renew

SUPPORTING UK INFRASTRUCTURE

ANNUAL REPORT AND ACCOUNTS
YEAR ENDED 30 SEPTEMBER 2016

SUPPORTING KEY INFRASTRUCTURE ASSETS

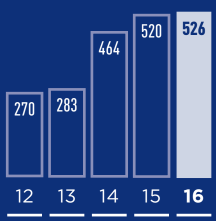
Renew provides multidisciplinary engineering services through its independently branded subsidiary businesses supporting essential UK infrastructure.

FINANCIAL HIGHLIGHTS

- Record results for the year ended 30 September 2016
- Operating margin up 8% to 4.2%
- Adjusted EPS growth of 5% to 27.4p

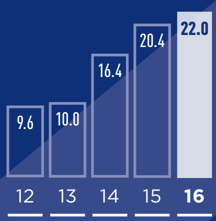
Revenue

£526M



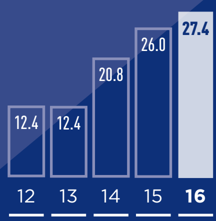
Adjusted operating profit*

£22.0M



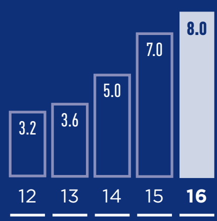
Adjusted earnings per share*

27.4P



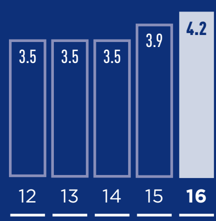
Dividend per share

8.0P



Operating margin

4.2%



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

Our focus

We develop opportunities in large-scale national infrastructure spending programmes. We focus on a direct delivery model through our strong, strategically located brands, supporting customers across the UK.

Integrated Engineering Services

With our range of integrated engineering services we are ideally positioned to access essential maintenance and renewal spending programmes across our mainly regulated markets.

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.

Our brands

AMCO engineering

LEWIS

VHE

seymour

SEL

Forefront

CLARKE telecom

AMCO rail

WALTERLILLY 1924

BRITANNIA

Strategic Report

Corporate Governance

Financial Statements

FIND OUT MORE ABOUT US

> www.renewholdings.com

CHAIRMAN'S STATEMENT
R J HARRISON OBE

ESTABLISHED AND PROVEN STRATEGY

BUSINESS MODEL
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Results

Record results for the year ended 30 September 2016 show that the Group continues to develop its position as a leading provider of engineering services in the Energy, Environmental and Infrastructure markets where it supports critical UK infrastructure assets.

Group revenue increased to £525.7m (2015: £519.6m) with operating profit prior to amortisation increasing by 8% to £22.0m (2015: £20.4m), a margin of 4.2% (2015: 3.9%). Earnings per share on this basis increased by 5% to 27.43p (2015: 26.03p) with basic earnings per share on continuing activities up 10% to 23.53p (2015: 21.34p).

The Engineering Services business revenue reduced slightly to £436.2m (2015: £440.5m) as a result of non-recurring Rail revenue in the prior year. When this is taken into account, the underlying organic growth in Engineering Services was 3%.

Engineering Services accounted for 83% of Group revenue (2015: 85%). Engineering Services operating profit prior to amortisation increased 7% to £21.5m (2015: £20.1m) delivering an improved margin of 4.9% (2015: 4.6%).

Our Specialist Building operations remain focused on the High Quality Residential market in London and the Home Counties. Revenue was £90.5m (2015: £79.5m) with an operating profit of £2.3m (2015: £2.3m).

Dividend

The Board is proposing a final dividend of 5.35p per share, increasing the full year dividend by 14% to 8.0p (2015: 7.0p). The dividend will be paid on 28 February 2017 to shareholders on the register as at 27 January 2017. The Board continues to grow dividends progressively.

Order Book

The Group's order book at 30 September 2016 increased by 3% to £516m (2015: £502m), with the Engineering Services order book up 5% to £421m (2015: £400m). The order book reflects our established position in markets which benefit from non-discretionary long-term spending programmes.

Cash

Cash generation has been good and the Group has recorded a net cash position of £4.8m (2015: net debt £4.8m).

People

It remains our priority to provide a safe working environment for our employees and those who work with us. The Group has recorded an Accident Incidence Rate substantially lower than the industry average.

The Board would like to thank all its employees for their hard work and commitment in delivering the continued success of the Group.

Board Changes

As previously reported, Brian May retired as Chief Executive on 30 September 2016 and has been succeeded by Paul Scott. The Board would like to thank Brian for his outstanding leadership of Renew over the last eleven years, during which he transformed the Group from a loss-making building contractor into a leading business in Engineering Services and delivered an increase in market capitalisation from £17m to £229m without recourse to equity financing.

Strategy

In Specialist Building, the Group continues to focus on the High Quality Residential market in London and the Home Counties where we specialise in major engineering structural works.

In Engineering Services the Group continues to play a key role in the support and maintenance of some of the country's key infrastructure assets. Working in the Energy, Environmental and Infrastructure markets, which are mainly governed by regulation, our operations remain focused 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 deliver the sustained and profitable expansion of its Engineering Services business through organic and acquisitive growth. We continue to pursue appropriate earnings enhancing acquisitions across all market sectors of our Engineering Services business. After the year end, the Group acquired Giffen Holdings Limited, a £20m specialist mechanical, electrical and power services provider within the railway environment. This acquisition broadens our service offering to Network Rail and creates opportunities for the Group in both the London Underground and Train Operating Company markets.

Outlook

The Group is well positioned for the 2016/17 financial year.

In 2014, the Group published 2017 targets 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 has achieved its revenue target already and these results demonstrate substantial progress towards achieving the other targets.

Our established and proven strategy, together with the strong order book gives the Board confidence in our future financial performance.

R J Harrison OBE
Chairman
22 November 2016

CHIEF EXECUTIVE'S REVIEW
P SCOTT

FURTHER OPPORTUNITIES FOR SUSTAINABLE GROWTH

"Our specialist skills combined with responsive delivery across a range of infrastructure markets see the Group support clients responsible for managing some of the UK's key infrastructure assets."

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Renew is a leading multidisciplinary engineering services provider. Our independently branded subsidiary businesses support the day-to-day operations of many of the UK's critical infrastructure assets in the Energy, Environmental and Infrastructure markets. The markets in which we operate are mainly regulated with high barriers to entry and benefit from long-term programmes of investment in renewals and enhancements.

We work on a diverse range of assets including nuclear and traditional power generation sites, water and gas infrastructure and the rail and wireless telecoms networks. Our highly skilled directly employed workforce delivers large volumes of maintenance and renewals tasks in addition to providing emergency reactive works to some of the country's key assets.

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

Engineering Services

Engineering Services revenue was £436.2m (2015: £440.5m) and accounted for 83% (2015: 85%) of Group revenue and 90% (2015: 90%) of Group operating profit prior to amortisation and central activities. This generated an increased margin of 4.9% (2015: 4.6%). Excluding the effect of non-recurring revenue in 2015, underlying organic growth was 3%. The Engineering Services order book grew 5% to £421m (2015: £400m).

Our operations focus on delivering essential maintenance tasks in mainly regulated markets. We do not anticipate an impact to our business following the UK's announcement of its intention to withdraw from the European Union.

Energy

Renew provides engineering support to assets in the nuclear, fossil, renewable energy and gas infrastructure markets.

In the Nuclear market we are engaged at fourteen of the Nuclear Decommissioning Authority's ("NDA") seventeen nuclear licensed sites across the UK. The NDA's latest estimate of the costs to clean up these sites over a programme lasting around 120 years is £70bn. Sellafield, where we have operated since 1945, will command approximately 73% of this expenditure which is currently committed at an annual rate of circa £2bn per annum.

As the largest mechanical, electrical and instrumentation employer at Sellafield, with positions on some of the longest running frameworks, we deliver critical asset care and maintenance of operational plant as well as redundant facilities. Our services are associated with the waste treatment, reprocessing, decommissioning, demolition and clean-up operations.

The acquisition of Nuclear Decontamination Services Limited in February enabled the expansion of our integrated engineering capabilities at Sellafield and other UK nuclear licenced sites. Most notably at Sellafield was our appointment to all three lots of the Decommissioning Delivery Partnership Framework as well as a lead appointment to the Retrievals and Decommissioning Programme. These ten year arrangements are integral to Sellafield's long-term clean up mission, with an estimated value of £500m over the term.

Also at Sellafield, work continues on the Multi Discipline Site Works Framework, which now has an expanded scope to support the long-term Magnox Swarf Storage Silo Programme. Other frameworks at the site include the Bulk Sludge Retrieval Programme, the Bundling Spares Framework and the recently awarded ten year Tanks and Vessels Framework. We also remain positioned to maximise opportunities within the future major projects programmes at Sellafield.

Our commitment to safety in the high hazard nuclear environment is reflected in our achievement of more than seven years of operations since a reportable lost-time accident at Sellafield. Shepley Engineers Limited and subsidiary PPS Electrical Limited were both recognised for their safety achievements at the site with "Outstanding Safety Performance" awards from Sellafield Limited.

Work continues on the second year of a four year, £30m Electrical, Controls and Instrumentation framework for Magnox. Working as sole provider across ten UK sites, support operations are associated with long-term waste treatment and processing, decommissioning, and clean-up of redundant facilities. We also maintain our longstanding relationship with Westinghouse at Springfields where we deliver a range of asset support services as well as decommissioning operations through a new framework agreement.

We continue to develop our position within the emerging nuclear new build programmes at Hinkley, Wylfa and Moorside, where we have initially focused on the potential supply of high integrity fabrications as well as mechanical and electrical installation support to specialist equipment vendors.

Long-term renewal and maintenance services on assets in the traditional and renewable energy markets are undertaken for clients including SSE, E.ON and Dŵr Cymru Welsh Water ("Welsh Water") and for a number of independent power station operators.

In gas, our addressable market remains the 30/30 Iron Mains Replacement Programme and the London Medium Pressure Strategic Gas Mains Replacement Programme which run to 2032. We estimate these programmes to have an approximate expenditure of £1bn per annum. As reported in the interim statement, our focus is on the large diameter medium pressure market, which offers better margin opportunity. Revenue flow from medium pressure frameworks has continued to be slow and as a result this business has continued to perform below our expectations. Good progress has been made in repositioning the balance of our

CHIEF EXECUTIVE'S REVIEW CONTINUED
P SCOTT

Energy continued

activities by reducing the amount of low pressure, small diameter work leading to a much improved trading performance in the final quarter. This trend will be enhanced following our recent appointment to a new medium pressure major works framework with Southern Gas Networks valued at £45m over the next five years.

Environmental

We support our water clients including Northumbrian Water, Wessex Water and Welsh Water in delivering asset renewal and maintenance programmes, flood alleviation and river and coastal defence schemes across their infrastructure networks.

Working for Northumbrian Water we are positioned as one of two suppliers on the five year, £14m per annum, AMP6 Sewerage Repairs and Maintenance Framework. In addition, we undertook a range of water related maintenance tasks for Northumbrian Water in the period.

Our relationship with Wessex Water has been strengthened in the period with our appointment to the AMP6 Civils and EMI Delivery Partners Framework estimated at £350m to 2020 as well as to the Minor Civils Framework over the same period.

For Welsh Water we operate on the Pressurised Pipelines Framework as well as on both the Major and Minor Civils frameworks. Our responsive performance on the Emergency Reactive Framework has positioned us as a key supplier. We are also engaged via the AMP6 Strategic Partners in this region with good visibility of schemes to be delivered through to the end of the current programme in 2020.

For the Environment Agency work included the maintenance and renewal of over 600 flood control and water management sites throughout the North of England region as part of the exclusive £12m MEICA framework, where we are in the second year of a four year programme. Our MEICA works for the Environment Agency were further enhanced in the year with an appointment to the MEICA Project Framework in the South East region. Works were also undertaken nationally as part of four minor works frameworks. Our emergency response following bad weather over winter led to larger schemes in York and across the North West.

In Land Remediation we work for National Grid on a number of frameworks associated with the remediation of former gasworks sites as well as for Magnox on the Land Quality Services Framework. We continue to work for Viridor in the North of England and Scotland. Work on an £11m scheme at Sighthill for Glasgow City Council is ongoing. Recently completed schemes include the North Gawber Colliery reclamation project for Harworth Estates.

At the Palace of Westminster, work on the second of four cast iron roof repair projects is progressing well. Work also commenced on the four year Courtyards Conservation Framework at this World Heritage Site.

Infrastructure

As a major provider of engineering services to Network Rail, as well as working for Train Operating Companies, we carry out off-track planned, reactive and emergency asset maintenance and renewal works across the rail network.

For our largest client Network Rail, who are investing around £38bn in the current control period, we operate as sole supplier on seven rail Infrastructure Projects frameworks. Works include the refurbishment and repair of a wide range of rail assets nationally including bridges, viaducts, culverts and specialist tunnel and shaft refurbishments. Schemes undertaken include the second phase of extensive repairs to the Central Tunnel in Liverpool and at the Severn Tunnel.

In addition to larger infrastructure schemes we delivered in excess of 5,000 individual infrastructure maintenance tasks through six Asset Management frameworks helping to maintain the smooth running of the rail network. AMCO Rail's commitment to delivering innovative working practices was recognised for a third year at the National Rail Awards in the "Innovation of the Year" category.

We continue to develop our position with Network Rail in Scotland as the major structures renewals and sole civils maintenance contractor and during the year completed schemes at Saltcoats and at the Wamphray Culvert.

Our locally based delivery teams provide a 24/7 national emergency response service which has seen us undertake work at Lamington Viaduct on the West Coast Main Line to repair extensive damage between Carlisle and Glasgow. In the period, our rail teams carried out emergency repair works at more than thirty sites.

New infrastructure awards include the three year, £15m Historic Railways Estate Works framework for Highways England. This maintains the historic assets associated with former railways. Additionally, we secured a five year framework for the provision of minor works services across the Greater Anglia franchise routes for Abellio.

In October 2016, we were pleased to complete the acquisition of Giffen Holdings Limited for a total consideration of £7m. Giffen's complementary skills will allow Amco Rail to offer an expanded range of services across the rail network as well as creating opportunities for the Group to provide services to London Underground. We are excited about the opportunities that this acquisition will bring.

In wireless telecoms we provide engineering support to the UK's cellular network operators and original equipment manufacturers. The market continues to be driven by consumer demand for faster, more capable mobile connectivity and the installation and expansion of 4G services continues to provide the majority of our work.

Specialist Building

Specialist Building revenue was £90.5m (2015: £79.5m) with an operating profit of £2.3m (2015: £2.3m). Our Specialist Building order book stood at £95m (2015: £102m).

