Renew Holdings plc
Annual Report and Accounts 2019

renewholdings.com

Engineering Infrastructure
for the future

Renew Holdings plc

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

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

Read more online at: www.renewholdings.com

Highlights

Financial highlights

Group revenue[1]

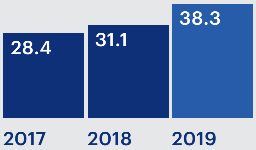
£600.6m

(2018: £541.5m)

Adjusted operating profit[1]

£38.3m

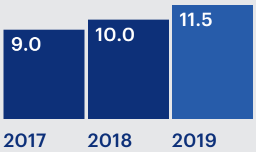
(2018: £31.1m)



Full year dividend per share

11.5p

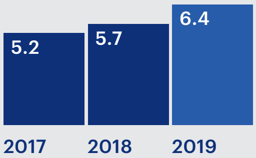
(2018: 10.0p)



Adjusted operating margin[1]

6.4%

(2018: 5.7%)



Operational highlights

Record results

Record results driven in particular by excellent organic growth in Rail including strong contribution from QTS.

Read more on pages
+6–11

Working with new clients

Appointed to a seven year decommissioning services framework for Dounreay Site Restoration Ltd.

Read more on pages
+20–26

Key framework awards

Key strategic CP6 framework renewals awarded with Network Rail.

Read more on page
+20

Strategic report

Governance

Financial statements

1 Renew uses a range of statutory performance measures and alternative performance measures when reviewing the performance of the Group against its strategy. Definitions of the alternative performance measures, and a reconciliation to statutory performance measures, are included in Note 29 to these accounts.

Our vision

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

Engineering Infrastructure for the future

Read more on pages **20–26**

Renew in action

Delivering value

We seek to deliver value to shareholders through our established and proven strategy, providing reliable capital growth alongside a progressive dividend policy.

Read more on pages **4 & 5**

Safety first

We operate in challenging environments where our directly employed workforce are highly skilled and experienced. We invest heavily in training programmes and remain committed to ensuring the safety of our employees and those who work with us.

Read more on page **31**

Future growth opportunities

We remain focused on delivering organic growth whilst looking to build on our strengths through selective, complementary acquisitions in both existing and new markets.

Read more on pages **14 & 15**

Engineering services

Our independently branded subsidiary businesses have expert knowledge in their individual markets and directly deliver engineering services aligned to the needs of our clients, many of whom are responsible for the long-term maintenance and renewal of national infrastructure networks.

Read more on pages **20–26**

Our capabilities

Infrastructure

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

Wireless telecoms
- Operational support and asset care
- Critical planned and reactive maintenance and renewals
- Civil, mechanical and electrical engineering
- Provision of 3G, 4G, 5G and Wi-Fi technologies
- Radio network planning, including the installation of specialist indoor and outdoor coverage solutions

Energy

Nuclear
- 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

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

Our subsidiaries

Environmental

Water
- 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 wastewater rehabilitation infrastructure
- Port, harbour and sea defences

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

Delivering sustainable value

The regulated markets in which we operate have high barriers to entry and, alongside our market expertise, provide long-term opportunities for sustainable growth.

Renew investment case

A unique and diversified business model

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

Working in the Energy, Environmental and Infrastructure markets the Group develops long-term relationships with its clients often over many years.

Established market position

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

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

Non-discretionary spending programmes

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

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

Long-term growth prospects

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

Delivering sustainable returns

We seek to deliver long-term share price growth opportunities through our established and proven strategy, delivering reliable capital growth alongside a progressive dividend policy and a conservative approach to gearing.

Delivering on our commitment

2019 has been another strong year for the Group. We continue to develop our position as a leading provider of engineering services, delivering essential maintenance and renewals tasks across our markets.

Delivering to our stakeholders

We continue to develop our progressive dividend policy which will deliver an increased dividend to shareholders.

Read more about how we deliver our strategic priorities on pages **16 & 17**

Re-awarded key frameworks

We continue to build on our strong position within our markets. During 2019 we were re-awarded all the key frameworks we tendered for across our market sectors.

Read more about our key framework awards on pages **20–26**

Compliant delivery

During the year the Group continues to make progress in maintaining a good health and safety performance as well as successfully managing all its key risks.

Read more about how we manage risk on pages **34–36**

Organic growth

Good organic growth prospects achieved by aligning our operating subsidiaries with their clients and delivering an expanded range of services.

