other impairment losses are recognised in income when they arise.

(ix) Inventories

Inventories comprise developments, land held for development and raw materials and are stated at the lower of cost and net realisable value. Cost includes appropriate attributable overheads and excludes interest. Where necessary, provision is made for obsolete slow moving and defective inventories.

(x) Trade receivables

Trade receivables do not carry any interest and are initially recognised at their fair value and then at amortised cost.

(xi) Trade payables

Trade payables on normal terms are not interest bearing and are initially recognised at their fair value and then at amortised cost.

(xii) Cash and cash equivalents

Cash and cash equivalents in the cashflow statement comprise cash at bank and in hand, including bank deposits with original maturities of less than three months, net of bank overdrafts. Bank overdrafts are disclosed as borrowings within current liabilities in the balance sheet.

(xiii) 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.

(xiv) Leasing commitments

Assets held under finance leases, where substantially all the benefits and risks of ownership of an asset have been transferred to the Group, are capitalised and are depreciated in accordance with the depreciation policy for the relevant class of asset or the lease term if shorter. The interest element of the rental obligation is charged to the income statement and represents a constant proportion of the balance of capital repayments outstanding. Rentals under operating leases are charged to the income statement on a straight-line basis over the term of the lease.

(xv) 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 schemes expected to arise from employee service in the period is charged to operating profit. The expected return on the schemes' assets and the increase during the period in the present value of the schemes' liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the Group statement of comprehensive income. 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.

(xvi) Defined contribution pension plans

Contributions to defined contribution pension plans are charged to the income statement as incurred.

Notes to the accounts continued

1 Accounting policies continued

(xvii) 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.

(xviii) 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.

(xix) Financial instruments

Financial assets are divided into the following categories: trade receivables and financial assets at fair value. The Board assigns financial assets to each category on initial recognition dependant on the purpose for which the asset was acquired. The categorisation of these assets is reconsidered at each reporting date at which a choice of categorisation or accounting treatment is available. All financial assets are recognised whenever the Group becomes party to the contractual provisions of the financial instrument. All such assets are initially recognised at fair value. Derecognition of such assets occurs when the Group's right to receive cashflows from the asset ceases or the rights and rewards of ownership have been transferred. All such assets are reviewed for impairment at least annually. Interest and other cashflows which arise from holding a financial asset are recognised in the income statement in accordance with IAS 39. Financial assets at fair value include assets classified as held for trading, and changes in fair value are recognised through the income statement. Trade receivables are non-derivative financial assets with expected receipts which are not quoted in an active market and they arise when the Group provides goods or services. A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cashflows of that asset. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying value amount, and the present value of the estimated cashflows discounted at the original effective interest rate. All impairment losses are recognised in the income statement. Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. All interest related charges are recognised as an expense in the income statement. Bank loans and hire purchase liabilities are entered into to provide financing for the Group's operations and are recognised as funds are received. Financial liabilities are measured at amortised cost.

(xx) 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.

(xxi) 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.

(xxii) 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.

(xxiii) Finance income and expense

Finance income comprises interest income on funds invested and gains on hedging instruments that are recognised in income or expense. Interest income is recognised as it accrues in income or expense, using the effective interest method. Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions and losses on hedging instruments that are recognised in income or expense. All borrowing costs are recognised in income or expense using the effective interest method.

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 its authority is required prior to the Group entering into any development projects. The Board assesses the performance of the Group and its progress against the strategic plan through monitoring of 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 35.0% (2014: 40.6%) of Group revenue. No other customer represented more than 10% of the Group's revenue.

These 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 and;

Specialist Building, which comprises the Group's building activities which are characterised by the use of a supply chain of subcontractors to carry out building works under the control of the Group as principal contractor and;

Central activities, which include the sale of land for development, 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. The results of that business are shown as a discontinued operation.

(a) Business analysis

Revenue is analysed as follows:

	2015 £000	2014 £000
Engineering Services	**440,502**	382,467
Specialist Building	**79,492**	82,112
Inter-segment revenue	**(380)**	(105)
Segment revenue	**519,614**	464,474
Central activities	**31**	—
Group revenue from continuing activities	**519,645**	464,474

Analysis of operating profit from continuing activities

	Before amortisation of intangible assets 2015 £000	Amortisation of intangible assets 2015 £000	2015 £000	Before exceptional items and amortisation of intangible assets 2014 £000	Exceptional items and amortisation of intangible assets 2014 £000	2014 £000
Engineering Services	**20,055**	**(3,536)**	**16,519**	16,280	(2,231)	14,049
Specialist Building	**2,274**	**—**	**2,274**	2,157	—	2,157
Segment operating profit	**22,329**	**(3,536)**	**18,793**	18,437	(2,231)	16,206
Central activities	**(1,959)**	**—**	**(1,959)**	(1,999)	(824)	(2,823)
Operating profit	**20,370**	**(3,536)**	**16,834**	16,438	(3,055)	13,383
Net financing expense	**(723)**	**—**	**(723)**	(332)	—	(332)
Profit on ordinary activities before income tax	**19,647**	**(3,536)**	**16,111**	16,106	(3,055)	13,051

Notes to the accounts continued

2 Segmental analysis continued
(a) Business analysis continued
Balance sheet analysis of business segments

	2015			2014 (restated)		
	Assets £000	Liabilities £000	Net assets £000	Assets £000	Liabilities £000	Net assets £000
Engineering Services	177,035	(146,282)	30,753	163,569	(132,996)	30,573
Specialist Building	40,488	(78,107)	(37,619)	68,516	(94,459)	(25,943)
Central activities	162,245	(122,643)	39,602	227,500	(217,641)	9,859
Discontinued operations	42,042	(49,809)	(7,767)	42,042	(42,657)	(615)
Group eliminations	(216,870)	216,870	—	(323,234)	323,234	—
Group net assets	204,940	(179,971)	24,969	178,393	(164,519)	13,874

Other information

	2015			2014		
	Capital additions £000	Depreciation £000	Amortisation £000	Capital additions £000	Depreciation £000	Amortisation £000
Engineering Services	2,382	3,776	3,536	4,716	2,797	2,231
Specialist Building	101	88	—	168	83	—
Central activities	822	63	—	5	13	—
Discontinued operations	2	7	—	132	82	—
	3,307	3,934	3,536	5,021	2,975	2,231

(b) Geographical analysis
Revenue is analysed as follows:

	2015 £000	2014 (restated) £000
UK	519,645	464,474
USA	—	—
Group revenue from continuing activities	519,645	464,474

Non-current asset analysis of geographical segments

	Assets £000	Assets £000
UK	90,267	82,170

3 Operating profit

	2015 £000	2014 £000
Operating profit is arrived at after charging/(crediting):		
Auditor's remuneration – audit services	245	255
Depreciation of owned assets	2,292	2,181
Depreciation of assets held under finance leases	1,635	712
Operating lease rentals – plant and machinery	765	691
Operating lease rentals – motor vehicles	873	792
Operating lease rentals – other	3,322	2,912
Rental income	(297)	(362)
Profit on sale of property, plant and equipment	(278)	(435)

3 Operating profit continued

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

	2015 £000	2014 £000
Fees payable to the Company's auditor for the audit of the financial statements	**34**	38
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	**211**	217
Other services related to tax and pensions advice	**22**	8
	267	263

Exceptional items and amortisation of intangible assets

	2015 £000	2014 £000
Acquisition costs	**—**	824
Total losses arising from exceptional items	**—**	824
Amortisation of intangible assets (see Note 9)	**3,536**	2,231
	3,536	3,055

The Board has determined that certain items in the income statement should be separately identified for better understanding of the Group's results.

In 2014 the Company acquired Forefront Group Ltd and Clarke Telecom Ltd and incurred £824,000 of costs associated with the acquisitions.

The Board has also separately identified the charge of £3,536,000 (2014: £2,231,000) for the amortisation of the fair value ascribed to certain intangible assets, other than goodwill, arising from the acquisitions of Amco Group Holdings Ltd, Lewis Civil Engineering Ltd, Clarke Telecom Ltd and Forefront Group Ltd. Further details are given in Note 9.