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.

Discontinued Operation

A further assessment of contracts within the discontinued Allenbuild Ltd business (discontinued from 31 October 2014) has resulted in a pre-tax loss of £4.0m. All contracts have now been completed on site.

Summary

In Specialist Building, the Group continues to focus on delivering stable earnings through risk management and contract selectivity.

In Engineering Services, the Group's established strategy can be summarised as follows:

- focus on infrastructure markets with secure, long-term funding
- exposure to operational expenditure budgets rather than capital expenditure through an emphasis on renewal and maintenance operations
- deploying our directly employed workforce creating long-term relationships through responsiveness to clients' needs

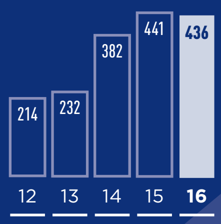
The continued successful delivery of this strategy enables the Board to be confident of sustainable growth.

Paul Scott
Chief Executive
22 November 2016

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

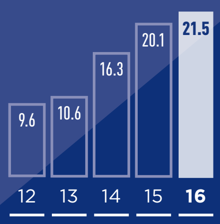
Engineering Services revenue

£436M



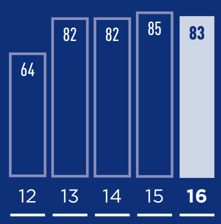
Engineering Services operating profit

£21.5M



Engineering Services as % of Group revenue

83%



FINANCIAL REVIEW

DIVIDEND GROWTH OF 14%

"The Group's profitability, together with further improved working capital generation, has led to our reporting a net cash balance of £4.8m (2015: net debt £4.8m) at the year end."

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Results

Group revenue from continuing activities was £525.7m (2015: £519.6m) with an operating profit before tax from continuing activities prior to amortisation of £22.0m (2015: £20.4m). A tax charge of £5.3m (2015: £3.6m) resulted in a profit after tax prior to amortisation and related deferred taxation for the year of £17.1m (2015: £16.1m). The profit for the year from continuing activities was £14.6m (2015: £13.2m). After accounting for discontinued activities, the profit for the year was £10.6m (2015: £5.9m).

Cash

The Group's profitability together with further working capital generation has resulted in a cash balance of £14.1m (2015: £10.7m) at the year end. Consequently, the Group's net cash position as at 30 September 2016 was £4.8m (2015: net debt £4.8m). The Group has complied with the covenants associated with the term loans throughout the year.

Pension schemes

At 30 September 2015, the IAS 19 valuation of the Lovell Pension Scheme, which was closed to new members in 2000, resulted in a substantial accounting surplus of £12.4m after accounting for deferred taxation. Due to the extreme reduction in the yield on gilts since last year, the accounting surplus has reduced to £6.3m. This actuarial reduction is accounted for through the Group Statement of Comprehensive Income.

During the year, the Board, in conjunction with the Trustees of the Lovell Scheme, completed a further 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 total of annuities purchased represent 53% of the scheme's total liabilities. Only 26% of liabilities were annuitised as at 30 September 2015. The benefit of a buy- in is to protect the annuitised pensions from market related volatilities which could increase liabilities. The value of the annuity matches that of the associated liability.

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 £1.7m (2015: £0.5m) 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 50% of the scheme's total liabilities.

In the triennial valuation of the scheme which was carried out as at 31 December 2013, the scheme actuary measured the deficit in the scheme at £2.1m. 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 tax charge on profit for the year is £4.7m (2015: £2.9m). The charge has been impacted by £0.8m of tax deductions which have been allocated to discontinued operations although Renew Holdings plc will receive the benefit of these deductions. The rate of taxation in these accounts is 24.4% but falls to 20.4% when adjusted to eliminate the above item. The Board expects the Group's future rate of taxation to approximate to the headline rate of corporate tax in effect for the relevant accounting period. As a result of 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.

Acquisitions

During the year, the Group made a small acquisition, Nuclear Decontamination Services Limited ("NDS"), which expanded the Group's service offering in the nuclear market. The acquisition cost was £0.2m. On acquisition, the business and employees of NDS were transferred to another Group company.

Subsequent to the year end, the Group acquired Giffen Holdings Limited ("Giffen"), a mechanical, electrical and power services business within the railway environment. The acquisition cost was £7m in total. Giffen, which had revenue of approximately £22m and an operating profit of £0.7m in the year ended 30 September 2016, enhances the Group's capabilities in the Infrastructure market. Both acquisitions were funded from the Group's own cash resources. Giffen's results for the eleven months ending 30 September 2017 will be consolidated into the Group's results for the next financial year.

Distributable profits

The distributable profits of Renew Holdings plc are £47.1m (2015: £49.9m). The Board is recommending a final dividend of 5.35p (2015: 4.75p) per share bringing the total for the year to 8.0p (2015: 7.0p), an increase of 14%.

J Samuel
Group Finance Director
22 November 2016

INVESTMENT CASE

DRIVING GROWTH IN OUR BUSINESS

Our subsidiary businesses operate in mainly regulated markets providing a range of integrated engineering support services. We develop long-term relationships with our clients through the delivery of asset care and maintenance as well as an emergency response provision.

Our key growth drivers

Consistently delivering our 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 sustainable growth

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

Working 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.

Integrated engineering support services

Our subsidiary businesses offer a range of integrated multidisciplinary engineering services solutions, across the Energy, Environmental and Infrastructure markets.

Mainly regulated markets provide visibility

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

Developing long-term relationships

Our range of services and responsiveness positions us as a key supplier to our clients as we assist them in maintaining their assets and providing continuity of service.

Further growing operating margins

The Group has delivered continual operating margin improvement, growing from 1% in 2006 to 4.2% in 2016.

Cash generation

The Group has consistently generated cash from operations and its positive working capital characteristics have enabled it to maximise shareholder return.

Capital growth

The Group has grown its market capitalisation more than nine fold since 30 September 2005, without recourse to new equity.

ESTABLISHED GROWTH STRATEGY

We remain committed to our long-term strategy of expanding our Engineering Services activities both organically and through selective acquisitions.

Our established and proven strategy, together with the strong order book, gives the Board confidence in our future financial performance.

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 2017 strategic targets:

£500m Group revenue

4.5% Group adjusted operating profit

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

BUSINESS MODEL

DELIVERING VALUE THROUGH OUR BUSINESS

Through the effective management and control of our subsidiary businesses, we deliver shareholder value through capital growth and a progressive dividend policy.

Safe delivery of our services is paramount

Safety remains the Group's priority. Our safe operations are managed by our subsidiary businesses alongside their safety advisors, who have specific knowledge in the individual environments. Safety advisors share knowledge and best practice, assisting our businesses in maintaining our high safety standards.

Attention to delivering services safely ensures that our accident incident rate remains materially lower than the industry average.

> Corporate social responsibility – p24

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 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 – p16

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 – p15

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.

> Markets – p13

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.

> Strategy – p11
> KPIs – p14

OPERATING IN MAINLY REGULATED MARKETS

Our clients are responsible for keeping many of the UK's key assets operational, which requires long-term programmes of asset care.

Energy

Nuclear

- The Nuclear Decommissioning Authority is responsible for 17 nuclear licensed sites across the UK and estimates that the cost of cleaning up these sites over a programme lasting around 120 years will be £70bn. Sellafield will command approximately 73% of this expenditure, which is currently committed at an annual rate of circa £2bn per annum.
- Estimated investment of £60bn in new UK nuclear power stations by 2030.

Traditional, renewable and gas

- As energy demand increases, it is likely that the UK's existing traditional generating assets will require investment in long-term maintenance programmes.
- As part of ongoing improvements to the gas network, the UK is undertaking a number of essential asset replacement programmes, including the 30/30 Iron Mains Replacement Programme and the London Medium Pressure Strategic Gas Mains Replacement Programme which run to 2032.

Environmental

Water

- UK water companies, regulated by Ofwat, undertake long-term investment programmes. In the current five year investment period (AMP6) we estimate our clients, Northumbrian Water, Wessex Water and Dŵr Cymru Welsh Water, will spend around £3.2bn on maintaining their water infrastructure assets.
- The UK government has committed to invest a record £2.3bn in coastal and river flood risk management to 2021.

Land remediation

- The Environment Agency estimates that in England and Wales approximately 300,000 hectares of land could potentially be affected by historical contamination.

Infrastructure

Rail

- Network Rail is investing around £38bn to 2019 on running, maintaining and improving Britain's railway.

Wireless telecoms

- As consumer demand for mobile data, particularly 4G, increases, investment in existing and new wireless infrastructure is required as well as decommissioning of redundant assets.

Specialist Building

High Quality Residential

- The High Quality Residential market in London and the Home Counties remains strong. We have particular specialist engineering expertise in major structural alteration works both above and below ground.

1. Nuclear Decommissioning Authority, Nuclear Provision – explaining the cost of cleaning up Britain's nuclear legacy (February 2015).
2. HM Government, Industrial Strategy: government and industry in partnership. The UK's Nuclear Future (2013).
3. Network Rail Limited, Annual report and accounts 2014 (June 2014).
4. Department for Environment, Food and Rural Affairs, Reducing the risks of flooding and coastal erosion: An investment plan (December 2014).
5. Environment Agency, Reporting the evidence. Dealing with contaminated land in England and Wales (January 2009).

KPIs

MEASURING PERFORMANCE

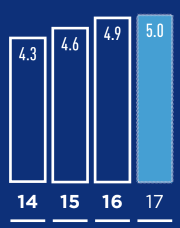
Key performance indicators

The Group has certain key performance indicators ("KPIs") which are used to measure and monitor its performance 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 Board has set financial targets for the year ending 30 September 2017 and these are described on page 11.

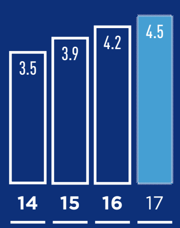
Adjusted Engineering Services operating profit as a percentage of revenue*

4.9%



Adjusted Group operating profit as a percentage of revenue*

4.2%



Key:

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

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.

FOR MORE INFORMATION ON SAFETY
> P25

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 2016, these policies are equivalent to 54% of the combined schemes' liabilities.
The impact of accidents on our employees and the 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.

OPERATIONAL REVIEW

ENERGY

Energy

Key highlights

- We remain the largest mechanical, electrical & instrumentation employer at Sellafield.
- We acquired Nuclear Decontamination Services Limited in February expanding our range of services.
- Appointed to all three lots of the ten year Decommissioning Delivery Partnership Framework at Sellafield.

14 SITES

Engaged at 14 of the Nuclear Decommissioning Authority's 17 nuclear licensed sites across the UK

£30M

Working nationally for Magnox, we operate as sole provider on a £30m EC&I framework

YEAR 2032

In gas, we undertake work on the 30/30 Iron Mains Replacement Programme, which runs to 2032

Nuclear

We deliver multidisciplinary engineering services to the nuclear industry.

Our work concentrates on high hazard risk reduction operations, supporting the maintenance and decommissioning of operational plant as well as redundant facilities. Our services are associated with waste treatment, reprocessing, decommissioning, demolition and clean-up operations.

Our integration of generation, grid and decommissioning services provides a differentiator in this market.

Capabilities

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

Traditional, renewable and gas infrastructure

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

Capabilities

- Operational support and asset care
- Critical planned and reactive maintenance and renewals
- Civil, mechanical and electrical engineering
- Gas distribution network asset maintenance, replacement and installation
- Specialist flow stopping, drilling and internal inspection

Progress

We remain the largest mechanical, electrical and instrumentation employer at Sellafield, where we have operated since 1945.

Appointed to all three lots of the Decommissioning Delivery Partnership Framework as well as a lead appointment to the Retrievals and Decommissioning Programme at Sellafield. These ten year arrangements are integral to the long-term clean up mission at the site, with an estimated value of £500m over the term.

At Sellafield, work continues on the Multi Discipline Site Works Framework, which now has an expanded scope to support the long-term Magnox Swarf Storage Silo Programme.

Other Sellafield frameworks include the Bulk Sludge Retrieval Programme, the Bundling Spares Framework and the recently awarded ten year Tanks and Vessels Framework.

We remain positioned to maximise opportunities within the future major projects programmes at Sellafield.

Shepley Engineers Limited and subsidiary PPS Electrical Limited were both recognised for their safety achievements with "Outstanding Safety Performance" awards from Sellafield Limited.

Work continues on the second year of a four year £30m Electrical, Controls & Instrumentation Framework for Magnox as sole provider across 10 UK sites.

We deliver a range of asset support services as well as decommissioning operations through a new framework for Westinghouse at Springfields.

7 YEARS

of operations since a reportable lost-time accident at Sellafield

Progress

We continue to undertake long-term asset renewal and maintenance services for clients including SSE, E.ON and Dŵr Cymru Welsh Water and for a number of independent power station operators.

Our directly employed service teams work across the gas distribution network replacing low and medium pressure gas mains.

Our focus is on the large diameter medium pressure market, which offers better margin opportunity.

Recent appointment to a new medium pressure major works framework with Southern Gas Networks valued at £45m over the next five years.

ENVIRONMENTAL

Environmental

Key highlights

- Second year of exclusive £10m Mechanical, Electrical, Instrumentation, Controls and Automation ("MEICA") framework for the Environment Agency in the northern region.
- Appointed to the AMP6 Civils and Electrical, Mechanical and Instrumentation Delivery Partner Framework for Wessex Water.
- Key supplier for Welsh Water on the Emergency Reactive Framework.

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
- Critical planned and reactive maintenance and renewals
- Civil, mechanical and electrical engineering
- Emergency works including flood risk management programmes
- Maintaining strategic water mains and mains drainage
- Clean and waste water rehabilitation infrastructure
- Port, harbour and sea defences

Land remediation

We have over 30 years' expertise in providing specialist soil and groundwater remediation and associated earthworks nationwide.

Our in-house capabilities include soil washing, biophysical treatment and geotechnical improvements. We can add value through our ability to recover up to 100% of soils and excavated materials on site.

Capabilities

- Soil and groundwater remediation
- Soil washing, biophysical treatment, solidification and stabilisation, enhanced segregation and geotechnical improvements
- Design of bespoke remediation and ground engineering solutions
- Combining remediation strategies with infrastructure delivery

Progress

We support our water clients including Northumbrian Water, Wessex Water and Dŵr Cymru Welsh Water in delivering asset renewal and maintenance programmes, flood alleviation and river and coastal defence schemes.

Working for Northumbrian Water as one of two suppliers on the five year, £14m per annum, AMP6 Sewerage Repairs and Maintenance Framework as well as on a range of water related maintenance tasks.

Appointed to the AMP6 Civils and EMI Delivery Partners Framework for Wessex Water estimated at £350m to 2020 as well as to the Minor Civils Framework over the same period.

Working for Welsh Water we operate on the Pressurised Pipelines Framework as well as on both the Major and Minor Civils Frameworks.

Our responsive performance on the Emergency Reactive Framework has positioned us as a key supplier for Welsh Water. We are also engaged via the AMP6 Strategic Partners in this region with good visibility of schemes to be delivered through to the end of the current programme in 2020.

For the Environment Agency, work included the maintenance and renewal of over 600 flood control and water management sites throughout the North of England region as part of the exclusive £12m MEICA framework, where we are in the second year of a four year programme.

Our MEICA works for the Environment Agency were further enhanced with an appointment to the MEICA Project Framework in the South East region.

Works were undertaken nationally as part of four minor works frameworks for the Environment Agency. Our emergency response following bad weather over winter led to larger schemes in York and across the North West.

Progress

We work for National Grid on a number of frameworks associated with the remediation of former gasworks sites as well as for Magnox on the Land Quality Services Framework.

We continue to work for Viridor on a Landfill Engineering Framework in the North of England and Scotland.

Work on an £11m scheme at Sighthill for Glasgow City Council is ongoing. In the year completed schemes included the North Gawber Colliery reclamation project for Harworth Estates.

At the Palace of Westminster, work on the second of four cast iron roof repair projects is progressing well. Work also commenced on the four year Courtyards Conservation Framework at this World Heritage Site.

30 YEARS'+

experience in specialist soil and groundwater remediation

OPERATIONAL REVIEW CONTINUED

INFRASTRUCTURE

Infrastructure

Key highlights

- We are a major provider of engineering services to Network Rail as well as working for train operating companies.
- We are sole supplier on seven Rail Infrastructure Projects frameworks as well as working on six Asset Management frameworks for Network Rail.
- Appointed to new frameworks for Highways England and Abellio.

Rail

As a major provider of engineering services to Network Rail as well as working for train operating companies, our directly employed, multi-skilled local delivery teams carry out off-track planned, reactive and emergency asset maintenance and renewal works across the rail network.

We undertake a high volume of small value mechanical and electrical engineering and maintenance services tasks supporting a wide range of rail infrastructure assets.

Capabilities

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

Wireless telecoms

In wireless telecoms we provide engineering support to the UK's cellular network operators and major original equipment manufacturers.

Our services include all aspects of wireless telecoms infrastructure delivery including site acquisition and design, construction, installation and site optimisation as well as site maintenance and decommissioning.

Capabilities

- Operational support and asset care
- Critical planned and reactive maintenance and renewals
- Civil, mechanical and electrical engineering
- Wireless telecoms installations
- Radio network planning, including the installation of specialist indoor and outdoor coverage solutions
- Provision of 2G, 3G, 4G and Wi-Fi technologies

Progress

For our largest client Network Rail we operate as sole supplier on seven Rail Infrastructure Projects frameworks for the refurbishment and repair of a wide range of rail assets nationally.

Schemes undertaken include the second phase of extensive repairs to the Central Tunnel in Liverpool and at the Severn Tunnel.

Also for Network Rail we work on six Asset Management frameworks, helping to maintain the smooth running of the rail network.

AMCO Rail's commitment to delivering innovative working practices was recognised for a third year at the National Rail Awards in the "Innovation of the Year" category.

We continue to work for Network Rail as the major structures renewals and sole civils maintenance contractor in Scotland where during the year we completed schemes at Saltcoats and at the Wamphray Culvert.

Our locally based delivery teams continue to provide a 24/7 national emergency response service which has included works at Lamington Viaduct on the West Coast Main Line to repair extensive damage between Carlisle and Glasgow.

Our rail teams carried out emergency works at more than 30 sites for Network Rail.

New infrastructure awards include the three year £15m Historic Railways Estate Works Framework for Highways England to maintain historic assets associated with former railways. We also secured a five year framework for the provision of minor works services across the Greater Anglia franchise routes for Abellio.

24/7

emergency response provision across the rail network

5,000+

individual infrastructure maintenance tasks undertaken for Network Rail

Progress

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.

We continue to assist the wireless telecoms operators in the provision of new infrastructure, the upgrade of existing networks and decommissioning of redundant assets.

The installation and expansion of 4G services continues to provide the majority of our work as the market is driven by consumer demand for faster, more capable mobile connectivity.

We delivered over 40,000 individual tasks for our network customers during 2016.

We continue to work on the 4G expansion programmes across the UK.

4G

expansion continues to provide the majority of our workload

OPERATIONAL REVIEW CONTINUED

SPECIALIST BUILDING

Specialist Building

High Quality Residential

Our subsidiary, Walter Lilly, is recognised as a market-leading luxury provider of prestigious private residential refurbishment projects in London and the Home Counties. The schemes we undertake often require extensive structural engineering works to extend properties below ground.

Space restrictions in the South and the complex nature of the work we undertake means that 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.

Capabilities

- Luxury provider of prestigious private residential refurbishments
- Specialist in extensive structural engineering works required to extend properties below ground

Progress

Our operations remain focused on the High Quality Residential market in London and the Home Counties.

Our specialist skills in providing extensive underground developments proves a differentiator in this market.

In the year we undertook a range of schemes for private clients.

2017 revenue fully secured.

OUR CORPORATE RESPONSIBILITY

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

Community engagement and charitable giving

We recognise the importance of engaging with our local communities and our subsidiary businesses are involved in a wide range of schemes. Local community projects provide an opportunity to assist communities using our skills, time and financial support, helping to ensure our work leaves a lasting positive impact.

Shepley Engineers assists many charities through fundraising events in Cumbria. Shepley also undertakes a social awareness training programme, to help develop an understanding of broader community issues as well as providing their time and expertise alongside direct funding in support of their local community.

Britannia continued its support for Action for M.E. and Macmillan Cancer Support during the year, as well as undertaking a range of fundraising activities which included participation in the Great Bristol 10K event.

AMCO Rail sponsored the 13th hour of the St Vincent's Christmas Sing-a-thon, all money raised went directly towards supporting families and individuals struggling in poverty across Leeds during the Christmas period. AMCO also designed and installed a sensory garden to provide outdoor facilities for disabled children in support of the "Life for a Kid" charity.

Lewis Civil Engineering was proud to be the main event sponsor for a Great Gatsby themed race night in support of WaterAid, an event hosted by Wessex, Bristol and Bournemouth Water. Lewis also undertook the Mencap Cycle Challenge 2015, raising over £5,000.

VHE continued its long association with Bluebell Wood Children's Hospice, raising money throughout the year with a number of fundraising events, and Seymour Civil Engineering continued its support of the Hartlepool and District Hospice as a corporate partner sponsoring its annual "It's a Knockout" event.

Clarke Telecom took part in a dragon boat race raising money in support of St Catherine's Hospice, Crawley as well as regular fundraising activities throughout the year for the Lennox Children's Cancer Fund.

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, Make A Wish, Save the Children, 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.

We employ systems and procedures that ensure the Group's compliance with all relevant legislation relating to the environment.

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 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 2016 we continued to focus on the reduction of carbon emissions and the promotion of more sustainable development by conserving energy, materials and resources.

Employment and training

Our businesses work in partnership with schools and colleges to offer work opportunities including apprenticeships, scholarships and work experience within their local communities. We recognise the need for continued investment in traditional engineering skills.

Shepley Engineers provides work and job experience opportunities and currently has over 30 apprenticeships covering pipe fitting, welding, plating, erectors and electrical disciplines. Shepley participates in its local business cluster, which co-ordinates business engagement with education providers.

Shepley and Walter Lilly are part of the 5% Club, an industry-led initiative focused on driving momentum into the recruitment of apprentices, graduates and sponsored students. Walter Lilly continues its 19 year programme of sponsoring students from Loughborough University in disciplines such as construction management, quantity surveying and design management.

VHE provides vocational training and, during 2016, students from Barnsley College joined the business to undertake placements. Seymour continues to work alongside St. Hild's School, Hartlepool College and Construction Skills supporting pupils and staff through their placement scheme. Seymour spent a day with 80 students at High Tunstall College in Hartlepool giving them an insight into civil engineering. Seymour also visited schools with mascot "Ivor Goodsite" to highlight the dangers of playing on construction sites as well as showing them how great it is to work in construction!

Britannia has continued its civil engineering operative apprenticeship scheme in partnership with Gloucester College, and has now employed a civil engineering technician apprentice on a level 4 course with Bath College.

AMCO extended its craft apprenticeship training programme in the year and elsewhere our businesses supported their employees through a range of long-term programmes of formal training helping to develop industry skills.

Safety

It remains the Group's priority to provide a safe working environment for all its employees. 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.

One of the most challenging areas the Group operates in is the nuclear environment. At the Sellafield site in Cumbria, we have completed over seven years of operations since a lost-time accident. Our safety achievement was recognised at the site with Shepley Engineers and subsidiary PPS Electrical awarded "Outstanding Safety Performance" by Sellafield Limited.

The changing nature of the work the Group undertakes, with 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 made include cross-business safety checks, safety conferences, supplier safety forums and annual business safety awards.

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.

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. Renew is pleased to have recorded another year where our accident incident rate is materially lower than the industry average.

This Strategic Report was approved by the Board on 22 November 2016 and is signed on its behalf by:

P Scott
Chief Executive
22 November 2016

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 page 29. 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 induction 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 nine 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 P Scott, monitors the composition of the Board and recommends the appointment of new Directors. The Nominations Committee, with all Directors present, has held three 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, re-appointment 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.

Internal controls

Throughout the financial year ended 30 September 2016 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 2016, 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 25 January 2017, 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 22 November 2016.

By Order of the Board

J Samuel

J Samuel
Company Secretary
22 November 2016

DIRECTORS' REPORT

The Directors present their report and the audited accounts for the year ended 30 September 2016.

Principal activities

For the year ended 30 September 2016 the principal activity of the Group continued to be as contractors in Engineering Services and Specialist Building. The main activities are carried out in the United Kingdom 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 2016 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 £10,612,000 (2015: £5,905,000). The Directors recommend the payment of a final dividend on the Ordinary Shares of 5.35p (2015: 4.75p) giving a total for the year of 8.0p (2015: 7.0p).

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 2016 £4,363,000 (2015: £4,233,000) 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. The sterling value has increased due to the strengthening of the dollar against sterling compared to 2015.

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 sub-contractors and has established the following payment policy:

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

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

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

Employees

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

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

Health and safety management

B W May was the designated Board Director of Health and Safety with Group responsibility for safety and environmental management throughout the year until his retirement on 30 September 2016 when he was succeeded by P Scott. 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.

Health and safety management continued

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 Director.

Certain Group companies employ their own specialist advisors who liaise directly with the Group 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 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 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 24 to 25.

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, 71, 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, 56, 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 and Addo Food Group Limited.

Roy Harrison OBE – Director, 69, 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 and Domotec Holdings Limited. 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.

Executive Directors

Brian May – Director, 65 was appointed to the Board as Chief Executive Officer in June 2005 and served in that role until his retirement on 30 September 2016.

Paul Scott – Director, 52, was appointed to the Board as Engineering Services Director on 21 July 2014 and succeeded Brian May as Chief Executive on 1 October 2016. Paul has been with the Group for seventeen years, serving as Managing Director of Shepley Engineers Limited, the Group's nuclear services business prior to assuming the Group-wide Engineering Services role.

Andries Liebenberg – Director 48, was appointed to the Board on 31 March 2016. Andries is the Managing Director of Renew's largest business, Amalgamated Construction Limited ("Amco") and has been with the Group over nine years. Andries is also a director of the Civil Engineering Contractors Association (Yorkshire & Humberside) Limited.

John Samuel – Director, 60, was appointed to 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 and served as a partner with Baker Tilly from 1987 until 1991. John is a director and trustee of Yorkshire Air Ambulance Limited.

John Bishop and John Samuel retire by rotation at the 2017 Annual General Meeting ("AGM") and offer themselves for reappointment. Additionally, Andries Liebenberg, who was appointed during the year, will offer himself 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 33 and 34. No Director has any interest in any other Group company. Details of the Directors' remuneration and service contracts appear on pages 32 to 34.

DIRECTORS' REPORT CONTINUED

Disclosable interests

As at 18 November 2016, 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	9,325,751	14.96%
Hargreave Hale Limited	8,746,548	14.04%
Investec Wealth & Investment Limited	3,773,606	6.06%
Miton Group PLC	2,922,658	4.69%
Brewin Dolphin Limited	2,800,783	4.49%

Share capital

As at the date of this report, the total number of shares in issue (being ordinary shares of 10p each) is 62,317,948. 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 385p 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 Report of the Directors on 22 November 2016.

By Order of the Board

J Samuel FCA
Company Secretary
22 November 2016

Company number 650447

DIRECTORS' REMUNERATION REPORT

The Directors present the Directors' remuneration report (the "Remuneration Report") for the financial year ended 30 September 2016.

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 Directors' 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.

B W May retired as Chief Executive Officer of the Group on 30 September 2016 and resigned as a Director of the Company on that date. He was succeeded by P Scott, previously Engineering Services Director, with effect from 1 October 2016. A Liebenberg was appointed to the Board on 31 March 2016.

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

In favour	– 6,697,526 (99.1 per cent)
Against	– 63,988 (0.9 per cent)
Total votes cast	– 6,761,514 (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 three 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 to, and terms agreed with, directors in similar companies in the same sector and of a similar size and after a review of the performance of the individual.

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 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.

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 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.

DIRECTORS' REMUNERATION REPORT CONTINUED

Remuneration policy continued

Long-term equity incentive plans continued

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.

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

Remuneration for the year ending 30 September 2016

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 3 years.