Discontinued operation analysis

	2015 £000	2014 £000
Revenue	**31,947**	49,992
Expenses	**(41,278)**	(54,124)
Profit on disposal	**1,250**	—
Loss before income tax	**(8,081)**	(4,132)
Income tax credit – benefit of tax losses	**818**	—
Income tax expense – deferred tax	**—**	(1,023)
Loss for the year from discontinued operations	**(7,263)**	(5,155)

On 31 October 2014, the Board reached an agreement to sell Allenbuild Ltd to Places for People Group Ltd ("PFP") for a total consideration of £2.75m payable in cash. PFP paid the initial 50% of the consideration on 31 October 2014 and will pay the balance on 31 January 2016. The trading result for this business has therefore been included within the loss for the year from discontinued operations.

Discontinued expenses include the following exceptional items:

	2015 £000	2014 £000
Provision against amounts recoverable on old Building contracts	**1,755**	2,528
Costs related to exceptional storm damage on a Building contract	**800**	1,500
	2,555	4,028

The provision of £1,755,000 (2014: £2,528,000) relates to settling final accounts and contractual issues on old contracts.

A further £800,000 (2014: £1,500,000) of costs have been recognised following the exceptional storm damage experienced in 2013.

Notes to the accounts continued

4 Finance income and costs

Finance income

Finance income of £27,000 (2014: £182,000) has been earned during the year on bank deposits.

	2015 £000	2014 £000
Interest payable:		
On bank loans and overdrafts	**(559)**	(232)
Other interest payable	**(380)**	(195)
	(939)	(427)

Other finance income/(expense) - defined benefit pension schemes

Interest on scheme assets	**6,206**	5,664
Interest on scheme obligations	**(6,017)**	(5,751)
Net pension interest	**189**	(87)

Further information on the defined benefit pension schemes is set out in Note 24 to the accounts.

5 Employee numbers and remuneration

	2015 Number	2014 Number
The average monthly number of employees, including Executive Directors, employed in continuing activities during the year was:	**3,068**	2,854
At 30 September:	**3,323**	3,121
Production	**2,293**	2,066
Administrative	**775**	788
	3,068	2,854

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

	2015 £000	2014 £000
Wages and salaries	**128,655**	105,520
Social security costs	**13,352**	11,293
Other pension costs	**4,293**	3,162
Share based payments	**1,122**	(98)
	147,422	119,877

Directors' emoluments

	2015 £000	2014 £000
Aggregate emoluments	**2,577**	1,381
Highest paid Director: aggregate emoluments	**1,213**	677

Details of individual Directors' emoluments can be found in the Directors' remuneration report.

6 Income tax expense

(a) Analysis of expense in year

	2015 £000	2014 £000
Current tax:		
UK corporation tax on profits of the year	**(2,360)**	(2,265)
Adjustments in respect of previous periods	**1,359**	(227)
Total current tax	**(1,001)**	(2,492)
Deferred tax – defined benefit pension schemes	**(760)**	(594)
Deferred tax – other timing differences	**(1,182)**	(651)
Total deferred tax	**(1,942)**	(1,245)
Income tax expense	**(2,943)**	(3,737)
Deferred tax in respect of discontinued operations	**—**	1,023
Income tax expense in respect of continuing activities	**(2,943)**	(2,714)

(b) Factors affecting income tax expense for the year

	2015 £000	2014 £000
Profit before income tax	**16,111**	13,051
Profit multiplied by standard rate of corporation tax in the UK of 20.5% (2014: 22.0%)	**(3,303)**	(2,871)
Effects of:		
Expenses not deductible for tax purposes	**(194)**	(1,341)
Timing differences not provided in deferred tax	**(779)**	(158)
Change in tax rate	**(26)**	(45)
Tax losses surrendered by discontinued operation	**—**	905
Deferred tax in respect of discontinued operation	**—**	1,023
Adjustments to tax charge in respect of previous periods	**1,359**	(227)
	(2,943)	(2,714)

The Group has available further unused UK tax losses of £46m (2014: £42m) to carry forward against future taxable profits. The Group also has unused USA tax losses of $18m (£11.8m) (2014: $17m (£10.5m)) to carry forward against future taxable profits in the USA. 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 £10.4m (2014: £10.6m).

(c) Deferred tax asset

	2015 £000	2014 £000
Defined benefit pension schemes	**108**	(148)
Accelerated capital allowances	**543**	743
Other timing differences	**201**	279
Future tax losses	**866**	1,867
	1,718	2,741

(d) Deferred tax liabilities

	2015 £000	2014 £000
Defined benefit pension schemes	**(2,728)**	(143)
Fair value adjustments	**(809)**	(913)
	(3,537)	(1,056)

Notes to the accounts continued

6 Income tax expense continued

(e) Reconciliation of deferred tax asset

	2015 £000	2014 £000
As at 1 October	**2,741**	3,051
Acquisition of Forefront Group and Clarke Telecom	**—**	950
Origination of timing differences	**(988)**	(403)
Change of deferred tax rate	**(290)**	—
Reclassification of opening pension scheme asset as a liability	**148**	—
Reclassification of opening pension scheme liability as an asset	**(143)**	—
Defined benefit pension schemes – income statement	**(85)**	(554)
Defined benefit pension schemes – SOCI	**335**	(303)
At 30 September	**1,718**	2,741

(f) Reconciliation of deferred tax liability

	2015 £000	2014 £000
As at 1 October	**(1,056)**	(938)
Acquisition of Forefront Group and Clarke Telecom	**(693)**	(613)
Arising on fair value adjustments	**637**	446
Change of deferred tax rate	**160**	—
Reclassification of opening pension scheme asset as a liability	**(148)**	—
Reclassification of opening pension scheme liability as an asset	**143**	—
Defined benefit pension schemes – income statement	**(675)**	(40)
Defined benefit pension schemes – SOCI	**(1,905)**	89
At 30 September	**(3,537)**	(1,056)

7 Dividends

	2015 Pence/share	2014 Pence/share
Interim (related to the year ended 30 September 2015)	**2.25**	1.50
Final (related to the year ended 30 September 2014)	**3.50**	2.50
Total dividend paid	**5.75**	4.00

	£000	£000
Interim (related to the year ended 30 September 2015)	**1,393**	923
Final (related to the year ended 30 September 2014)	**2,153**	1,538
Total dividend paid	**3,546**	2,461

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 4.75p per Ordinary Share be paid in respect of the year ended 30 September 2015. This will be accounted for in the 2015/16 financial year.

8 Earnings per share

	2015			2014		
	Earnings £000	EPS Pence	DEPS Pence	Earnings £000	EPS Pence	DEPS Pence
Earnings before exceptional items and amortisation	**16,068**	**26.03**	**25.70**	12,781	20.80	20.51
Exceptional items and amortisation	**(2,900)**	**(4.69)**	**(4.64)**	(2,444)	(3.97)	(3.92)
Basic earnings per share – continuing activities	**13,168**	**21.34**	**21.06**	10,337	16.83	16.59
Loss for the year from discontinued operation	**(7,263)**	**(11.77)**	**(11.62)**	(5,155)	(8.39)	(8.27)
Basic earnings per share	**5,905**	**9.57**	**9.44**	5,182	8.44	8.32
Weighted average number of shares		**61,718**	**62,533**		61,431	62,313

The dilutive effect of share options is to increase the number of shares by 815,000 (2014: 882,000) and reduce basic earnings per share by 0.13p (2014: 0.12p).

9 Intangible assets

	Goodwill £000	Contractual rights and customer relationships £000
Cost:		
At 1 October 2013	34,282	6,281
Additions	21,062	6,042
Hindsight adjustment (Note 26)	2,774	—
Reclassified as Assets held for resale	(1,250)	—
At 1 October 2014 and 30 September 2015	**56,868**	**12,323**
Impairment losses/amortisation:		
At 1 October 2013	808	2,322
Charge for year	—	2,231
At 1 October 2014	808	4,553
Charge for year	—	3,536
At 30 September 2015	**808**	**8,089**
Carrying amount:		
At 30 September 2015	**56,060**	**4,234**
At 30 September 2014	56,060	7,770
At 30 September 2013	33,474	3,959

The carrying amounts of goodwill by operating segment are as follows:

	2015 £000	2014 £000
Britannia Construction Ltd	**1,253**	1,253
V.H.E. Construction plc	**1,796**	1,796
P.P.S. Electrical Ltd	**227**	227
Seymour (C.E.C.) Holdings Ltd and its subsidiary	**4,017**	4,017
West Cumberland Engineering Ltd and its subsidiary	**207**	207
Amco Group Holdings Ltd and its subsidiaries	**18,168**	18,168
Lewis Civil Engineering Ltd and its subsidiaries	**6,556**	6,556
Clarke Telecom Ltd	**11,143**	11,143
Forefront Group Ltd and its subsidiaries	**12,693**	12,693
	56,060	56,060

£1,250,000 of goodwill was reclassified as Assets held for resale in respect of the disposal of Allenbuild Ltd subsequent to 30 September 2014.

Clarke Telecom

Goodwill of £11,143,000 was acquired on the acquisition of Clarke Telecom Ltd and was reviewed for impairment one year after the acquisition and then will be on an ongoing basis as required by IAS 36. No impairment was identified.

Forefront Group

Goodwill of £9,919,000 was acquired on the acquisition of Forefront Group Ltd and was reviewed for impairment one year after the acquisition and then will be on an ongoing basis as required by IAS 36. No impairment was identified. Goodwill has increased by £2,774,000 as a result of a fair value hindsight adjustment. Details are set out in Note 26.

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 five years.

In order to test goodwill for impairment the Group performs value in use calculations by preparing cashflow forecasts for each cash generating unit ("CGU") derived from the most recent financial budgets and strategic plans approved by management going forward three years, and then extrapolates cashflows based on conservative estimated growth rates which do not exceed GDP growth in the longer term 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 the CGU operates. Growth rates of between 3% and 6% per annum have been used. The rate used to discount the forecast cashflows is 8% as the Board considers the rate appropriate in the current financial market as an approximation to the cost of funds to the Group. The Board does not consider that there is any material difference between the CGUs to require different discount rates to be used. The Board has chosen the discount rate 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 rate, the key assumption which would impact the carrying value of goodwill is the margin generated by each CGU. Whilst the sensitivities vary by CGU, for a material impairment to take place the discount rate would have to increase by 25% or the assumed operating margins would have to decrease by 10% before any impact in any single CGU. Many of the CGUs are not as sensitive to these changes. The CGUs which are most sensitive to these assumptions are Forefront Group Ltd and Clarke Telecom Ltd.

Notes to the accounts continued

10 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 2013	1,713	75	8,596	10,384
Additions	—	—	5,021	5,021
Disposals	—	—	(3,888)	(3,888)
Acquisition of subsidiaries	—	—	4,144	4,144
At 1 October 2014	1,713	75	13,873	15,661
Additions	416	—	2,891	3,307
Disposals	(110)	(75)	(4,089)	(4,274)
At 30 September 2015	**2,019**	**—**	**12,675**	**14,694**
Depreciation:				
At 1 October 2013	89	75	2,032	2,196
Charge for year	16	—	2,959	2,975
Disposals	—	—	(3,653)	(3,653)
At 1 October 2014	105	75	1,338	1,518
Charge for year	19	—	3,915	3,934
Disposals	—	(75)	(3,784)	(3,859)
At 30 September 2015	**124**	**—**	**1,469**	**1,593**
Net book value:				
At 30 September 2015	**1,895**	**—**	**11,206**	**13,101**
At 30 September 2014	1,608	—	12,535	14,143
At 30 September 2013	1,624	—	6,564	8,188

The net book value of assets held under finance leases at 30 September 2015 was £6,835,000 (2014: £7,376,000).

During the year £1,635,000 (2014: £712,000) of depreciation was charged against assets held under finance leases.

11 Inventories

	2015 £000	2014 £000
Developments and undeveloped land	**3,889**	3,242
Raw materials	**975**	826
	4,864	4,068

£1.5m (2014: £1.1m) of inventories are pledged as security for liabilities.

12 Trade and other receivables

	2015 £000	2014 £000
Trade receivables	**5**	84
Amounts due from construction contract customers	**89,296**	75,514
Other receivables	**3,532**	4,131
Prepayments and accrued income	**4,127**	5,590
	96,960	85,319

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Included in trade and other receivables are debtors with a carrying value of £2.4m (2014: £3.3m) 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. The Group believes that the amounts are still recoverable since there is no objective evidence that these financial assets are impaired. The Group does not hold any collateral over these balances. £1.4m (2014: £1.5m) of these balances relate to certified retentions.

The average age of these receivables is 349 days (2014: 255 days).

12 Trade and other receivables continued

Ageing of past due but not impaired receivables:

	2015 £000	2014 £000
30–180 days	**548**	1,649
181–365 days	**435**	675
Greater than one year	**1,398**	932
	2,381	3,256

13 Construction contracts

	2015 £000	2014 £000
Contracts in progress at balance sheet date:		
Amounts due from construction contract customers included in trade and other receivables	**89,296**	75,752
Amounts due to construction contract customers included in trade and other payables	**(3,524)**	(3,499)
	85,772	72,253
Contract costs incurred plus recognised profits less recognised losses to date	**2,857,820**	2,902,146
Less: progress billings	**(2,772,048)**	(2,829,893)
	85,772	72,253

At 30 September 2015 retentions held by customers amounted to £9.1m (2014: £13.6m). Advances received from customers for contract work amounted to £3.5m (2014: £3.5m).

Amounts due from construction contract customers which are past due at the reporting date amounted to £2.4m (2014: £3.3m).

This amount includes retention balances of £1.4m (2014: £1.5m). The Group does not hold any collateral over these balances or other trade and other receivables.

Contract revenue recognised in the year amounted to £519.6m (2014: £464.5m).

14 Cash and cash equivalents

	2015 £000	2014 £000
Cash at bank	**10,655**	5,570
Cash in hand	**7**	16
	10,662	5,586

15 Trade and other payables

	2015 £000	2014 £000
Amounts due to construction contract customers	**3,524**	3,499
Trade payables	**38,364**	36,840
Other taxation and social security	**3,844**	4,114
Other payables	**13,962**	9,643
Accruals and deferred income	**93,918**	79,034
	153,612	133,130

Notes to the accounts continued

16 Borrowings

	2015 £000	2014 £000
Bank loans and overdrafts repayable:		
Within one year	**6,200**	6,200
Within two to five years	**9,300**	15,500
	15,500	21,700

The bank loans and overdrafts are secured by a fixed and floating charge over the Group's assets.

17 Obligations under finance leases

	Minimum lease payments		Present value of minimum lease payments	
	2015 £000	2014 £000	2015 £000	2014 £000
Amounts payable under finance leases:				
Within one year	**2,807**	2,994	**2,609**	2,764
Within two to five years	**2,708**	3,874	**2,514**	3,575
	5,515	6,868	**5,123**	6,339
Less: future finance charges	**(392)**	(529)	**—**	—
Present value of lease obligations	**5,123**	6,339	**5,123**	6,339
Less: amount due for settlement within twelve months			**(2,609)**	(2,764)
Amount due for settlement after twelve months			**2,514**	3,575

It is the Group's policy to lease certain of its plant, vehicles and equipment under finance leases. The average outstanding lease term is three years (2014: three years). For the year ended 30 September 2015, the average effective borrowing rate was 3% (2014: 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.

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.

18 Provisions

	Property obligations £000
At 1 October 2014 and at 30 September 2015	**1,600**
Non-current liabilities	1,232
Current liabilities	368
At 1 October 2014 and at 30 September 2015	**1,600**

Property obligations represent commitments on leases for properties which the Group does not occupy where the Group does not expect to receive income sufficient to cover the full commitment. The provision represents outflows which are expected to occur over the next five years.

19 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.

19 Other financial instruments continued

Interest rate profile of financial assets and liabilities

	Fixed rate interest rate %	Financial assets/(liabilities) Fixed rate £000	Floating rate £000	Total £000
2015				
Assets				
Sterling	**—**	**—**	**9,039**	**9,039**
Euro	**—**	**—**	**1,312**	**1,312**
Dollar	**—**	**—**	**304**	**304**
		—	**10,655**	**10,655**
Liabilities				
Sterling	**3.0**	**(5,123)**	**(15,500)**	**(20,623)**
		(5,123)	**(15,500)**	**(20,623)**

	Fixed rate interest rate %	Financial assets/(liabilities) Fixed rate £000	Floating rate £000	Total £000
2014				
Assets				
Sterling	—	—	5,488	5,488
Dollar	—	—	82	82
		—	5,570	5,570
Liabilities				
Sterling	3.0	(6,339)	(21,700)	(28,039)
		(6,339)	(21,700)	(28,039)

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 17. The fixed rate liabilities have a weighted average period of three years (2014: three years).