The service contracts of the Directors, who served during the year ended 30 September 2016 and were in post on that date, 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
P Scott	Executive	1 July 2014	Rolling one year	12
A Liebenberg	Executive	31 March 2016	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 2016:

	Notes	Salary/fees £000	Bonuses £000	LTIP £000	Pension £000	Benefits £000	Total emoluments 2016 £000	Total emoluments 2015 £000
Executive Directors								
B W May	1,2,3,4,5	323	174	905	-	74	1,476	1,213
P Scott	2,4,5	200	117	-	32	25	374	372
A Liebenberg	2,4,5,6	99	90	-	-	24	213	-
J Samuel	2,3,4,5	248	137	679	-	57	1,121	866
							3,184	2,451
Non-executive Directors								
R J Harrison		62	-	-	-	-	62	60
J Bishop		34	-	-	-	-	34	33
D M Forbes		34	-	-	-	-	34	33
							3,314	2,577

Directors' remuneration continued

Notes:

1. The highest paid Director for 2016 and 2015 was B W May who received emoluments of £1,476,000 (2015: £1,213,000).
2. Bonuses were earned by B W May, P Scott, A Liebenberg and J Samuel during the current financial year and will be paid in the year ending 30 September 2017.
3. Details of the LTIP options exercised during the year can be found below.
4. Benefits include car allowances and certain medical cover for the Director and immediate family.
5. B W May, P Scott, A Liebenberg 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. Prior to 1 June 2016, pension contributions for P Scott were paid at the same rate into a personal pension plan and those emoluments are separately disclosed above.
6. A Liebenberg was appointed as a Director with effect from 31 March 2016 and so the emoluments shown above represent the six month period ended 30 September 2016. All of A Liebenberg's emoluments were borne by a subsidiary undertaking.

Annual bonus awards

The Company provides a bonus incentive scheme for Executive Directors (other than A Liebenberg) 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 2016, 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 £21,300,000. 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 3 per cent. Accordingly, under the terms of the scheme, the Executive Directors are entitled to receive an annual bonus equal to 55.1 per cent of salary.

A Liebenberg's annual bonus arrangements were set at the beginning of the financial year prior to him joining the Board. Targets were set in relation to the business unit over which he has direct responsibility.

Long-term equity incentive plans

The market price of the Company's shares at 30 September 2016 was 366p and the range of market prices during the year was between 299.25p and 410p.

Information is provided below for Directors who served during the financial year and as at 30 September 2016:

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 used solely to enable 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 03 Jan 2017 & 2 Jan 2021	Exercisable between 08 Jan 2018 & 7 Jan 2022	Exercisable between 28 Jan 2019 & 27 Jan 2023
LTIP Options			
B W May (See below)	140,648	72,667	34,667
P Scott		60,000	67,700
A Liebenberg		40,000	58,000
J Samuel	112,518	84,000	80,000
ESOS Options			
B W May (See below)		10,489	
P Scott		10,489	
A Liebenberg		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 21 to the Accounts.

DIRECTORS' REMUNERATION REPORT CONTINUED

Directors' share options continued

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 15 January 2016 and 228,560 shares were issued to B W May and 171,440 shares to J Samuel at 385p per share prior to dealing costs. This level of vesting reflects the substantial rise in earnings per share, share price and total shareholder return during the vesting period. In addition, and in accordance with the rules of the LTIP, payments of £30k and £22k were made to B W May and J Samuel respectively representing dividends accrued during the vesting period on the shares vested as detailed above.

Following the retirement of B W May, the number of his outstanding options has been prorated to reflect the reduced vesting period, in accordance with the rules of the LTIP. They remain subject to performance criteria. All of B W May's options must be exercised by 31 January 2018.

Directors' pension information

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

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 2016 as follows:

	Ordinary Shares of 10p each	
	30 September 2016	30 September 2015
R J Harrison OBE	**150,000**	150,000
J Bishop	**11,890**	11,890
D M Forbes	**20,000**	20,000
B W May	**584,193**	584,193
P Scott	**5,000**	5,000
A Liebenberg	**-**	-
J Samuel	**240,548**	240,548

Remuneration for the year ending 30 September 2017

Basic salary and benefits

The basic salaries of P Scott, A Liebenberg and J Samuel have increased by 29% to £275,000, by 2% to £204,000 and by 2% to £253,190 respectively with effect from 1 October 2016. The level of increase for P Scott reflects his increased level of responsibility following his appointment as Chief Executive. The increases for A Liebenberg and J Samuel are 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 2017 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 have 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 AGM, then shortly after that meeting. It is expected that the next award will be announced shortly after the publication of the Company's annual results. Awards are limited in amount to 150 per cent of basic salary. The third tranche of options granted under the LTIP, granted on 3 January 2014 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 22 November 2016 and signed on its behalf by:

D M Forbes
Chairman of the Remuneration Committee
22 November 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES
IN RESPECT OF THE STRATEGIC REPORT, THE ANNUAL REPORT AND FINANCIAL STATEMENTS

The Directors are responsible for preparing the Strategic Review, 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), including FRS 102 'The Financial Reporting Standard' applicable in the UK and Republic of Ireland.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable 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 2016 set out on pages 37 to 74. 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), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 35, 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 2016 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 4DA
22 November 2016

GROUP INCOME STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER

	Note	Before amortisation of intangible assets 2016 £000	Amortisation of intangible assets (see Note 3) 2016 £000	Total 2016 £000	Before amortisation of intangible assets 2015 £000	Amortisation of intangible assets (see Note 3) 2015 £000	Total 2015 £000
Group revenue from continuing activities	2	525,737	-	525,737	519,645	-	519,645
Cost of sales		(469,180)	-	(469,180)	(462,154)	-	(462,154)
Gross profit		56,557	-	56,557	57,491	-	57,491
Administrative expenses		(34,603)	(2,954)	(37,557)	(37,121)	(3,536)	(40,657)
Operating profit	3	21,954	(2,954)	19,000	20,370	(3,536)	16,834
Finance income	5	373	-	373	27	-	27
Finance costs	5	(624)	-	(624)	(939)	-	(939)
Other finance income - defined benefit pension schemes	5	625	-	625	189	-	189
Profit before income tax		22,328	(2,954)	19,374	19,647	(3,536)	16,111
Income tax expense	7	(5,268)	532	(4,736)	(3,579)	636	(2,943)
Profit for the year from continuing activities		17,060	(2,422)	14,638	16,068	(2,900)	13,168
Loss for the year from discontinued operation	4			(4,026)			(7,263)
Profit for the year attributable to equity holders of the parent company				10,612			5,905
Basic earnings per share from continuing activities	9			23.53p			21.34p
Diluted earnings per share from continuing activities	9			23.33p			21.06p
Basic earnings per share	9			17.06p			9.57p
Diluted earnings per share	9			16.91p			9.44p

GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER

	Note	2016 £000	2015 £000
Profit for the year attributable to equity holders of the parent company		**10,612**	5,905
Items that will not be reclassified to profit or loss:			
Movement in actuarial valuation of the defined benefit pension schemes	25	**(14,229)**	8,880
Movement on deferred tax relating to the defined benefit pension schemes		**2,561**	(1,570)
Total items that will not be reclassified to profit or loss		**(11,668)**	7,310
Items that are or may be reclassified subsequently to profit or loss:			
Exchange movement in reserves		**291**	304
Total items that are or may be reclassified subsequently to profit or loss		**291**	304
Total comprehensive income for the year attributable to equity holders of the parent company		**(765)**	13,519

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 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 movement 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
Transfer from income statement for the year						10,612	10,612
Dividends paid						(4,611)	(4,611)
New shares issued	40	1,492					1,532
Recognition of share based payments					244		244
Exchange differences				291			291
Actuarial movement recognised in pension schemes						(14,229)	(14,229)
Movement on deferred tax relating to the pension schemes						2,561	2,561
At 30 September 2016	**6,232**	**8,481**	**3,896**	**1,347**	**571**	**842**	**21,369**

GROUP BALANCE SHEET
AT 30 SEPTEMBER

	Note	**2016 £000**	2015 £000
Non-current assets			
Intangible assets – goodwill	10	**56,259**	56,060
– other	10	**1,280**	4,234
Property, plant and equipment	11	**13,673**	13,101
Retirement benefit assets	25	**7,704**	15,154
Deferred tax assets	7	**1,581**	1,718
		80,497	90,267
Current assets			
Inventories	12	**5,362**	4,864
Assets held for resale		**1,500**	-
Trade and other receivables	13	**93,520**	96,960
Current tax assets		**-**	2,187
Cash and cash equivalents	15	**14,084**	10,662
		114,466	114,673
Total assets		**194,963**	204,940
Non-current liabilities			
Borrowings	17	**(3,100)**	(9,300)
Obligations under finance leases	18	**(3,030)**	(2,514)
Retirement benefit obligations	25	**(2,110)**	(599)
Deferred tax liabilities	7	**(1,664)**	(3,537)
Provisions	19	**(312)**	(1,232)
		(10,216)	(17,182)
Current liabilities			
Borrowings	17	**(6,200)**	(6,200)
Trade and other payables	16	**(153,472)**	(153,612)
Obligations under finance leases	18	**(2,623)**	(2,609)
Current tax liabilities		**(863)**	-
Provisions	19	**(220)**	(368)
		(163,378)	(162,789)
Total liabilities		**(173,594)**	(179,971)
Net assets		**21,369**	24,969
Share capital	21	**6,232**	6,192
Share premium account	22	**8,481**	6,989
Capital redemption reserve	22	**3,896**	3,896
Cumulative translation adjustment	22	**1,347**	1,056
Share based payments reserve	22	**571**	327
Retained earnings	22	**842**	6,509
Total equity		**21,369**	24,969

Approved by the Board and signed on its behalf by:

R J Harrison OBE
Chairman
22 November 2016

GROUP CASHFLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER

	2016 £000	2015 £000
Profit for the year from continuing operating activities	**14,638**	13,168
Amortisation of intangible assets	**2,954**	3,536
Depreciation	**4,036**	3,927
Profit on sale of property, plant and equipment	**(569)**	(278)
Expense in respect of share option exercise	**1,532**	1,087
Decrease/(increase) in inventories	**60**	(586)
Increase in receivables	**(63)**	(14,191)
Increase in payables	**2,609**	18,741
Current and past service cost in respect of defined benefit pension scheme	**47**	248
Cash contribution to defined benefit pension schemes	**(4,701)**	(4,279)
Expense in respect of share options	**244**	35
Finance income	**(373)**	(27)
Finance (other income)/expense	**(1)**	750
Interest paid	**(624)**	(939)
Income taxes paid	**(863)**	(3,066)
Income tax expense	**4,736**	2,943
Net cash inflow from continuing operating activities	**23,662**	21,069
Net cash outflow from discontinued operating activities	**(6,109)**	(3,590)
Net cash inflow from operating activities	**17,553**	17,479
Investing activities		
Interest received	**373**	27
Proceeds on disposal of property, plant and equipment	**1,020**	530
Purchases of property, plant and equipment	**(1,304)**	(1,454)
(Acquisition)/disposal of subsidiaries net of cash acquired	**(208)**	1,135
Net cash (outflow)/inflow from continuing investing activities	**(119)**	238
Net cash inflow from discontinued investing activities	**-**	162
Net cash (outflow)/inflow from investing activities	**(119)**	400
Financing activities		
Dividends paid	**(4,611)**	(3,546)
Loan repayments	**(6,200)**	(6,200)
Repayments of obligations under finance leases	**(3,225)**	(3,067)
Net cash outflow from financing activities	**(14,036)**	(12,813)
Net increase in continuing cash and cash equivalents	**9,507**	8,494
Net decrease in discontinued cash and cash equivalents	**(6,109)**	(3,428)
Net increase in cash and cash equivalents	**3,398**	5,066
Cash and cash equivalents at beginning of year	**10,662**	5,586
Effect of foreign exchange rate changes on cash and cash equivalents	**24**	10
Cash and cash equivalents at end of year	**14,084**	10,662
Bank balances and cash	**14,084**	10,662

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 cash flows 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 cash flows. More information is given in Note 10 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 25 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 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 first is allocated to goodwill, and then to remaining assets and liabilities on 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.

NOTES TO THE ACCOUNTS CONTINUED

1 Accounting policies continued

f) Accounting for discontinued operations in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations" continued

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.

(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 the International Financial Reporting Committee relevant to its operations and which are effective in respect of these financial statements.

The following new or revised International Financial Reporting Standards 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
Recognition of Deferred Tax Assets for Unrealised Losses - Amendments to IAS 12	January 2017
Disclosure Initiative - Amendments to IAS 7	January 2017
IFRS 15 Revenue from Contracts with customers	January 2018
IFRS 16 Leases	January 2019

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

(ix) Inventories

Inventories comprise 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 cash flow statement comprise cash at bank and in hand, including bank deposits with original maturities of less than three months, net of bank overdrafts. Bank overdrafts are included within borrowings within current liabilities in the balance sheet.

(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. 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 movements 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.

(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.

NOTES TO THE ACCOUNTS CONTINUED

1 Accounting policies continued

(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 cash flows 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 cash flows which arise from holding a financial asset are recognised in the income statement in accordance with IAS39. 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 cash flows 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 cash flows 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 expense comprises 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 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 38.2% (2015: 35.0%) of Group revenue. No other customer represented more than 10% of the Group's revenue.

2 Segmental analysis continued

The segments are:

Engineering Services, which comprises the Group's engineering activities which are characterised by the use of the Group's skilled engineering workforce, supplemented by specialist subcontractors where appropriate, in a range of civil, mechanical and electrical engineering applications 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:

	2016 £000	2015 £000
Engineering Services	**436,213**	440,502
Specialist Building	**90,503**	79,492
Inter segment revenue	**(983)**	(380)
Segment revenue	**525,733**	519,614
Central activities	**4**	31
Group revenue from continuing activities	**525,737**	519,645

Analysis of operating profit from continuing activities

	Before amortisation of intangible assets 2016 £000	Amortisation of intangible assets 2016 £000	2016 £000	Before amortisation of intangible assets 2015 £000	Amortisation of intangible assets 2015 £000	2015 £000
Engineering Services	**21,541**	**(2,954)**	**18,587**	20,055	(3,536)	16,519
Specialist Building	**2,334**	**-**	**2,334**	2,274	-	2,274
Segment operating profit	**23,875**	**(2,954)**	**20,921**	22,329	(3,536)	18,793
Central activities	**(1,921)**	**-**	**(1,921)**	(1,959)	-	(1,959)
Operating profit	**21,954**	**(2,954)**	**19,000**	20,370	(3,536)	16,834
Net financing income/(expense)	**374**	**-**	**374**	(723)	-	(723)
Profit on ordinary activities before income tax	**22,328**	**(2,954)**	**19,374**	19,647	(3,536)	16,111

Balance sheet analysis of business segments

	2016			2015		
	Assets £000	Liabilities £000	Net assets £000	Assets £000	Liabilities £000	Net assets £000
Engineering Services	**176,484**	**(151,171)**	**25,313**	177,035	(146,282)	30,753
Specialist Building	**62,107**	**(71,527)**	**(9,420)**	75,405	(82,954)	(7,549)
Central activities	**143,565**	**(126,925)**	**16,640**	127,328	(117,796)	9,532
Discontinued operation	**32,790**	**(43,954)**	**(11,164)**	42,042	(49,809)	(7,767)
Group eliminations	**(219,983)**	**219,983**	**-**	(216,870)	216,870	-
Group net assets	**194,963**	**(173,594)**	**21,369**	204,940	(179,971)	24,969

Other information

	2016			2015		
	Capital additions £000	Depreciation £000	Amortisation £000	Capital additions £000	Depreciation £000	Amortisation £000
Engineering Services	**4,867**	**3,905**	**2,954**	2,382	3,776	3,536
Specialist Building	**188**	**113**	**-**	101	88	-
Central activities	**4**	**18**	**-**	822	63	-
Discontinued operation	**-**	**-**	**-**	2	7	-
	5,059	**4,036**	**2,954**	3,307	3,934	3,536

(b) Geographical analysis

The whole of the Group's revenue for both financial years is derived from continuing activities in the UK.