Fair value of financial assets and liabilities

There are no material differences between fair value and the book value of the Group's financial assets and liabilities.

Financial risks

The Group has exposure to a number of financial risks through the conduct of its operations. Risk management is governed by the Group's operational policies, guidelines and authorisation procedures which are outlined in the Corporate governance statement. The key financial risks resulting from financial instruments are credit, liquidity, currency and market risk.

a) Credit risk

Credit risk is the risk of loss if a customer fails to meet its financial obligations and results primarily from the Group's trade and other receivables. The degree to which the Group is exposed to this risk depends on the individual financial situation of each specific customer. The Group does not have any risk from a concentration of trade or other receivables in any customer or group of customers. 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 12.

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 20 and reserves as disclosed in Note 21. 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 15 to 17 and the retirement benefit obligations disclosed in Note 24. An analysis of the maturity profile for finance lease liabilities is given in Note 17.

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Notes to the accounts continued

19 Other financial instruments continued

Financial risks continued

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) is in respect of the unhedged portion of an inter-company loan. At 30 September 2015 the unhedged portion of the inter-company loan was $2,271,000 (2014: $1,771,000). The dollar closing exchange rate was $1.51: £1 (2014: $1.62: £1) resulting in a foreign exchange gain of £80,000 (2014: £18,000) being credited to finance costs. Consequently, to the extent that the inter-company loan is not fully hedged, the income statement may be impacted by exchange rate movements. Exchange rate movement on translation of Lovell America, Inc's net assets are charged to the cumulative translation adjustment within total equity. The exchange gain arising on the translation of Lovell America Inc's net assets was £304,000. The total equity statement would be impacted by £19,000 for each $0.01 movement in exchange rates.

During the year the Group acquired some euros as a result of a contract. The Group has retained these euros to meet certain contractual obligations which are denominated in euros. The Group anticipates utilising these euros during the next financial year.

All functional currencies of the Group operations are denominated in sterling, with the exception of the US operations whose functional currency is the US dollar and two contracts denominated in euros.

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.

20 Share capital

	2015 **£000**	2014 £000
Allotted, called up and fully paid:		
61,917,948 (2014: 61,517,948) Ordinary Shares of 10p each	**6,192**	6,152

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.

During the year 400,000 Ordinary Shares were issued following the exercise of options under the Renew Holdings plc Long Term Incentive Plan.

Share options

Renew Holdings plc 2004 Executive Share Option Scheme

The Group operates a share option scheme, the Renew Holdings plc 2004 Executive Share Option Scheme. The scheme has both an Approved and Unapproved element. The difference between the two elements is that the Approved scheme has the advantage of certain HMRC approved tax benefits.

Both elements have the same general terms and conditions. Options issued under the scheme must be held for three years before they can vest and become exercisable. They must be exercised within ten years from the date of grant.

During the year, 41,956 approved options were issued under this scheme at an exercise price of 286p. These options are subject to the same performance criteria as options issued under the long-term incentive plan described below.

Renew Holdings plc Long Term Incentive Plan

At the Annual General Meeting held on 25 January 2012 the shareholders approved a new long-term incentive plan ("LTIP") which replaced 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 2014, there were 1,053,165 options outstanding under the scheme. On 7 January 2015, options to subscribe for a further 293,000 Ordinary Shares were granted. On 2 March 2015, 400,000 options were exercised resulting in a balance of 946,165 options being outstanding at 30 September 2015. The options are exercisable at a nominal cost three years after the date of grant subject to the achievement of certain performance criteria. Details of the options are given in the Directors' remuneration report. To the extent that there is a gain arising in respect of the approved options noted above, the option holder will forfeit LTIP options to the same value.

Vesting of one half of the options is dependant on absolute growth in the Company's Total Shareholder Return ('TSR'), and the other half is 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.

20 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.

The comparator group TSR performance target measures the Company's TSR over the three 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.

21 Reserves

	Share premium account £000	Capital redemption reserve £000	Cumulative translation reserve £000	Share based payments reserve £000	Retained earnings £000
At 1 October 2013	5,893	3,896	751	390	(6,735)
Transfer from income statement for the year					5,182
Dividends paid					(2,461)
Recognition of share based payments				(98)	
New shares issued	49				
Exchange differences			1		
Actuarial gain recognised in pension scheme					1,068
Movement on deferred tax relating to the pension scheme					(214)
At 1 October 2014	5,942	3,896	752	292	(3,160)
Transfer from income statement for the year					5,905
Dividends paid					(3,546)
Recognition of share based payments				35	
New shares issued	1,047				
Exchange differences			304		
Actuarial gain recognised in pension scheme					8,880
Movement on deferred tax relating to the pension scheme					(1,570)
At 30 September 2015	**6,989**	**3,896**	**1,056**	**327**	**6,509**

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.

Share based payments reserve
Renew Holdings plc 2004 Executive Share Option Scheme
No options were exercised during the year (2014: 114,280). Under this scheme, the fair value of those options assessed at the date of grant has been charged against the share based payments reserve. £Nil (2014: £259,000) has been credited to administrative expenses.

Notes to the accounts continued

21 Reserves continued

Share based payments reserve continued

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.

£35,000 (2014: £161,000) has been charged to administrative expenses. There is no impact on net assets since an equivalent amount has been credited to the share based payments reserve. 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 2015 were as follows:

Date of grant	20 December 2012	3 January 2014	7 January 2015	Total
Awards outstanding at 30 September 2015				
– Directors and employees	400,000	253,165	293,000	946,165
Exercise price	0.0p	0.0p	0.0p	
Price at date of grant	87.0p	180.0p	288.5p	
Maximum option life	10 years	10 years	10 years	
Assumed option life for purposes of valuation	3 years	3 years	3 years	
Expected volatility	36%	32%	31%	
Dividend yield	3.6%	2.0%	1.7%	
Risk free interest rate	0.48%	1.03%	0.63%	
Value per option	30.0p	87.5p	99.0p	

22 Capital and leasing commitments

	Land and buildings £000	**Other £000**	**Total 2015 £000**	Total 2014 £000
Commitments under non-cancellable operating leases:				
Under one year	**2,091**	**899**	**2,990**	3,653
Two to five years	**5,825**	**2,096**	**7,921**	8,860
Five or more years	**3,059**	**—**	**3,059**	12,850
	10,975	**2,995**	**13,970**	25,363

With regard to the operating leases held by the Group as lessor, the Group recognised £297,000 (2014: £362,000) of rental income in the income statement for 2015, relating to sub-letting of surplus premises.

The future minimum sub-lease receipts expected to be received under non-cancellable operating leases are as follows:

	Land and buildings £000	**Other £000**	**Total 2015 £000**	Total 2014 £000
Receivables under non-cancellable operating leases:				
Under one year	**159**	**—**	**159**	153
Two to five years	**166**	**—**	**166**	295
Five or more years	**—**	**—**	**—**	48
	325	**—**	**325**	496

The Group had capital commitments at 30 September 2015 of £2,044,000 (2014: £nil).

23 Contingent liabilities

Under the terms of the Group's banking agreement, security over the Group's assets has been granted to the Group's bankers.

24 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 with effect from the transition date. 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 2015 shows a surplus of £15,154,000 based on the assumptions set out below. The Amco scheme shows a deficit of £599,000 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 as, having reviewed the rules of both schemes, they are of the view that the employer has an unconditional right to that surplus.

The following disclosures required by IAS 19 have been based on the most recent actuarial valuation as at 30 September 2015 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 2015	As at 30 September 2014	As at 30 September 2013
Lovell Pension Scheme			
Rate of increase in salaries	**4.0%**	4.0%	4.0%
LPI increases to pensions in payment	**3.0%**	3.0%	3.1%
Discount rate	**3.7%**	3.9%	4.5%
Inflation assumption (CPI)	**2.0%**	2.1%	2.2%
Inflation assumption (RPI)	**3.0%**	3.1%	3.2%
Increases in deferred pensions	**2.9%**	3.1%	2.2%
Amco Pension Scheme			
Rate of increase in salaries	**3.0%**	3.3%	3.2%
LPI increases to pensions in payment	**2.6%**	2.7%	2.7%
Discount rate	**3.7%**	3.9%	4.5%
Inflation assumption (CPI)	**2.0%**	2.3%	2.2%
Inflation assumption (RPI)	**3.0%**	3.3%	3.2%
Increases in deferred pensions	**1.8%**	2.3%	2.2%

The mortality tables adopted for the valuation of the Lovell scheme are the S2NA tables with future improvements in line with the Continuing Mortality Investigations 2014 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 23.0 years and the further life expectancy of a male aged 65 in 2035 is 24.7 years.