All of the Group's non-current assets are deployed in the UK.

NOTES TO THE ACCOUNTS CONTINUED

3 Operating profit

	2016 £000	2015 £000
Operating profit is arrived at after charging/(crediting)		
Auditor's remuneration - audit services	**255**	245
Depreciation of owned assets	**1,614**	2,292
Depreciation of assets held under finance leases	**2,422**	1,635
Operating lease rentals - plant and machinery	**993**	765
Operating lease rentals - motor vehicles	**983**	873
Operating lease rentals - other	**2,769**	3,322
Rental income	**(281)**	(297)
Profit on sale of property, plant and equipment	**(569)**	(278)

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

	2016 £000	2015 £000
Fees payable to the Company's auditor for the audit of the financial statements	**31**	34
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	**224**	211
Other services related to consultancy, tax and pensions advice	**125**	22
	380	267

Amortisation of intangible assets

	2016 £000	2015 £000
Amortisation of intangible assets (see Note 10)	**2,954**	3,536
	2,954	3,536

The Board has separately identified the charge of £2,954,000 (2015: £3,536,000) 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 10.

4 Discontinued operation analysis

	2016 £000	2015 £000
Revenue	**7,500**	31,947
Expenses	**(11,493)**	(41,278)
Profit on disposal	**-**	1,250
Loss before income tax	**(3,993)**	(8,081)
Income tax credit - benefit of tax losses	**785**	-
Income tax (charge)/credit - adjustment in respect of previous period	**(818)**	818
Loss for the year from discontinued operation	**(4,026)**	(7,263)

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 the balance on 31 January 2016. The trading result for this business represents the loss for the year from the discontinued operation.

5 Finance income and costs

Finance income

Finance income of £373,000 (2015: £27,000) has been earned during the year on bank deposits and translation of loans denominated in foreign currencies.

	2016 £000	2015 £000
Finance costs		
On bank loans and overdrafts	**(384)**	(559)
Other interest payable	**(240)**	(380)
	(624)	(939)

Other finance income - defined benefit pension schemes

Interest on scheme assets	**6,577**	6,206
Interest on scheme obligations	**(5,952)**	(6,017)
Net pension interest	**625**	189

Further information on the defined benefit pension schemes is set out in Note 25 to the accounts.

6 Employee numbers and remuneration

	2016 Number	2015 Number
The average monthly number of employees, including Executive Directors, employed in continuing activities during the year was:	**2,969**	3,068
At 30 September:	**3,073**	3,323
Production	**2,112**	2,293
Administrative	**857**	775
	2,969	3,068

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

	2016 £000	2015 £000
Wages and salaries	**130,643**	128,655
Social security costs	**13,257**	13,352
Other pension costs	**4,611**	4,293
Share based payments	**1,776**	1,122
	150,287	147,422

Directors' emoluments

	2016 £000	2015 £000
Aggregate emoluments	**3,314**	2,577
Highest paid director: aggregate emoluments	**1,476**	1,213

	Salary/fees £000	Bonuses £000	LTIP £000	Pension £000	Benefits £000	Total emoluments 2016 £000	Total emoluments 2015 £000
Executive Directors							
B W May	**323**	**174**	**905**	**-**	**74**	**1,476**	1,213
P Scott	**200**	**117**	**-**	**32**	**25**	**374**	372
A Liebenberg	**99**	**90**	**-**	**-**	**24**	**213**	-
J Samuel	**248**	**137**	**679**	**-**	**57**	**1,121**	866
						3,184	2,451
Non-executive Directors							
R J Harrison	**62**	**-**	**-**	**-**	**-**	**62**	60
J Bishop	**34**	**-**	**-**	**-**	**-**	**34**	33
D M Forbes	**34**	**-**	**-**	**-**	**-**	**34**	33
						3,314	2,577

Further details concerning individual Directors' emoluments can be found in the Directors' Remuneration Report.

NOTES TO THE ACCOUNTS CONTINUED

7 Income tax expense

(a) Analysis of expense in year

	2016 £000	2015 £000
Current tax:		
UK corporation tax on profits of the year	**(3,742)**	(2,360)
Adjustments in respect of previous period	**(171)**	1,359
Total current tax	**(3,913)**	(1,001)
Deferred tax - defined benefit pension schemes	**(949)**	(760)
Deferred tax - other timing differences	**126**	(1,182)
Total deferred tax	**(823)**	(1,942)
Income tax expense in respect of continuing activities	**(4,736)**	(2,943)

(b) Factors affecting income tax expense for the year

	2016 £000	2015 £000
Profit before income tax	**19,374**	16,111
Profit multiplied by standard rate of corporation tax in the UK of 20.0% (2015: 20.5%)	**(3,875)**	(3,303)
Effects of:		
Expenses not deductible for tax purposes	**(1,225)**	(194)
Timing differences not provided in deferred tax	**651**	(779)
Change in tax rate	**58**	(26)
Adjustment in respect of tax losses	**(174)**	-
Adjustments in respect of previous period	**(171)**	1,359
	(4,736)	(2,943)

The Group has available further unused UK tax losses of £39m (2015: £46m) to carry forward against future taxable profits. The Group also has unused USA tax losses of $18m (£14.2m) (2015: $18m (£11.8m)) 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 £9.9m (2015: £10.4m).

(c) Deferred tax asset

	2016 £000	2015 £000
Defined benefit pension schemes	**380**	108
Accelerated capital allowances	**547**	543
Other timing differences	**113**	201
Future tax losses	**541**	866
	1,581	1,718

(d) Deferred tax liabilities

	2016 £000	2015 £000
Defined benefit pension schemes	**(1,387)**	(2,728)
Fair value adjustments	**(277)**	(809)
	(1,664)	(3,537)

7 Income tax expense continued

(e) Reconciliation of deferred tax asset

	2016 £000	2015 £000
As at 1 October	**1,718**	2,741
Origination of timing differences	**(409)**	(988)
Change of deferred tax rate	**-**	(290)
Reclassification of opening pension scheme asset as liability	**-**	148
Reclassification of opening pension scheme liability as an asset	**-**	(143)
Defined benefit pension schemes - income statement	**(72)**	(85)
Defined benefit pension schemes - SOCI	**344**	335
At 30 September	**1,581**	1,718

(f) Reconciliation of deferred tax liability

	2016 £000	2015 £000
As at 1 October	**(3,537)**	(1,056)
Acquisition of Forefront Group and Clarke Telecom	**-**	(693)
Arising on fair value adjustments	**532**	637
Change of deferred tax rate	**-**	160
Reclassification of opening pension scheme asset as liability	**-**	(148)
Reclassification of opening pension scheme liability as an asset	**-**	143
Defined benefit pension schemes - income statement	**(882)**	(675)
Defined benefit pension schemes - SOCI	**2,223**	(1,905)
At 30 September	**(1,664)**	(3,537)

8 Dividends

	2016 Pence/share	2015 Pence/share
Interim (related to the year ended 30 September 2016)	**2.65**	2.25
Final (related to the year ended 30 September 2015)	**4.75**	3.50
Total dividend paid	**7.40**	5.75

	£000	£000
Interim (related to the year ended 30 September 2016)	**1,651**	1,393
Final (related to the year ended 30 September 2015)	**2,960**	2,153
Total dividend paid	**4,611**	3,546

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 5.35p per Ordinary Share be paid in respect of the year ended 30 September 2016. This will be accounted for in the 2016/17 financial year.

9 Earnings per share

	2016			2015		
	Earnings £000	EPS Pence	DEPS Pence	Earnings £000	EPS Pence	DEPS Pence
Earnings before amortisation	**17,060**	**27.43**	**27.19**	16,068	26.03	25.70
Amortisation	**(2,422)**	**(3.90)**	**(3.86)**	(2,900)	(4.69)	(4.64)
Basic earnings per share - continuing activities	**14,638**	**23.53**	**23.33**	13,168	21.34	21.06
Loss for the year from discontinued operation	**(4,026)**	**(6.47)**	**(6.42)**	(7,263)	(11.77)	(11.62)
Basic earnings per share	**10,612**	**17.06**	**16.91**	5,905	9.57	9.44
Weighted average number of shares		**62,201**	**62,739**		61,718	62,533

The dilutive effect of share options is to increase the number of shares by 538,000 (2015: 815,000) and reduce basic earnings per share by 0.15p (2015: 0.13p).

NOTES TO THE ACCOUNTS CONTINUED

10 Intangible assets

	Goodwill £000	Contractual rights and customer relationships £000
Cost:		
At 1 October 2014 and 1 October 2015	56,868	12,323
Additions	199	-
At 30 September 2016	**57,067**	**12,323**
Impairment losses/amortisation:		
At 1 October 2014	808	4,553
Charge for year	-	3,536
At 1 October 2015	808	8,089
Charge for year	-	2,954
At 30 September 2016	**808**	**11,043**
Carrying amount:		
At 30 September 2016	**56,259**	**1,280**
At 30 September 2015	56,060	4,234
At 30 September 2014	56,060	7,770

The carrying amounts of goodwill classified as groups of cash generating units ("CGUs") and reported by operating segment are as follows:

	2016 £000	2015 £000
Engineering Services	**55,006**	54,807
Specialist Building	**1,253**	1,253
	56,259	56,060

On 1 February 2016, the Group acquired the whole of the issued share capital of Nuclear Decontamination Services Ltd for a consideration of £224,000 of which £199,000 represented goodwill. In accordance with IFRS 3, this will be reviewed for impairment one year after the acquisition date.

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 cash flow forecasts for each cash generating unit derived from the most recent financial budgets and strategic plans approved by management going forward three years, and then extrapolates cash flows based on conservative estimated growth rates 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 each CGU operates. Growth rates of between 3% and 5% per annum have been used. The rate used to discount the forecast cash flows is 8%. The Board considers the rate appropriate as, based on publicly available information, it represents the rate that a market participant would require for these assets. The Board does not consider that there is any material difference between the markets of 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 according to CGU, for a material impairment to take place the discount rate would have to increase by 10% or the assumed operating margins would have to decrease by 10% before any impact on any single CGU. The only CGU which is sensitive to these assumptions is Forefront Group Ltd.

11 Property, plant and equipment

	Freehold land and buildings £000	Long leasehold land and buildings £000	Plant, vehicles and equipment £000	Total £000
Cost:				
At 1 October 2014	1,713	75	13,873	15,661
Additions	416	-	2,891	3,307
Disposals	(110)	(75)	(4,089)	(4,274)
At 1 October 2015	2,019	-	12,675	14,694
Additions	-	-	5,059	5,059
Disposals	-	-	(4,352)	(4,352)
At 30 September 2016	**2,019**	**-**	**13,382**	**15,401**
Depreciation:				
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 1 October 2015	124	-	1,469	1,593
Charge for year	37	-	3,999	4,036
Disposals	-	-	(3,901)	(3,901)
At 30 September 2016	**161**	**-**	**1,567**	**1,728**
Net book value:				
At 30 September 2016	**1,858**	**-**	**11,815**	**13,673**
At 30 September 2015	1,895	-	11,206	13,101
At 30 September 2014	1,608	-	12,535	14,143

The net book value of assets under finance leases at 30 September 2016 was £6,094,000 (2015: £6,835,000).

During the year £2,422,000 (2015: £1,635,000) of depreciation was charged against assets held under finance leases.

12 Inventories

	2016 £000	2015 £000
Developments and undeveloped land	**4,551**	3,889
Raw materials	**811**	975
	5,362	4,864

£1.4m (2015: £1.5m) of inventories are pledged as security for liabilities.

13 Trade and other receivables

	2016 £000	2015 £000
Trade receivables	**12**	5
Amounts due from construction contract customers	**87,444**	89,296
Other receivables	**4,394**	3,532
Prepayments and accrued income	**1,670**	4,127
	93,520	96,960

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 £3.5m (2015: £2.4m) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the Group believes that the amounts are still considered recoverable since there is no objective evidence that these financial assets are impaired. The Group does not hold any collateral over these balances. £1.5m (2015: £1.4m) of these balances relate to certified retentions.

The average age of these receivables is 298 days (2015: 349 days).

NOTES TO THE ACCOUNTS CONTINUED

13 Trade and other receivables continued

Ageing of past due but not impaired receivables:

	2016 £000	2015 £000
30-180 days	**1,339**	548
180 - 365 days	**639**	435
Greater than 1 year	**1,491**	1,398
	3,469	2,381

14 Construction contracts

	2016 £000	2015 £000
Contracts in progress at balance sheet date:		
Amounts due from construction contract customers included in trade and other receivables	**87,444**	89,296
Amounts due to construction contract customers included in trade and other payables	**(5,883)**	(3,524)
	81,561	85,772
Contract costs incurred plus recognised profits less recognised losses to date	**3,064,423**	2,857,820
Less: progress billings	**(2,982,862)**	(2,772,048)
	81,561	85,772

At 30 September 2016 retentions held by customers amounted to £10.5m (2015: £9.1m). Advances received from customers for contract work amounted to £5.9m (2015: £3.5m).

Amounts due from construction contract customers which are past due at the reporting date amounted to £3.5m (2015: £2.4m).

This amount includes retention balances of £1.5m (2015: £1.4m). The Group does not hold any collateral over these balances or other trade and other receivables.

Contract revenue recognised in the year amounted to £525.7m (2015: £519.7m).