The mortality tables adopted for the valuation of the Amco scheme are the S1PA Mortality tables with future improvements in line with the Continuing Mortality Investigations 2013 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 22.4 years and the further life expectancy of a male aged 65 in 2035 is 24.2 years.

Notes to the accounts continued

24 Employee benefits: Retirement benefit obligations continued
IAS 19 "Employee Benefits" continued
The assets in the Lovell scheme were:

	Value as at 30 September 2015 £000	**Allocation**	Value as at 30 September 2014 £000	Allocation	Value as at 30 September 2013 £000	Allocation
Annuities	**43,216**	**26%**	43,410	30%	43,136	34%
Diversified portfolio	**121,985**	**74%**	101,002	69%	84,631	66%
Cash	**402**	**—**	1,180	1%	(19)	—
Total	**165,603**	**100%**	145,592	100%	127,748	100%

During 2011, the Trustees of the Lovell scheme, in consultation with the Directors, used scheme assets to purchase annuities which match certain pension liabilities in a transaction known as a "buy-in". This asset provides protection against falls in gilt yields and risks in the performance of other asset classes.

The assets in the Amco scheme were:

	Value as at 30 September 2015 £000	**Allocation**	Value as at 30 September 2014 £000	Allocation	Value as at 30 September 2013 £000	Allocation
Annuities	**6,940**	**49%**	7,270	51%	6,950	52%
Diversified portfolio	**6,341**	**44%**	6,427	45%	5,951	44%
Cash	**984**	**7%**	585	4%	594	4%
Total	**14,265**	**100%**	14,282	100%	13,495	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 has recently completed the triennial valuation of the Lovell Pension Scheme as at 31 March 2015. The scheme shows a deficit of £12.1m compared to £24.1m when measured as at 31 March 2012. The Company has agreed a revised recovery plan with the Trustees which commits the Company to paying annual contributions of £4,260,000 which is expected to result in the elimination of this deficit by 31 July 2018. This recovery plan aims to eliminate the deficit under the Statutory Funding Objective of the Pensions Act 2004. The Company may be required to make further contributions to achieve a buy-out of all pension liabilities and the Company has agreed to continue to make such contributions under a secondary funding objective. The necessity and quantum of these contributions will be remeasured by the scheme actuary at the next triennial valuation which is due at 31 March 2018.

For accounting purposes under IAS 19, 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, described above as "Diversified portfolio". The key sensitivity for the valuation of the scheme under IAS 19 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 £2.3m.

The scheme rules permit the return of any surplus funds to the company on the winding up of the scheme.

Amco Pension Scheme
The scheme actuary completed the triennial valuation of the Amco Pension Scheme as at 31 December 2013. The scheme shows a deficit of £2.1m compared to £2.5m when measured as at 31 December 2010. The Company has agreed a revised recovery plan with the Trustees which commits the Company to paying annual contributions of £385,000 which is expected to result in the elimination of this deficit by 31 October 2020. This recovery plan aims to eliminate the deficit under the Statutory Funding Objective of the Pensions Act 2004. The Company may be required to make further contributions to achieve a buy-out of all pension liabilities.

For accounting purposes under IAS 19, 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, described above as "Diversified portfolio". The key sensitivity for the valuation of the scheme under IAS 19 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.

24 Employee benefits: Retirement benefit obligations continued

IAS 19 “Employee Benefits” continued

The following amounts at 30 September were measured in accordance with the requirements of IAS 19.

Lovell Pension Scheme

	2015 £000	2014 £000
Movements in scheme assets and obligations		
Total fair value of scheme assets brought forward	**145,592**	127,768
Interest on scheme assets	**5,606**	5,664
Employer contributions	**3,894**	2,917
Benefits paid	**(7,634)**	(7,105)
Actual return on scheme assets less interest on scheme assets	**18,145**	16,348
Total fair value of scheme assets carried forward	**165,603**	145,592
Present value of scheme obligations brought forward	**144,852**	131,313
Interest on scheme obligations	**5,502**	5,751
Current and past service costs	**248**	59
Benefits paid	**(7,634)**	(7,105)
Actuarial losses due to experience on benefit obligation	**2,844**	—
Actuarial losses due to changes in financial assumptions	**4,369**	11,041
Actuarial losses due to changes in demographic assumptions	**268**	3,793
Total fair value of scheme obligations carried forward	**150,449**	144,852
Surplus in the scheme	**15,154**	740
Deferred tax	**(2,728)**	(148)
Net surplus	**12,426**	592
Amount charged to operating profit:		
Current and past service costs	**(248)**	(59)
	(248)	(59)
Amount credited/(charged) to other financial income:		
Interest on scheme assets	**5,606**	5,664
Interest on scheme obligations	**(5,502)**	(5,751)
Net pension interest	**104**	(87)
Amounts recognised in the statement of comprehensive income:		
Actual return on scheme assets less interest on scheme assets	**18,145**	16,348
Actuarial losses due to changes in assumptions on scheme obligations	**(7,481)**	(14,834)
Actuarial gain	**10,664**	1,514
Movement in the net scheme surplus during the year:		
Net scheme surplus/(deficit) brought forward	**740**	(3,545)
Current and past service costs	**(248)**	(59)
Employer contributions	**3,894**	2,917
Net pension interest	**104**	(87)
Actuarial gain	**10,664**	1,514
Net scheme surplus carried forward	**15,154**	740

Notes to the accounts continued

24 Employee benefits: Retirement benefit obligations continued

IAS 19 “Employee Benefits” continued

The following amounts at 30 September were measured in accordance with the requirements of IAS 19.

Amco Pension Scheme

	2015 £000	2014 £000
Movements in scheme assets and obligations		
Total fair value of scheme assets brought forward	**14,282**	13,495
Expected return on scheme assets	**600**	550
Employer contributions	**385**	200
Benefits paid	**(705)**	(694)
Actual return on scheme assets less interest on plan assets	**(297)**	731
Total fair value of scheme assets carried forward	**14,265**	14,282
Present value of scheme obligations brought forward	**13,566**	12,533
Interest on scheme obligations	**515**	550
Benefits paid	**(705)**	(694)
Actuarial losses due to changes in financial and demographic assumptions	**1,488**	1,177
Total fair value of scheme obligations carried forward	**14,864**	13,566
(Deficit)/surplus in the scheme	**(599)**	716
Deferred tax	**108**	(143)
Net (deficit)/surplus	**(491)**	573
Amount credited to other financial income:		
Interest on scheme assets	**600**	550
Interest on scheme obligations	**(515)**	(550)
Net pension interest	**85**	—
Amounts recognised in the statement of comprehensive income:		
Actual return on scheme assets less interest on scheme assets	**(297)**	731
Actuarial losses due to changes in assumptions on scheme obligations	**(1,488)**	(1,177)
Actuarial loss	**(1,785)**	(446)
Movement in the net scheme (deficit)/surplus during the year:		
Net scheme surplus brought forward	**716**	962
Employer contributions	**385**	200
Net pension interest	**85**	—
Actuarial loss	**(1,785)**	(446)
Net scheme (deficit)/surplus carried forward	**(599)**	716

24 Employee benefits: Retirement benefit obligations continued

IAS 19 “Employee Benefits” continued

Lovell Pension Scheme

	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Actual return on scheme assets less interest on scheme assets	**18,145**	16,348	(1,168)	6,891	(10,685)
As a percentage of the assets at the end of the year	**11.0%**	11.2%	(0.9)%	5.4%	(9.0)%
Experience gains on scheme obligations	**—**	—	—	—	1,349
As a percentage of the obligations at the end of the year	**—**	—	—	—	1.1%
Total amount recognised in the statement of comprehensive income	**10,664**	1,514	(5,711)	(3,972)	(5,151)
As a percentage of the obligations at the end of the year	**7.1%**	1.0%	(0.9)%	(3.1)%	(4.3)%

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. As permitted by IAS 19, the Group has taken advantage of the multi-employer exemption and the surplus of the scheme is accounted for as an unallocated consolidation adjustment.