15 Cash and cash equivalents

	2016 £000	2015 £000
Cash at bank	**14,075**	10,655
Cash in hand	**9**	7
	14,084	10,662

16 Trade and other payables

	2016 £000	2015 £000
Amounts due to construction contract customers	**5,883**	3,524
Trade payables	**39,117**	38,364
Other taxation and social security	**8,468**	11,161
Other payables	**5,012**	6,645
Accruals and deferred income	**94,992**	93,918
	153,472	153,612

17 Borrowings

	2016 £000	2015 £000
Bank loans repayable:		
Within one year	**6,200**	6,200
Within two to five years	**3,100**	9,300
	9,300	15,500

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

18 Obligations under finance leases

	Minimum lease payments		Present value of minimum lease payments	
	2016 £000	2015 £000	2016 £000	2015 £000
Amounts payable under finance leases:				
Within one year	**2,784**	2,807	**2,623**	2,609
Within two to five years	**3,258**	2,708	**3,030**	2,514
	6,042	5,515	**5,653**	5,123
Less: future finance charges	**(389)**	(392)	**-**	-
Present value of lease obligations	**5,653**	5,123	**5,653**	5,123
Less: amount due for settlement within twelve months			**(2,623)**	(2,609)
Amount due for settlement after twelve months			**3,030**	2,514

It is the Group's policy to lease certain of its plant, vehicles and equipment under finance leases. The average outstanding lease term is 3 years (2015: 3 years). For the year ended 30 September 2016, the average effective borrowing rate was 3% (2015: 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.

19 Provisions

	Property obligations £000
At 1 October 2015	1,600
Provision released during the year	(1,068)
At 30 September 2016	**532**
Non-current liabilities	312
Current liabilities	220
At 30 September 2016	**532**

Property obligations represent commitments on leases for properties which the Group does not occupy and where the Group does not expect to receive income sufficient to cover the full commitment. The provision represents outflows which are expected to occur to the end of the lease commitment.

20 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.

NOTES TO THE ACCOUNTS CONTINUED

20 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
2016				
Assets				
Sterling	**-**	**-**	**14,011**	**14,011**
Euro	**-**	**-**	**29**	**29**
Dollar	**-**	**-**	**35**	**35**
		-	**14,075**	**14,075**
Liabilities				
Sterling	**3.0**	**(5,653)**	**(9,300)**	**(14,953)**
		(5,653)	**(9,300)**	**(14,953)**

	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)

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 18. The fixed rate liabilities have a weighted average period of 3 years (2015: 3 years).

Fair value of financial assets and liabilities

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

Financial risks

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

a) Credit risk

Credit risk is the risk of loss if a customer fails to meet its financial obligations and results primarily from the Group's trade and other receivables. The degree to which the Group is exposed to this risk depends on the individual financial situation of each specific customer. The Group assesses the credit worthiness of every customer prior to entering into any contract and requires appropriate evidence of financial capability on a case by case basis. The Group reviews trade and other receivables for impairment on a regular basis and information relating to the ageing of receivables is provided in Note 13.

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 21 and reserves as disclosed in Note 22. 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 16 to 18 and the retirement benefit obligations disclosed in Note 25. An analysis of the maturity profile for finance lease liabilities is given in Note 18.

20 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 2016 the unhedged portion of the inter-company loan was $2,771,000 (2015: $2,271,000). The dollar closing exchange rate was $1.30: £1 (2015: $1.51: £1) resulting in a foreign exchange gain of £323,000 (2015: £80,000) 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 £291,000. The total equity statement would be impacted by £19,000 for each $0.01 movement in exchange rates.

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

d) Market risk

Market risk is the risk that changes in market prices will affect the Group's income or the carrying amount of its holding of financial instruments. The principal risk relates to interest rates where the Group's risk is limited to the rates applying to its interest bearing short-term deposits and its bank loan. A reduction in market interest rates could lead to a reduction in the Group's interest income and a reduction in its interest costs. Consequently a 1% decrease in market interest rates would reduce annual finance costs by £10,000 for every £1m of outstanding loan.

The Group's hire purchase financial liabilities are all at fixed rates of interest.

21 Share capital

	2016 £000	2015 £000
Allotted, called up and fully paid:		
62,317,948 (2015: 61,917,948) Ordinary Shares of 10p each	**6,232**	6,192

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 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.

52,445 options are in issue under the Approved 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 succeeded the Renew Holdings plc 2004 Executive Share Option Scheme as the Directors believed that the LTIP was a more effective method of aligning executive and shareholder interests.

As at 30 September 2016, there were 750,200 options outstanding under the scheme. On 27 January 2016, options to subscribe for a further 309,700 Ordinary Shares were granted. On 17 January 2016, 400,000 options were exercised.

The options are exercisable at a nominal cost or at the par value of an Ordinary Share three years after the date of grant subject to the achievement of certain performance criteria. Details of the options are given in the Directors' Remuneration Report. To the extent that there is a gain arising in respect of the approved options noted above, the option holder will forfeit LTIP options to the same value.

Vesting of one half of the options is dependant on absolute growth in the Company's Total Shareholder Return ('TSR'), and the other half is dependant on the Company's TSR performance as compared to the TSR achieved by other companies in a comparator group of companies selected by the Remuneration Committee. All TSR calculations are based on the average of the opening and closing share price over a 30 day period prior to the commencement and the end of the performance period.

NOTES TO THE ACCOUNTS CONTINUED

21 Share capital continued

Share options continued

The absolute TSR growth target requires the Company's TSR over the three year performance period to grow by more than 25%. For TSR growth between 25% and 100%, the half of the option which is subject to the absolute TSR growth target vests on a straight-line basis from nil vesting at 25% growth, to 100% vesting at 100% growth. There will be no vesting if TSR growth is 25% or less.

The comparator group TSR performance target measures the Company's TSR over the 3 year performance period against the TSR of a group of companies selected by the Remuneration Committee. If the Company's TSR performance falls below the median performance of the comparator group then the options lapse forthwith. If the Company is ranked within the top decile of the comparator group the options shall vest in full. If the Company's TSR performance is ranked between the median position and the top decile of the comparator group then the options shall vest on a straight line basis from nil, at or below the median position, to 100% at the top decile.

22 Reserves

	Share premium account £000	Capital redemption reserve £000	Cumulative translation reserve £000	Share based payments reserve £000	Retained earnings £000
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 movement recognised in pension scheme					8,880
Movement on deferred tax relating to the pension scheme					(1,570)
At 1 October 2015	6,989	3,896	1,056	327	6,509
Transfer from income statement for the year					10,612
Dividends paid					(4,611)
Recognition of share based payments				244	
New shares issued	1,492				
Exchange differences			291		
Actuarial movement recognised in pension scheme					(14,229)
Movement on deferred tax relating to the pension scheme					2,561
At 30 September 2016	**8,481**	**3,896**	**1,347**	**571**	**842**

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 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.

£244,000 has been charged (2015: £35,000) to administrative expenses. There is no impact on net assets since an equivalent amount has been credited to the share based payments reserve. 400,000 options were exercised during the year. The value per option represents the fair value of the option less the consideration payable.

22 Reserves continued

Share based payments reserve continued

Renew Holdings plc Long Term Incentive Plan continued

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 2016 were as follows:

Date of grant	3 January 2014	7 January 2015	27 January 2016	Total
Awards outstanding at 30 September 2016				
– Directors and employees	253,166	256,667	240,367	750,200
Exercise price	0.0p	0.0p	10.0p	
Price at date of grant	180.0p	288.5p	410.0p	
Maximum option life	10 years	10 years	10 years	
Assumed option life for purposes of valuation	3 years	3 years	3 years	
Expected volatility	32%	31%	30%	
Dividend yield	2.0%	1.7%	1.7%	
Risk free interest rate	1.03%	0.63%	0.58%	
Value per option	87.5p	99.0p	212.5p	

23 Capital and leasing commitments

	Land and buildings £000	Other £000	Total 2016 £000	Total 2015 £000
Commitments under non-cancellable operating leases:				
Under one year	**1,164**	**1,758**	**2,922**	2,990
Two to five years	**2,792**	**1,087**	**3,879**	7,921
Five or more years	**2,197**	**1,104**	**3,301**	3,059
	6,153	**3,949**	**10,102**	13,970

With regard to the operating leases held by the Group as lessor, the Group recognised £281,000 (2015: £297,000) of rental income in the income statement for 2016, relating to sub-letting of surplus premises.

The future minimum sub-lease receipts expected to be received under non-cancellable operating leases which all relate to land and buildings are as follows:

	2016 £000	2015 £000
Receivables under non-cancellable operating leases:		
Under one year	**94**	159
Two to five years	**119**	166
	213	325

The Group had capital commitments at 30 September 2016 of £77,000 (2015: £2,044,000).

24 Contingent liabilities

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

NOTES TO THE ACCOUNTS CONTINUED

25 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 2016 shows a surplus of £7,704,000 based on the assumptions set out below. The Amco scheme shows a deficit of £2,110,000 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 the Lovell scheme, 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 2016 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 2016	As at 30 September 2015	As at 30 September 2014
Lovell Pension Scheme			
Rate of increase in salaries	**4.0%**	4.0%	4.0%
LPI increases to pensions in payment	**3.5%**	3.0%	3.0%
Discount rate	**2.4%**	3.7%	3.9%
Inflation assumption (CPI)	**2.0%**	2.0%	2.1%
Inflation assumption (RPI)	**3.0%**	3.0%	3.1%
Increases in deferred pensions	**2.9%**	2.9%	3.1%
Amco Pension Scheme			
Rate of increase in salaries	**3.0%**	3.0%	3.3%
LPI increases to pensions in payment	**2.6%**	2.6%	2.7%
Discount rate	**2.4%**	3.7%	3.9%
Inflation assumption (CPI)	**2.0%**	2.0%	2.3%
Inflation assumption (RPI)	**3.0%**	3.0%	3.3%
Increases in deferred pensions	**2.0%**	1.8%	2.3%

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 23.1 years and the further life expectancy of a male aged 65 in 2036 is 24.8 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 22.5 years and the further life expectancy of a male aged 65 in 2036 is 24.3 years.

25 Employee benefits: Retirement benefit obligations continued

IAS 19 "Employee Benefits" continued

The assets in the Lovell scheme were:

	Value as at 30 September 2016 £000	**Current allocation**	Value as at 30 September 2015 £000	Current allocation	Value as at 30 September 2014 £000	Current allocation
Annuities	**101,201**	**53%**	43,216	26%	43,410	30%
Diversified portfolio	**88,592**	**47%**	121,985	74%	101,002	69%
Cash	**731**	**-**	402	-	1,180	1%
Total	**190,524**	**100%**	165,603	100%	145,592	100%

During 2011 and 2016, the Trustees of the Lovell scheme, in consultation with the Directors, used scheme assets to purchase annuities which match certain pension liabilities in a transaction known as a "buy-in". This asset provides protection against falls in gilt yields and risks in the performance of other asset classes.

The assets in the Amco scheme were:

	Value as at 30 September 2016 £000	**Current allocation**	Value as at 30 September 2015 £000	Current allocation	Value as at 30 September 2014 £000	Current allocation
Annuities	**7,660**	**50%**	6,940	49%	7,270	51%
Diversified portfolio	**6,435**	**42%**	6,341	44%	6,427	45%
Cash	**1,226**	**8%**	984	7%	585	4%
Total	**15,321**	**100%**	14,265	100%	14,282	100%

During 2013, the Trustees of the Amco scheme, in consultation with the Directors, used scheme assets to purchase annuities which match certain pension liabilities in a transaction known as a "buy in". This asset provides protection against falls in gilt yields and risks in the performance of other asset classes.

Scheme Funding Levels and Actuarial Valuations

Lovell Pension Scheme

The scheme actuary carried out the triennial valuation of the Lovell Pension Scheme as at 31 March 2015. The scheme showed a deficit of £12.1m compared to £24.1m when measured as at 31 March 2012. The Group has agreed a revised recovery plan with the Trustees which commits the Group 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 Group may be required to make further contributions to achieve a buy out of all pension liabilities and the Group 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 as 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. 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 £3.1m.

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

Amco Pension Scheme

The scheme actuary carried out the triennial valuation of the Amco Pension Scheme as at 31 December 2013. The scheme showed a deficit of £2.1m compared to £2.5m when measured as at 31 December 2010. A subsidiary undertaking has agreed a revised recovery plan with the Trustees which commits the subsidiary undertaking 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 subsidiary undertaking may be required to make further contributions to achieve a buy out of all pension liabilities. The necessity and quantum of these contributions will be remeasured by the scheme actuary at the next triennial valuation which is due as at 31 December 2016.

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. 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 £0.7m.

NOTES TO THE ACCOUNTS CONTINUED

25 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

	2016 £000	2015 £000
Movements in scheme assets and obligations		
Total fair value of scheme assets brought forward	**165,603**	145,592
Interest on scheme assets	**6,056**	5,606
Employer contributions	**4,316**	3,894
Benefits paid	**(8,221)**	(7,634)
Running costs	**(11)**	-
Actual return on scheme assets less interest on scheme assets	**22,781**	18,145
Total fair value of scheme assets carried forward	**190,524**	165,603
Present value of scheme obligations brought forward	**150,449**	144,852
Interest on scheme obligations	**5,416**	5,502
Current and past service costs	**47**	248
Benefits paid	**(8,221)**	(7,634)
Actuarial movement due to experience on benefit obligation	**(619)**	2,844
Actuarial movement due to changes in financial assumptions	**35,748**	4,369
Actuarial movement due to changes in demographic assumptions	**-**	268
Total fair value of scheme obligations carried forward	**182,820**	150,449
Surplus in the scheme	**7,704**	15,154
Deferred tax	**(1,387)**	(2,728)
Net surplus	**6,317**	12,426
Amount charged to operating profit:		
Current and past service costs	**(47)**	(248)
Running costs	**(11)**	-
	(58)	(248)
Amount credited to other financial income:		
Interest on scheme assets	**6,056**	5,606
Interest on scheme obligations	**(5,416)**	(5,502)
Net pension interest	**640**	104
Amounts recognised in the statement of comprehensive income:		
Actual return on scheme assets less interest on scheme assets	**22,781**	18,145
Actuarial movement due to changes in assumptions on scheme obligations	**(35,129)**	(7,481)
Actuarial movement	**(12,348)**	10,664
Movement in the net scheme surplus during the year:		
Net scheme surplus brought forward	**15,154**	740
Current and past service costs	**(47)**	(248)
Running costs	**(11)**	-
Employer contributions	**4,316**	3,894
Net pension interest	**640**	104
Actuarial movement	**(12,348)**	10,664
Net scheme surplus carried forward	**7,704**	15,154