Amco Pension Scheme

	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Actual return on scheme assets less interest on scheme assets	**(297)**	731	(967)	1,346	(58)
As a percentage of the assets at the end of the year	**(2.1)%**	5.1%	(7.2)%	9.3%	(0.4)%
Experience gains on scheme obligations	**—**	—	—	—	490
As a percentage of the obligations at the end of the year	**—**	—	—	—	4.1%
Total amount recognised in the statement of comprehensive income	**(1,785)**	(446)	(1,059)	530	(114)
As a percentage of the obligations at the end of the year	**(12.0)%**	(3.3)%	(8.4)%	4.2%	(1.0)%

The Amco scheme’s sole employer is the Company’s wholly owned subsidiary, Amalgamated Construction Ltd.

Defined contribution pension scheme

The Group operates a number of defined contribution pension schemes and individual stakeholder pension plans for its employees. The Group made contributions of £4,336,000 (2014: £3,169,000) into these plans during the year. There are also £424,000 (2014: £467,000) of accruals relating to these plans.

25 Related parties

The Group has a related party relationship with its key management personnel who are the Main Board Directors: BW May, J Samuel, P Scott, RJ Harrison, J Bishop and DM Forbes, whose total compensation amounted to £2,577,000 (2014: £1,381,000) which was represented by short-term employment benefits and the benefit of share option exercises.

BW May was appointed a director of RTC Group Plc on 10 September 2015. In the period since his appointment to 30 September 2015 the Group has purchased £173,000 from RTC Group Plc and at 30 September 2015 there was a balance due to RTC Group Plc of £207,000.

There were no other transactions with key management personnel in the year.

Notes to the accounts continued

26 Acquisition of subsidiary undertaking – Forefront Group Ltd

On 1 August 2014, the Company acquired the whole of the issued share capital of Forefront Group Ltd ("Forefront") for a consideration of £14.8m, all of which was paid in cash. The acquisition was funded from the Group's cash resources and a four year loan of £12m provided by HSBC Bank plc.

The value of the assets and liabilities of Forefront at the date of acquisition were:

	Book value £000	Adjustments £000	Fair value as reported at 30 September 2014 £000	Hindsight adjustments £000	Fair value as restated at 30 September 2015 £000
Non-current assets					
Intangible assets – goodwill	—	9,919	9,919	2,774	12,693
– other	—	2,332	2,332	—	2,332
Property, plant and equipment	4,030	—	4,030	(1,140)	2,890
	4,030	12,251	16,281	1,634	17,915
Current assets					
Inventories	284	—	284	—	284
Trade and other receivables	5,474	—	5,474	(238)	5,236
Current tax asset	62	—	62	—	62
	5,820	—	5,820	(238)	5,582
Total assets	9,850	12,251	22,101	1,396	23,497
Non-current liabilities					
Obligations under finance leases	(948)	—	(948)	—	(948)
Deferred tax liabilities	(109)	(465)	(574)	693	119
	(1,057)	(465)	(1,522)	693	(829)
Current liabilities					
Bank overdraft	(646)	—	(646)	—	(646)
Trade and other payables	(5,072)	(8)	(5,080)	(2,089)	(7,169)
Obligations under finance leases	(37)	—	(37)	—	(37)
	(5,755)	(8)	(5,763)	(2,089)	(7,852)
Total liabilities	(6,812)	(473)	(7,285)	(1,396)	(8,681)
Net assets	3,038	11,778	14,816	—	14,816

Fair value adjustments arising from the acquisition

In accordance with IAS 36, the Board reviewed the fair value of assets and liabilities using information available up to twelve months after the date of acquisition. Fair value has been calculated using Level 3 inputs as defined by IFRS 13.

Property, plant and equipment

The Directors reviewed the depreciation policy for property, plant and equipment which is now aligned with the Group policy. Prior to the acquisition, the directors of Forefront Group Ltd used a reducing balance depreciation policy. The consequence of this was that, in the opinion of the Directors, the fair value of property, plant and equipment was overstated at the point of acquisition. As a result, the Directors carried out a valuation of the property, plant and equipment in accordance with IAS 36. The impact of this was to reduce fixed assets, increase deferred tax assets and goodwill. These adjustments required the restatement of the Group balance sheet as at 30 September 2014. There was no impact on the Group profit for the year ended 30 September 2014. For the year ended 30 September 2015 the Group depreciation charge reduced by £118,000.

Trade and other receivables

£238,000 of debtors at the date of acquisition have been provided against as they have proven to be irrecoverable. Deferred tax liabilities have been adjusted accordingly.

Trade and other payables

Subsequent to the date of acquisition, two onerous contracts have been identified resulting in a fair value adjustment of £2.1m. A provision against these contracts has been calculated based on projected cashflows from the date of acquisition until their forecast completion. Deferred tax has been adjusted accordingly.

Goodwill impairment review

Goodwill of £12,693,000 arose on acquisition and was reviewed for impairment one year after the acquisition and then will be on an ongoing basis as required by IAS 36.

Company balance sheet
at 30 September

	Note	2015 £000	2014 £000
Fixed assets			
Tangible assets	E	**657**	651
Investments	F	**101,995**	101,449
		102,652	102,100
Current assets			
Stocks and work in progress	G	**500**	226
Debtors: due within one year	H	**68,336**	40,436
Cash at bank		**1,314**	66
		70,150	40,728
Creditors: amounts falling due in less than one year	I	**(108,640)**	(83,104)
Net current liabilities		**(38,490)**	(42,376)
Total assets less current liabilities		**64,162**	59,724
Creditors: amounts falling due after more than one year	J	**(9,300)**	(15,500)
Net assets		**54,862**	44,224
Capital and reserves			
Share capital	L	**6,192**	6,152
Share premium account	M	**6,989**	5,942
Capital redemption reserve	M	**3,896**	3,896
Share based payments reserve	M	**327**	292
Profit and loss account	M	**37,458**	27,942
Equity shareholders' funds	N	**54,862**	44,224

Approved by the Board and signed on its behalf by:

R J Harrison OBE
Chairman
24 November 2015

Notes to the company accounts

A Accounting policies

(i) Basis of accounting

The accounts have been prepared on the going concern basis and in accordance with UK applicable accounting standards under the historical cost convention. In determining that the going concern basis is appropriate the Directors have reviewed budgets, including cashflow forecasts, and concluded that the Company has adequate cash resources to continue trading for the foreseeable future.

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 recorded at cost, less provision for impairment if required. Depreciation is provided on all tangible fixed assets, 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

(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) Share based payments

FRS 20 “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.

(vi) Deferred taxation

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, on timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS 19 “Deferred tax”.

Deferred tax assets are recognised to the extent it is considered more likely than not that they will be recovered. In accordance with FRS 19 deferred tax is not provided for on:

a) revaluation gains on land and buildings, unless there is a binding agreement to sell them at the balance sheet date;

b) gains on the sale of non-monetary assets, if the taxable gain will probably be rolled over; and

c) extra tax payable if the overseas retained profits of subsidiaries, joint ventures or associates are remitted in the future.

Deferred tax assets are recognised for taxable losses relating to trading to the extent that those losses are expected to be recoverable within the foreseeable future.

(vii) Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward exchange contract. 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.

(viii) Defined benefit pension scheme

The Company has adopted the requirements of FRS 17 “Retirement Benefits”. The Directors have determined that it is not possible to allocate the assets and liabilities of the scheme between the various Group companies. Accordingly the scheme is not accounted for in the Company’s balance sheet. Any increase in the present value of liabilities within the defined benefit scheme expected to arise from employee service in the period is charged to operating profit in respect of the Company’s employees.

(ix) Defined contribution pension plans

Contributions to defined contribution pension plans are charged to the profit and loss account as incurred.

(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.

(xi) Stocks and work in progress

Stocks comprise land held for development 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 stocks.

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 £13,062,000 (2014: £9,903,000).

The audit fee charged within the profit and loss account amounted to £34,000 (2014: £38,000).