25 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

	2016 £000	2015 £000
Movements in scheme assets and obligations		
Total fair value of scheme assets brought forward	**14,265**	14,282
Expected return on scheme assets	**521**	600
Employer contributions	**385**	385
Benefits paid	**(780)**	(705)
Actual return on scheme assets less interest on scheme assets	**930**	(297)
Total fair value of scheme assets carried forward	**15,321**	14,265
Present value of scheme obligations brought forward	**14,864**	13,566
Interest on scheme obligations	**536**	515
Benefits paid	**(780)**	(705)
Actuarial movement due to changes in financial and demographic assumptions	**2,811**	1,488
Total fair value of scheme obligations carried forward	**17,431**	14,864
Deficit in the scheme	**(2,110)**	(599)
Deferred tax	**380**	108
Net deficit	**(1,730)**	(491)
Amount (debited)/credited to other financial income:		
Interest on scheme assets	**521**	600
Interest on scheme obligations	**(536)**	(515)
Net pension interest	**(15)**	85
Amounts recognised in the statement of comprehensive income:		
Actual return on scheme assets less interest on scheme assets	**930**	(297)
Actuarial movement due to changes in assumptions on scheme obligations	**(2,811)**	(1,488)
Actuarial movement	**(1,881)**	(1,785)
Movement in the net scheme (deficit)/surplus during the year:		
Net scheme (deficit)/surplus brought forward	**(599)**	716
Employer contributions	**385**	385
Net pension interest	**(15)**	85
Actuarial movement	**(1,881)**	(1,785)
Net scheme deficit carried forward	**(2,110)**	(599)

NOTES TO THE ACCOUNTS CONTINUED

25 Employee benefits: Retirement benefit obligations continued

IAS 19 "Employee Benefits" continued

Lovell Pension Scheme

	2016 £000	2015 £000	2014 £000	2013 £000	2012 £000
Actual return on scheme assets less interest on scheme assets	**22,781**	18,145	16,348	(1,168)	6,891
As a percentage of the assets at the end of the year	**12.0%**	11.0%	11.2%	(0.9)%	5.4%
Total amount recognised in the statement of comprehensive income	**(12,348)**	10,664	1,514	(5,711)	(3,972)
As a percentage of the obligations at the end of the year	**(6.8)%**	7.1%	1.0%	(0.9)%	(3.1)%

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

	2016 £000	2015 £000	2014 £000	2013 £000	2012 £000
Actual return on scheme assets less interest on scheme assets	**930**	(297)	731	(967)	1,346
As a percentage of the assets at the end of the year	**6.1%**	(2.1)%	5.1%	(7.2)%	9.3%
Total amount recognised in the statement of comprehensive income	**(1,881)**	(1,785)	(446)	(1,059)	530
As a percentage of the obligations at the end of the year	**(10.8)%**	(12.0)%	(3.3)%	(8.4)%	4.2%

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

Defined contribution pension schemes

The Group operates a number of defined contribution pension schemes and individual stakeholder pension plans for its employees. The Group made contributions of £4,701,000 (2015: £4,361,000) into these plans during the year. There are also £430,000 (2015: £424,000) of accruals relating to these plans.

26 Related parties

The Group has a related party relationship with its key management personnel who were Directors of the Company during the year: BW May, J Samuel, P Scott, A Liebenberg, RJ Harrison, J Bishop and DM Forbes, whose total compensation amounted to £3,314,000 (2015: £2,577,000) all of which was represented by short-term employment benefits.

BW May was appointed a director of RTC Group Plc on 10 September 2015. In the year ended 30 September 2016 the Group has purchased services amounting to £2,554,000 (2015: £173,000) from RTC Group Plc and at 30 September 2016 there was a balance due to RTC Group Plc of £186,000 (2015: £207,000).

J Samuel is a director of Yorkshire Air Ambulance Ltd. In the year ended 30 September 2016 the Group made a charitable donation of £5,000 (2015: £5,000) to sponsor the charity's annual recognition awards dinner.

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

27 Post balance sheet event

On 31 October 2016 the Group acquired the whole of the issued share capital of Giffen Holdings Ltd ("Giffen") for a cash consideration of £5m with a further £2m to redeem loans from Giffen's private equity owners. Giffen, which is based in St Albans, specialises in mechanical, electrical and power services within the railway environment.

COMPANY BALANCE SHEET
AT 30 SEPTEMBER

	Note	2016 £000	2015 £000
Fixed assets			
Tangible assets	E	**642**	657
Investments	F	**101,995**	101,995
		102,637	102,652
Current assets			
Stocks and work in progress	G	**632**	500
Assets held for resale		**1,500**	-
Debtors due after one year	H	**7,704**	15,154
Debtors due within one year	H	**75,616**	67,923
Cash at bank		**76**	1,314
		85,528	84,891
Creditors: amounts falling due in less than one year	I	**(118,790)**	(110,971)
Net current liabilities		**(33,262)**	(26,080)
Total assets less current liabilities		**69,375**	76,572
Creditors: amounts falling due after more than one year	J	**(3,100)**	(9,300)
Net assets		**66,275**	67,272
Capital and reserves			
Share capital	L	**6,232**	6,192
Share premium account		**8,481**	6,989
Capital redemption reserve		**3,896**	3,896
Share based payments reserve		**571**	327
Profit and loss account		**47,095**	49,868
Equity shareholders' funds		**66,275**	67,272

Approved by the Board and signed on its behalf by:

R J Harrison OBE
Chairman
22 November 2016

COMPANY STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER

	Note	2016 £000	2015 £000
Profit for the year attributable to equity holders of the parent company		**11,963**	16,149
Items that will not be reclassified to profit or loss:			
Movement in actuarial valuation of the defined benefit pension schemes		**(12,348)**	10,664
Movement on deferred tax relating to the defined benefit pension schemes		**2,223**	(1,920)
Total items that will not be reclassified to profit or loss		**(10,125)**	8,744
Items that are or may be reclassified subsequently to profit or loss:			
Total items that are or may be reclassified subsequently to profit or loss		**-**	-
Total comprehensive income for the year attributable to equity holders of the parent company		**1,838**	24,893

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Share based payments reserve £000	Retained earnings £000	Total equity £000
At 1 October 2014	6,152	5,942	3,896	292	28,521	44,803
Transfer from income statement for the year					16,149	16,149
Dividends paid					(3,546)	(3,546)
New shares issued	40	1,047				1,087
Recognition of share based payments				35		35
Actuarial gain recognised in pension schemes					10,664	10,664
Movement on deferred tax relating to the pension schemes					(1,920)	(1,920)
At 30 September 2015	6,192	6,989	3,896	327	49,868	67,272
Transfer from income statement for the year					11,963	11,963
Dividends paid					(4,611)	(4,611)
New shares issued	40	1,492				1,532
Recognition of share based payments				244		244
Actuarial loss recognised in pension schemes					(12,348)	(12,348)
Movement on deferred tax relating to the pension schemes					2,223	2,223
At 30 September 2016	**6,232**	**8,481**	**3,896**	**571**	**47,095**	**66,275**

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 FRS 102, under the historical cost convention. In determining that the going concern basis is appropriate the Directors have reviewed budgets, including cash flow forecasts, and concluded that the Company has adequate cash resources to continue trading for the foreseeable future.

In the transition to FRS 102 from UK GAAP, the Company has made measurement and recognition adjustments. An explanation of these adjustments is provided in Note T.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. The following exemption has been taken in the Company's financial statements:

Business combinations - Business combinations that took place prior to the transition date have not been restated.

The presentation currency of these financial statements is sterling.

A summary of the more important Company accounting policies, which have been applied consistently, is set out below:

(ii) Investments in subsidiaries

Investments in subsidiaries are recorded at cost less provision for impairment.

(iii) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings. The Company assesses at each reporting date whether tangible fixed assets are impaired.

Provision is made at rates calculated to write off the cost of each asset, less estimated residual value, evenly over its expected useful life as follows:

Freehold land	-	no depreciation charge
Freehold buildings	-	fifty years
Plant, vehicles and equipment	-	three to ten years

(iv) Leasing commitments

Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease.

(v) Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, except as noted below, on timing differences that have arisen but not reversed by the balance sheet date, where the timing differences result in an obligation to pay more tax, or a right to pay less tax, in the future. Timing differences arise because of differences between the treatment of certain items for accounting and taxation purposes.

In accordance with FRS 102 'The Financial Reporting Standard', deferred tax is not provided on permanent timing differences.

Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date.

(vi) Basic financial instruments - trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

(vii) 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.

(viii) Related party transactions

Interest is not charged on balances outstanding with fellow subsidiaries as they are repayable on demand.

(ix) 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 or, if appropriate, at the forward contract rate. Exchange differences are taken to the profit and loss account.

(x) Employee benefits

Defined benefit pension scheme

The Company's net obligation in respect of the defined benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in prior periods; that benefit is discounted to determine its present value. The fair value of any scheme assets is deducted. The Company determines the net interest (income)/expense on the net defined benefit asset/(liability) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit

NOTES TO THE COMPANY ACCOUNTS CONTINUED

A Accounting policies continued

(x) Employee benefits continued

Defined benefit pension scheme continued

asset/(liability) taking account of changes arising as a result of contributions and benefit payments. The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of, the Company's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method.

The Company recognises net defined benefit scheme assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme. Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of scheme introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss. Remeasurement of the net defined benefit asset/(liability) is recognised in other comprehensive income in the period in which it occurs.

Defined contribution pension schemes

A defined contribution scheme is a post-employment benefit scheme under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension schemes are recognised in expense in the profit and loss account in the periods during which services are rendered by employees.

Share based payments

FRS 102 "The Financial Reporting Standard' requires a fair value to be established for any equity settled share based payments. Fair value has been independently measured using a Monte Carlo valuation model. The fair value determined at the grant date of the equity settled share based payments is expensed on a straight- line basis over the vesting period based on the Directors' estimate of shares that will eventually vest.

(xi) Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

B Profit and loss account

As permitted by Section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account. The profit after taxation for the financial year dealt with in the accounts of the Company was £11,963,000 (2015: £16,149,000).

The audit fee charged within the profit and loss account amounted to £31,000 (2015: £34,000).

C Employee numbers and remuneration

	2016 Number	2015 Number
The average monthly number of employees, all of whom were administrative staff including Executive Directors, employed in continuing activities during the year was:	**36**	38
At 30 September:	**37**	36

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

	£000	£000
Wages and salaries	**2,654**	2,555
Social security costs	**379**	395
Other pension costs	**318**	274
Share based payments	**1,776**	1,118
	5,127	4,342

Directors' emoluments

	£000	£000
Aggregate emoluments	**3,314**	2,577
Highest paid director: aggregate emoluments	**1,476**	1,213

Details of individual Directors' emoluments and pension contributions can be found in the Directors' Remuneration Report.

D Dividends

	2016 Pence/share	2015 Pence/share
Interim (related to the year ended 30 September 2016)	**2.65**	2.25
Final (related to the year ended 30 September 2015)	**4.75**	3.50
Total dividend paid	**7.40**	5.75

	£000	£000
Interim (related to the year ended 30 September 2016)	**1,651**	1,393
Final (related to the year ended 30 September 2015)	**2,960**	2,153
Total dividend paid	**4,611**	3,546

D Dividends continued

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 5.35p per Ordinary Share be paid in respect of the year ended 30 September 2016. This will be accounted for in the 2016/17 financial year.

E Tangible fixed assets

	Freehold land and buildings £000	Plant, vehicles & equipment £000	Total £000
Cost:			
At 1 October 2015	701	69	770
Additions	-	4	4
At 30 September 2016	**701**	**73**	**774**
Depreciation:			
At 1 October 2015	66	47	113
Charge for year	10	9	19
At 30 September 2016	**76**	**56**	**132**
Net book value:			
At 30 September 2016	**625**	**17**	**642**
At 30 September 2015	635	22	657

F Investments

	Subsidiary undertakings £000
Shares at cost:	
At 1 October 2015	217,048
At 30 September 2016	**217,048**
Provisions:	
At 1 October 2015	115,053
At 30 September 2016	115,053
Net book value:	
At 30 September 2016	**101,995**
At 30 September 2015	101,995

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 cash flows.

G Stock and work in progress

	2016 £000	2015 £000
Undeveloped land	**632**	500

H Debtors

	2016 £000	2015 £000
Debtors due after one year:		
Pension scheme asset (see Note R)	**7,704**	15,154
Due within one year:		
Trade debtors	**12**	4
Due from subsidiary undertakings	**73,239**	61,326
Corporation tax	**2,070**	3,778
Other debtors	**37**	259
Prepayments and accrued income	**258**	2,556
	75,616	67,923
	83,320	83,077

NOTES TO THE COMPANY ACCOUNTS CONTINUED

I Creditors: amounts falling due within one year

	2016 £000	2015 £000
Bank loans and overdraft (secured)	**81,459**	70,091
Trade creditors	**516**	885
Other taxation and social security	**929**	520
Due to subsidiary undertakings	**29,136**	25,278
Other creditors	**205**	139
Deferred tax	**977**	2,312
Accruals and deferred income	**5,568**	11,746
	118,790	110,971

J Creditors falling due after more than one year

	2016 £000	2015 £000
Bank loans	**3,100**	9,300
Bank loans and overdraft repayable:		
Within one year	**81,459**	70,091
Within two to five years	**3,100**	9,300
	84,559	79,391

Under the terms of the Renew Holdings plc's group banking agreement, security has been granted over the Company's assets.

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 2016 the unhedged portion of the inter-company loan was $2,771,000 (2015: $2,271,000).

Fair value of financial assets and liabilities

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

L Share capital

	2016 £000	2015 £000
Allotted, called up and fully paid:		
62,317,948 (2015: 61,917,948) Ordinary Shares of 10p each	**6,232**	6,192

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 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.

52,445 options are in issue under the Approved 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 succeeded the Renew Holdings plc 2004 Executive Share Option Scheme as the Directors believed that the LTIP was a more effective method of aligning executive and shareholder interests.

As at 30 September 2016, there were 750,200 options outstanding under the scheme. On 27 January 2016, options to subscribe for a further 309,700 Ordinary Shares were granted. On 17 January 2016, 400,000 options were exercised.

The options are exercisable at a nominal cost or at the par value of an Ordinary Share three years after the date of grant subject to the achievement of certain performance criteria. Details of the options are given in the Directors' Remuneration Report. To the extent that there is a gain arising in respect of the approved options noted above, the option holder will forfeit LTIP options to the same value.

L Share capital continued

Share options continued

Renew Holdings plc Long Term Incentive Plan continued

Vesting of one half of the options is dependant on absolute growth in the Company's Total Shareholder Return ('TSR'), and the other half is dependant on the Company's TSR performance as compared to the TSR achieved by other companies in a comparator group of companies selected by the Remuneration Committee. All TSR calculations are based on the average of the opening and closing share price over a 30 day period prior to the commencement and the end of the performance period.