C Employee numbers and remuneration

	2015 Number	2014 Number
The average monthly number of employees, all of whom were administrative staff including Executive Directors, employed in continuing activities during the year was:	**27**	27
At 30 September:	**27**	27

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

	£000	£000
Wages and salaries	**2,555**	2,305
Social security costs	**395**	272
Other pension costs	**274**	168
Share based payments	**1,122**	(98)
	4,346	2,647

Directors' emoluments

	£000	£000
Aggregate emoluments	**2,577**	1,381
Highest paid Director: aggregate emoluments	**1,213**	677

Details of individual Directors' emoluments and pension contributions can be found in the Directors' remuneration report.

D Dividends

	2015 Pence/share	2014 Pence/share
Interim (related to the year ended 30 September 2015)	**2.25**	1.50
Final (related to the year ended 30 September 2014)	**3.50**	2.50
Total dividend paid	**5.75**	4.00

	£000	£000
Interim (related to the year ended 30 September 2015)	**1,393**	923
Final (related to the year ended 30 September 2014)	**2,153**	1,538
Total dividend paid	**3,546**	2,461

Dividends are recorded only when authorised and are shown as a movement in equity rather than as a charge in the profit and loss account. The Directors are proposing that a final dividend of 4.75p per Ordinary Share be paid in respect of the year ended 30 September 2015. This will be accounted for in the 2015/16 financial year.

E Tangible fixed assets

	Freehold land and buildings £000	Long leasehold land and buildings £000	Plant, vehicles & equipment £000	Total £000
Cost:				
At 1 October 2014	701	75	319	1,095
Additions	—	—	20	20
Disposals	—	(75)	(270)	(345)
At 30 September 2015	**701**	**—**	**69**	**770**
Depreciation:				
At 1 October 2014	57	75	312	444
Charge for year	9	—	5	14
Disposals	—	(75)	(270)	(345)
At 30 September 2015	**66**	**—**	**47**	**113**
Net book value:				
At 30 September 2015	**635**	**—**	**22**	**657**
At 30 September 2014	644	—	7	651

Notes to the company accounts continued

F Investments

	Subsidiary undertakings £000
Shares at cost:	
At 1 October 2014	235,428
Additions	546
Disposals	(18,926)
At 30 September 2015	**217,048**
Provisions:	
At 1 October 2014	133,979
Released during the year	(18,926)
At 30 September 2015	**115,053**
Net book value:	
At 30 September 2015	**101,995**
At 30 September 2014	101,449

Details of subsidiary undertakings are included in Note S.

The investment in subsidiaries is supported by their net asset values and their discounted expected future cashflows.

G Stock and work in progress

	2015 £000	2014 £000
Undeveloped land	**500**	226

H Debtors

	2015 £000	2014 £000
Due within one year:		
Trade debtors	**4**	20
Due from subsidiary undertakings	**61,326**	34,580
Corporation tax	**3,778**	2,528
Other debtors	**259**	38
Deferred tax	**413**	420
Prepayments and accrued income	**2,556**	2,850
	68,336	40,436

I Creditors: amounts falling due within one year

	2015 £000	2014 £000
Bank loans and overdrafts	**70,091**	42,021
Trade creditors	**885**	353
Other taxation and social security	**520**	673
Due to subsidiary undertakings	**25,278**	30,712
Other creditors	**139**	149
Accruals and deferred income	**11,727**	9,196
	108,640	83,104

J Creditors falling due after more than one year

	2015 £000	2014 £000
Bank loan	**9,300**	15,500
Bank loans and overdrafts repayable:		
Within one year	**70,091**	42,021
Within two to five years	**9,300**	15,500
	79,391	57,521

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) is in respect of the unhedged portion of an inter-company loan. At 30 September 2015 the unhedged portion of the inter-company loan was $2,271,000 (2014: $1,771,000).

During the year the Company acquired some euros from a subsidiary. The Company has retained these euros to meet certain contractual obligations of a subsidiary which are denominated in euros. The Company anticipates utilising these euros during the next financial year.

The Company's operations are denominated in sterling.

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

	2015 £000	2014 £000
Allotted, called up and fully paid:		
61,917,948 (2014: 61,517,948) Ordinary Shares of 10p each	**6,192**	6,152

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.

During the year 400,000 Ordinary Shares were issued following the exercise of options under the Renew Holdings plc Long Term Incentive Plan.

Share options

Renew Holdings plc 2004 Executive Share Option Scheme

The Company operates a share option scheme, the Renew Holdings plc 2004 Executive Share Option Scheme. The scheme has both an Approved and Unapproved element. The difference between the two elements is that the Approved scheme has the advantage of certain HMRC approved tax benefits.

Both elements have the same general terms and conditions. Options issued under the scheme must be held for three years before they can vest and become exercisable. They must be exercised within ten years from the date of grant.

During the year, 41,956 approved options were issued under this scheme at an exercise price of 286p. These options are subject to the same performance criteria as options issued under the long-term incentive plan described below.

Renew Holdings plc Long-Term Incentive Plan

At the Annual General Meeting held on 25 January 2012 the shareholders approved a new long-term incentive plan ("LTIP") which replaced 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 2014, there were 1,053,165 options outstanding under the scheme. On 7 January 2015, options to subscribe for a further 293,000 Ordinary Shares were granted. On 2 March 2015, 400,000 options were exercised resulting in a balance of 946,165 options being outstanding at 30 September 2015. The options are exercisable at a nominal cost three years after the date of grant subject to the achievement of certain performance criteria. Details of the options are given in the Directors' remuneration report. To the extent that there is a gain arising in respect of the approved options noted above, the option holder will forfeit LTIP options to the same value.

Vesting of one half of the options is dependant on absolute growth in the Company's Total Shareholder Return ('TSR'), and the other half is 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.

The comparator group TSR performance target measures the Company's TSR over the three 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.

Notes to the company accounts continued

M Reserves

	Share premium account £000	Capital redemption reserve £000	Share based payments reserve £000	Profit & loss account £000
At 1 October 2014	5,942	3,896	292	27,942
Transfer from profit and loss account for the year				13,062
Recognition of share based payments			35	
New shares issued	1,047			
Dividends paid				(3,546)
At 30 September 2015	**6,989**	**3,896**	**327**	**37,458**

Share based payments reserve

Renew Holdings plc 2004 Executive Share Option Scheme

No options were exercised during the year (2014: 114,280). Under this scheme, the fair value of those options assessed at the date of grant has been charged against the share based payments reserve. £Nil (2014: £259,000) has been credited to administrative expenses.

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.

£35,000 (2014: £161,000) has been charged to administrative expenses. There is no impact on net assets since an equivalent amount has been credited to the share based payments reserve. 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 2015 were as follows:

Date of grant	20 December 2012	3 January 2014	7 January 2015	Total
Awards outstanding at 30 September 2015				
– Directors and employees	400,000	253,165	293,000	946,165
Exercise price	0.0p	0.0p	0.0p	
Price at date of grant	87.0p	180.0p	288.5p	
Maximum option life	10 years	10 years	10 years	
Assumed option life for purposes of valuation	3 years	3 years	3 years	
Expected volatility	36%	32%	31%	
Dividend yield	3.6%	2.0%	1.7%	
Risk free interest rate	0.48%	1.03%	0.63%	
Value per option	30.0p	87.5p	99.0p	
Risk free interest rate	0.43%	0.48%	1.03%	
Value per option	40.0p	30.0p	87.5p	

N Reconciliation of movements in equity shareholders' funds

	2015 £000	2014 £000
Profit for the year	**13,062**	9,903
Dividends paid	**(3,546)**	(2,461)
Issue of Ordinary Shares	**1,087**	61
Recognition of share based payments	**35**	(98)
At 1 October 2014	**44,224**	36,819
At 30 September 2015	**54,862**	44,224

O Capital and leasing commitments

	Land and buildings £000	Other £000	Total 2015 £000	Total 2014 £000
Annual commitments under non-cancellable operating leases expiring in:				
Under one year	—	8	8	12
Two to five years	125	20	145	133
Five or more years	528	—	528	776
	653	28	681	921

The Company had no capital commitments at 30 September 2015 (2014: £nil).

P 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 banking arrangements and as a result has risks associated with the financial status and performance of the other companies within the Group.

Q Defined contribution pension scheme

The Company operates a number of defined contribution pension schemes and individual stakeholder pension plans for its employees.