The absolute TSR growth target requires the Company's TSR over the three year performance period to grow by more than 25%. For TSR growth between 25% and 100%, the half of the option which is subject to the absolute TSR growth target vests on a straight-line basis from nil vesting at 25% growth, to 100% vesting at 100% growth. There will be no vesting if TSR growth is 25% or less.

The comparator group TSR performance target measures the Company's TSR over the 3 year performance period against the TSR of a group of companies selected by the Remuneration Committee. If the Company's TSR performance falls below the median performance of the comparator group then the options lapse forthwith. If the Company is ranked within the top decile of the comparator group the options shall vest in full. If the Company's TSR performance is ranked between the median position and the top decile of the comparator group then the options shall vest on a straight line basis from nil, at or below the median position, to 100% at the top decile.

M Share based payments reserve

Renew Holdings plc Long Term Incentive Plan

Fair value has been independently measured by PricewaterhouseCoopers LLP using a Monte Carlo model methodology. The fair value determined at the grant date of the equity settled share based payments is expensed on a straight-line basis over the vesting period, based on the Board's estimate of shares that will eventually vest.

£244,000 has been charged (2015: £35,000) to administrative expenses. There is no impact on net assets since an equivalent amount has been credited to the share based payments reserve. 400,000 options were exercised during the year. The value per option represents the fair value of the option less the consideration payable.

The expected volatility has been calculated based on weekly historical volatility of the Company's share price over the three years prior to the date of grant. The risk free rate of return has been based on the yields available on three year UK government bonds as at the date of grant.

Options granted under the Renew Holdings plc Long Term Incentive Plan over the Company's Ordinary Shares at 30 September 2016 were as follows:

Date of grant	3 January 2014	7 January 2015	27 January 2016	Total
Awards outstanding at 30 September 2016				
– Directors and employees	253,166	256,667	240,367	750,200
Exercise price	0.0p	0.0p	10.0p	
Price at date of grant	180.0p	288.5p	410.0p	
Maximum option life	10 years	10 years	10 years	
Assumed option life for purposes of valuation	3 years	3 years	3 years	
Expected volatility	32%	31%	30%	
Dividend yield	2.0%	1.7%	1.7%	
Risk free interest rate	1.03%	0.63%	0.58%	
Value per option	87.5p	99.0p	212.5p	

N Capital and leasing commitments

	Land and buildings £000	**Other £000**	**Total 2016 £000**	Total 2015 £000
Annual commitments under non-cancellable operating leases expiring in:				
Under one year	**236**	**18**	**254**	349
Two to five years	**767**	**14**	**781**	788
Five or more years	**120**	**-**	**120**	276
	1,123	**32**	**1,155**	1,413

The Company had no capital commitments at 30 September 2016 (2015: £nil).

NOTES TO THE COMPANY ACCOUNTS CONTINUED

O Contingent liabilities

The Company has guaranteed performance bonds in respect of certain contracts and leasing arrangements in the normal course of business of its subsidiary undertakings.

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

The Company is a participant together with a number of subsidiary undertakings in the Group banking arrangements, and as a result has risks associated with the financial status and performance of the other companies within the Group.

P Defined contribution pension scheme

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

The Company made contributions of £318,000 (2015: £274,000) into these plans during the year. There are also £17,000 (2015: £22,000) of accruals relating to these plans.

Q Related parties

The Company has a related party relationship with its key management personnel who are the Main Board Directors: BW May, J Samuel, P Scott, A Liebenberg, RJ Harrison, J Bishop and DM Forbes, whose total compensation amounted to £3,314,000 (2015: £2,577,000) all of which was represented by short-term employment benefits.

BW May was appointed a director of RTC Group Plc on 10 September 2015. In the year ended 30 September 2016 the Group has purchased services amounting to £2,554,000 (2015: £173,000) from RTC Group Plc and at 30 September 2016 there was a balance due to RTC Group Plc of £186,000 (2015: £207,000).

J Samuel is a director of Yorkshire Air Ambulance Ltd. In the year ended 30 September 2016 the Group made a charitable donation of £5,000 (2015: £5,000) to sponsor the charity's annual recognition awards dinner.

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

R Employee benefits: Retirement benefit obligations

Defined benefit pension schemes

The Company operates a defined benefit pension scheme, the Lovell Pension Scheme. The scheme has been closed to new members and to further benefits accrual for many years.

FRS 102

The Directors have adopted the accounting required by FRS 102 with effect from the transition date. The Directors have discussed the assumptions used in determining the actuarial valuation set out below with independent pensions advisors and have determined that they are appropriate. The Lovell scheme's valuation at 30 September 2016 shows a surplus of £7,704,000 based on the assumptions set out below.

The Directors have determined that it is appropriate to recognise the surplus as, having reviewed the rules of the Lovell scheme, they are of the view that the surplus can be recovered either through reduced contributions in the future or through refunds from the plan.

The following disclosures required by FRS 102 have been based on the most recent actuarial valuation as at 30 September 2016 carried out by Lane Clark & Peacock LLP, Consulting Actuaries, using the following assumptions:

	As at 30 September 2016	As at 30 September 2015	As at 30 September 2014
Rate of increase in salaries	**4.0%**	4.0%	4.0%
LPI increases to pensions in payment	**3.5%**	3.0%	3.0%
Discount rate	**2.4%**	3.7%	3.9%
Inflation assumption (CPI)	**2.0%**	2.0%	2.1%
Inflation assumption (RPI)	**3.0%**	3.0%	3.1%
Increases in deferred pensions	**2.9%**	2.9%	3.1%

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 23.1 years and the further life expectancy of a male aged 65 in 2036 is 24.8 years.

R Employee benefits: Retirement benefit obligations continued

FRS 102 continued

The assets in the Lovell scheme were:

	Value as at 30 September 2016 £000	Current allocation	Value as at 30 September 2015 £000	Current allocation	Value as at 30 September 2014 £000	Current allocation
Annuities	**101,201**	**53%**	43,216	26%	43,410	30%
Diversified portfolio	**88,592**	**47%**	121,985	74%	101,002	69%
Cash	**731**	**-**	402	-	1,180	1%
Total	**190,524**	**100%**	165,603	100%	145,592	100%

During 2011 and 2016, the Trustees of the Lovell scheme, in consultation with the Directors, used scheme assets to purchase annuities which match certain pension liabilities in a transaction known as a "buy in". This asset provides protection against falls in gilt yields and risks in the performance of other asset classes.

Scheme Funding Level and Actuarial Valuation

The scheme actuary carried out the triennial valuation of the Lovell Pension Scheme as at 31 March 2015. The scheme showed 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 as at 31 March 2018.

For accounting purposes under FRS 102, actuaries use different assumptions than for the triennial valuation. The major difference relates to assumptions concerning the future return on assets of the scheme which includes a number of return seeking assets invested with BlackRock Asset Management. The key sensitivity for the valuation of the scheme under FRS 102 is the selection of the discount rate which is the major determinant in measuring scheme liabilities. A reduction of 0.1% in the discount rate would increase scheme liabilities by 3.1m.

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

	2016 £000	2015 £000	2014 £000	2013 £000	2012 £000
Actual return on scheme assets less interest on scheme assets	**22,781**	18,145	16,348	(1,168)	6,891
As a percentage of the assets at the end of the year	**12.0%**	11.0%	11.2%	(0.9)%	5.4%
Total amount recognised in the statement of comprehensive income	**(12,348)**	10,664	1,514	(5,711)	(3,972)
As a percentage of the obligations at the end of the year	**(6.8)%**	7.1%	1.0%	(0.9)%	(3.1)%

NOTES TO THE COMPANY ACCOUNTS CONTINUED

R Employee benefits: Retirement benefit obligations continued

FRS 102 continued

The following amounts at 30 September were measured in accordance with the requirements of FRS 102.

	2016 £000	2015 £000
Movements in scheme assets and obligations		
Total fair value of scheme assets brought forward	**165,603**	145,592
Interest on scheme assets	**6,056**	5,606
Employer contributions	**4,316**	3,894
Benefits paid	**(8,221)**	(7,634)
Running costs	**(11)**	-
Actual return on scheme assets less interest on scheme assets	**22,781**	18,145
Total fair value of scheme assets carried forward	**190,524**	165,603
Present value of scheme obligations brought forward	**150,449**	144,852
Interest on scheme obligations	**5,416**	5,502
Current and past service costs	**47**	248
Benefits paid	**(8,221)**	(7,634)
Actuarial (gains)/losses due to experience on benefit obligation	**(619)**	2,844
Actuarial losses due to changes in financial assumptions	**35,748**	4,369
Actuarial losses due to changes in demographic assumptions	**-**	268
Total fair value of scheme obligations carried forward	**182,820**	150,449
Surplus in the scheme	**7,704**	15,154
Deferred tax	**(1,387)**	(2,728)
Net surplus	**6,317**	12,426
Amount charged to operating profit:		
Current and past service costs	**(47)**	(248)
Running costs	**(11)**	-
	(58)	(248)
Amount credited to other financial income:		
Interest on scheme assets	**6,056**	5,606
Interest on scheme obligations	**(5,416)**	(5,502)
Net pension interest	**640**	104
Amounts recognised in the statement of comprehensive income:		
Actual return on scheme assets less interest on scheme assets	**22,781**	18,145
Actuarial losses due to changes in assumptions on scheme obligations	**(35,129)**	(7,481)
Actuarial (loss)/gain	**(12,348)**	10,664
Movement in the net scheme surplus during the year:		
Net scheme surplus brought forward	**15,154**	740
Current and past service costs	**(47)**	(248)
Running costs	**(11)**	-
Employer contributions	**4,316**	3,894
Net pension interest	**640**	104
Actuarial (loss)/gain	**(12,348)**	10,664
Net scheme surplus carried forward	**7,704**	15,154

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.

Subsidiary undertakings		Incorporation & principal place of business	Proportion of Ordinary Shares held by the Company
Amco Group Holdings Ltd	Owned by Renew Holdings plc	England and Wales	100%
Britannia Group Ltd	Owned by Renew Holdings plc	England and Wales	100%
Clarke Telecom 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%
Seymour (C.E.C.) Holdings Ltd	Owned by Renew Holdings plc	England and Wales	100%
Shepley Engineers Ltd	Owned by Renew Holdings plc	England and Wales	100%
V.H.E. Construction Plc	Owned by Renew Holdings plc	England and Wales	100%
YJL Homes Ltd	Owned by Renew Holdings plc	England and Wales	100%
VHE Land Projects Ltd	Owned by Renew Holdings plc	England and Wales	100%
YJL Ltd	Owned by Renew Holdings plc	England and Wales	100%
YJL Pension Trustee Company Ltd	Owned by Renew Holdings plc	England and Wales	100%
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%
Nuclear Decontamination Services 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%
Inject-O-Matic Guarantee Ltd	Owned by subsidiary	England and Wales	28.9%

NOTES TO THE COMPANY ACCOUNTS CONTINUED

S Subsidiary undertakings continued

Acquired subsequent to the balance sheet date:

		Incorporation & principal place of business	Proportion of Ordinary Shares held by the Company
Subsidiary undertakings			
Giffen Holdings Ltd	Owned by subsidiary	England and Wales	100%
Giffen Group Ltd	Owned by subsidiary	England and Wales	100%

T Explanation of transition to FRS 102 from old UK GAAP

As stated in Note A, these are the Company's first financial statements prepared in accordance with FRS 102. The accounting policies set out in Note A have been applied in preparing the financial statements for the year ended 30 September 2016 and the comparative information presented in these financial statements for the year ended 30 September 2015.

In preparing its FRS 102 balance sheet the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting UK GAAP. An explanation of how the transition from UK GAAP to FRS 102 has affected the Company's financial position and financial performance is set out in the following tables:

	1 October 2014 comparative			30 September 2015 comparative		
	UK GAAP £000	Effect of FRS 102 transition £000	FRS 102 £000	UK GAAP £000	Effect of FRS 102 transition £000	FRS 102 £000
Fixed assets						
Tangible assets	651	-	651	657	-	657
Investments	101,449	-	101,449	101,995	-	101,995
	102,100	-	102,100	102,652	-	102,652
Current assets						
Stocks and work in progress	226	-	226	500	-	500
Debtors	40,436	743	41,179	68,336	14,741	83,077
Cash at bank	66	-	66	1,314	-	1,314
	40,728	743	41,471	70,150	14,741	84,891
Creditors: amounts falling due in less than one year	(83,104)	(164)	(83,268)	(108,640)	(2,331)	(110,971)
Net current liabilities	(42,376)	579	(41,797)	(38,490)	12,410	(26,080)
Total assets less current liabilities	59,724	579	60,303	64,162	12,410	76,572
Creditors: amounts falling due after more than one year	(15,500)	-	(15,500)	(9,300)	-	(9,300)
Net assets	44,224	579	44,803	54,862	12,410	67,272
Capital and reserves						
Share capital	6,152	-	6,152	6,192	-	6,192
Share premium account	5,942	-	5,942	6,989	-	6,989
Capital redemption reserve	3,896	-	3,896	3,896	-	3,896
Share based payments reserve	292	-	292	327	-	327
Profit and loss account	27,942	579	28,521	37,458	12,410	49,868
Equity shareholders' funds	44,224	579	44,803	54,862	12,410	67,272

Notes to the reconciliation of equity

Under FRS 102 "an entity shall recognise the cost of all employee benefits to which its employees have become entitled as a result of service rendered to the entity during the reporting period." Consequently holiday pay accruals under FRS 102 are included within accruals, and the balance sheet creditor has been adjusted accordingly. Deferred tax has been provided on this timing difference, and therefore creditors falling due within one year has also been adjusted.

FRS 102 requires "the net defined benefit cost of a defined benefit plan shall be recognised in the individual financial statements of the group entity which is legally responsible for the plan". Consequently the Lovell Pension scheme surplus is included within debtors. Deferred tax has been provided on this timing difference.

The impact of the above adjustments has been to increase the profit after taxation for the financial year ending 30 September 2015 dealt with in the accounts of the Company from £13,062,000 to £16,149,000.

DIRECTORS, OFFICERS AND ADVISORS

Directors

R J Harrison OBE	(Non-executive Chairman)
P Scott	(Chief Executive)
J Bishop FCA	(Independent non-executive)
D M Forbes	(Independent non-executive)
A Liebenberg	(Director)
J Samuel FCA	(Group Finance Director)

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Company Secretary

J Samuel FCA

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SHAREHOLDER INFORMATION

Annual General Meeting	25 January 2017
Results	Announcement of interim results – 23 May 2017
	Preliminary announcement of full year results – 21 November 2017

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.

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