The Company made contributions of £274,000 (2014: £168,000) into these plans during the year. There are also £22,000 (2014: £15,000) of accruals relating to these plans.

R Related parties

The Company has a related party relationship with its key management personnel who are the Main Board Directors: BW May, J Samuel, P Scott, RJ Harrison, J Bishop and DM Forbes, whose total compensation amounted to £2,577,000 (2014: £1,381,000) which was represented by short-term employment benefits and the benefit of share option exercises.

There were no other transactions with key management personnel in the year.

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 are listed below.

		Incorporation & principal place of business	Proportion of Ordinary Shares held by the Company
Subsidiary undertakings			
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%
Clarke Telecom Ltd	Owned by Renew Holdings plc	England and Wales	100%
Ex AB (North West) Ltd	Owned by Renew Holdings plc	England and Wales	100%
Ex AB (West Midlands) Ltd	Owned by Renew Holdings plc	England and Wales	100%
Forefront Group Ltd	Owned by Renew Holdings plc	England and Wales	100%
Inhoco 3520 Ltd	Owned by Renew Holdings plc	England and Wales	100%
Lewis Civil Engineering Ltd	Owned by Renew Holdings plc	England and Wales	100%
Renew Corporate Director Ltd	Owned by Renew Holdings plc	England and Wales	100%
Renew Fleet Management Ltd	Owned by Renew Holdings plc	England and Wales	100%
Renew Group Ltd	Owned by Renew Holdings plc	England and Wales	100%
Renew Ltd	Owned by Renew Holdings plc	England and Wales	100%
Renew Nominees Ltd	Owned by Renew Holdings plc	England and Wales	100%
Renew Pension Trustee Company Ltd	Owned by Renew Holdings plc	England and Wales	100%
Renew Property Developments Ltd	Owned by Renew Holdings plc	England and Wales	100%

Notes to the company accounts continued

S Subsidiary undertakings continued

Subsidiary undertakings		Incorporation & principal place of business	Proportion of Ordinary Shares held by the Company
Seymour (C.E.C.) Holdings Ltd	Owned by Renew Holdings plc	England and Wales	100%
Shepley Engineers Ltd	Owned by Renew Holdings plc	England and Wales	100%
V.H.E. Construction Plc	Owned by Renew Holdings plc	England and Wales	100%
YJL Homes Ltd	Owned by Renew Holdings plc	England and Wales	100%
VHE Land Projects Ltd	Owned by Renew Holdings plc	England and Wales	100%
YJL Investments Ltd	Owned by Renew Holdings plc	England and Wales	100%
YJL Ltd	Owned by Renew Holdings plc	England and Wales	100%
YJL Pension Trustee Company Ltd	Owned by Renew Holdings plc	England and Wales	100%
Lovell America, Inc	Owned by Renew Holdings plc	USA	100%
Amalgamated Construction (Scotland) Ltd	Owned by subsidiary	Scotland	100%
Amalgamated Construction Ltd	Owned by subsidiary	England and Wales	100%
Amco Engineering Ltd	Owned by subsidiary	England and Wales	100%
Amco Group Ltd	Owned by subsidiary	England and Wales	100%
Amco Group Trustees Ltd	Owned by subsidiary	England and Wales	100%
Amco Rail Engineering Ltd	Owned by subsidiary	England and Wales	100%
Amco Rail Ltd	Owned by subsidiary	England and Wales	100%
BPE Specialised Drillings Ltd	Owned by subsidiary	England and Wales	100%
Britannia Construction Ltd	Owned by subsidiary	England and Wales	100%
David Lewis Civil Engineering Ltd	Owned by subsidiary	England and Wales	100%
Forefront Utilities Ltd	Owned by subsidiary	England and Wales	100%
Geodur UK Ltd	Owned by subsidiary	England and Wales	100%
'Hire One' Ltd	Owned by subsidiary	England and Wales	100%
Knex Pipelines & Cables Ltd	Owned by subsidiary	England and Wales	100%
Mothersill Engineering Ltd	Owned by subsidiary	England and Wales	100%
P.P.S. Electrical Ltd	Owned by subsidiary	England and Wales	100%
Renew Civil Engineering Ltd	Owned by subsidiary	England and Wales	100%
Renew Construction Ltd	Owned by subsidiary	England and Wales	100%
Renew Specialist Services Ltd	Owned by subsidiary	England and Wales	100%
Seymour (Civil Engineering Contractors) Ltd	Owned by subsidiary	England and Wales	100%
VHE (Civil Engineering) Ltd	Owned by subsidiary	England and Wales	100%
VHE Equipment Services Ltd	Owned by subsidiary	England and Wales	100%
VHE Technology Ltd	Owned by subsidiary	England and Wales	100%
Walter Lilly & Co Ltd	Owned by subsidiary	England and Wales	100%
West Cumberland Engineering Ltd	Owned by subsidiary	England and Wales	100%
YJL Construction Ltd	Owned by subsidiary	England and Wales	100%
YJL Infrastructure Ltd	Owned by subsidiary	England and Wales	100%
YJL London Ltd	Owned by subsidiary	England and Wales	100%
Allenbuild Ltd	Owned by subsidiary	England and Wales	50%
Allenbuild (South East) Ltd	Owned by subsidiary	England and Wales	50%
Inject-O-Matic Guarantee Ltd	Owned by subsidiary	England and Wales	28.9%

Directors, officers and advisors

Directors

R J Harrison OBE	(Non-executive Chairman)
B W May	(Chief Executive)
J Samuel FCA	(Group Finance Director)
P Scott	(Group Engineering Services Director)
J Bishop FCA	(Independent non-executive)
D M Forbes	(Independent non-executive)

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LS1 4DA

Financial PR
Walbrook PR Ltd
4 Lombard Street
London
EC3V 9HD

Nominated advisor and broker
Numis Securities Limited
London Stock Exchange Building
10 Paternoster Square
London
EC4M 7LT

Company Secretary
J Samuel FCA

Company number
650447

Registered address
Yew Trees
Main Street North
Aberford
Leeds
LS25 3AA

Website address
www.renewholdings.com

Shareholder information

Annual General Meeting	27 January 2016
Results	Announcement of interim results – May 2016
	Preliminary announcement of full year results – November 2016

Share Portal
The Share Portal is a secure online site where you can manage your shareholding quickly and easily. To register for the Share Portal just visit www.capitashareportal.com.

Dividend re-investment plan
Capita's Dividend Re-investment Plan offers a convenient way for shareholders to build up their shareholding by using dividend money to purchase additional shares. For more information please call +44 (0)371 664 0381 (Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate). Lines are open between 09:00 - 17:30, Monday to Friday excluding public holidays in England and Wales. Alternatively, you can email shares@capita.co.uk or log on to www.capitashareportal.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 10528686). Find out more at www.sharegift.org.uk 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 http://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 http://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").

Capita's Customer Support Centre
By phone +44 (0)871 664 0300 (Calls cost 12p per minute plus your phone company's access charge. 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@capita.co.uk.

Our subsidiary businesses

Amco
Whaley Road
Barugh
Barnsley
South Yorkshire
S75 1HT
Tel: 01226 243 413

Walter Lilly
Knollys House
17 Addiscombe Road
Croydon
Surrey
CR0 6SR
Tel: 020 8730 6200

Shepley Engineers
Robinson House
Westlakes Science Park
Moor Row
Cumbria
CA24 3HY
Tel: 01946 599 022

Clarke Telecom
Unit E
Madison Place
Northampton Road
Manchester
M40 5AG
Tel: 0161 785 4500

Seymour Civil Engineering
30–35 Navigation Point
Hartlepool
TS24 0UQ
Tel: 01429 233 521

Forefront
30 Stephenson Road
Leigh on Sea
Essex
SS9 5LY
Tel: 01702 507 440

VHE
Whaley Road
Barugh
Barnsley
South Yorkshire
S75 1HT
Tel: 01226 320 150

Britannia
Britannia House
Staverton Technology Park
Cheltenham
Gloucestershire
GL51 6TQ
Tel: 01452 859 880

Lewis Civil Engineering
Mwyndy Cross Industries
Cardiff Road
Pontyclun
Rhondda Cynon Taff
CF72 8PN
Tel: 01443 449 200

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Company Number: 650447
Registered in England & Wales