Delivering results

Renew has delivered a record set of results, successfully renewing frameworks in our target markets and achieving growth in both Group revenue[1] and adjusted operating profit[1] during the year. Group revenue[1] increased to £600.6m (2018: £541.5m) with adjusted operating profit[1] increasing 23% to £38.3m (2018: £31.1m).

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Read more in our Financial review on pages **27–29**

Further progress in delivering our strategic objectives

David M Forbes
Chairman

Dear Shareholder

Introduction

I am pleased to report Renew has delivered a record set of results, achieving growth in both Group revenue[1] and adjusted operating profit[1] during the year. We have had another successful year winning new and renewing existing frameworks in our target markets. Renew provides engineering services to critical UK networks in the Infrastructure, Energy and Environmental markets. The Group continues to develop its position within its chosen infrastructure markets which benefit from ongoing spending on essential asset maintenance and renewals. These markets are underpinned by regulatory requirements and, as such, benefit from long-term visible cycles of investment.

Group revenue[1] increased to £600.6m (2018: £541.5m) with adjusted operating profit[1] increasing 23 per cent to £38.3m (2018: £31.1m). Statutory operating profit was £27.5m (2018: £15.5m). The adjusted EPS[1] was 40.43p (2018: 35.48p). The Group is pleased to report a reduction of its net debt[1] in line with our expectations to £10.2m (2018: £21.4m).

Governance

The Board believes a strong corporate governance framework remains key to ensuring we continue to deliver value for all our stakeholders. The Board is responsible for ensuring effective corporate governance is applied throughout the Group and all of its activities and it will be continuing to work towards further improving its governance framework during 2020. The Group continues to comply with the QCA Corporate Governance Code 2018 and more details can be found in the Corporate Governance section of the Group's website.

Risk management

The Executive Directors provide regular updates to the Board on the principal risks and controls across the Group, including the roles and responsibilities of key management in mitigating those risks. This process also facilitates the embedding and monitoring of the Board's agreed risk management protocols within the business, ensuring controls are implemented effectively.

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

Corporate culture and ethics

The Board continuously monitors and promotes its corporate culture throughout the year led by its senior management team who are key to communicating our shared values. The Group strives to act responsibly in all aspects of the work we undertake, an approach which is underpinned by our embedded core values. We aim to be considerate, inclusive and respectful in the way we employ and develop our workforce.

Board effectiveness

The Nomination Committee reviewed the Board's structure and composition during 2019 to ensure it continues to have an appropriate balance of skills and experience to deliver the Group's strategy. The current members of the Board bring an appropriate range of expertise on issues of performance, strategy and governance, which are vital to the success of the Group. The Directors also recognise the broad benefits of ethnic and gender diversity when considering Board composition. The Board has also made a number of changes to the Group's Committees during the year which have focused on improving efficiency and procedural approach.

Delivering long-term value for shareholders

We have consistently delivered value to shareholders through our established and proven strategy, aiming to provide reliable capital growth alongside a progressive dividend policy. We regularly review market trends, business operations and the key objectives of our subsidiary businesses to ensure they support the Group's overall strategic objectives. The Group targets growth both organically and through earnings enhancing acquisitions to broaden our service offering to our wide range of clients.

The Group is supported through its key resources and relationships. Effective relationships with our employees, customers, suppliers, shareholders and wider stakeholders is critical to the continued success of our business.

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"The Board believes a strong corporate governance framework remains key to ensuring we continue to deliver value for all our stakeholders."

Dividend and Capital Allocation Policy

For each of the last seven years, the Group has consistently grown the dividend and we are pleased to report we will do so again this year. The Board proposes a final dividend of 7.67p per share (2018: 6.67p) to be paid on 6 March 2020 to shareholders on the register as at 31 January 2020. The ex-dividend date will be 30 January 2020. This will represent a full year dividend of 11.5p per share (2018: 10.0p) reflecting our confidence in the Group's future prospects.

The Group has a Capital Allocation Policy which supports the effective delivery of our strategic priorities. This includes maintaining a conservative level of debt which ensures we have the ability to make acquisitions in line with our strategy.

Board changes

On the 8 February 2019, Renew was pleased to announce the appointment of Shatish Dasani as a Non-executive Director and Chairman of the Audit Committee succeeding John Bishop who retired from the Board at the same time. Shatish is a Chartered Accountant with over 20 years' experience in senior public company finance roles across various sectors including building materials, advanced electronics, general industrial and business services. The Board would like to thank John for the valuable contribution he has made to the Group since his appointment in 2006.

Our current priority is to develop further diversity on the board. Specifically, we are actively focused on improving gender diversity. The Directors expect to be able to announce progress in this area at the Group's Annual General Meeting in January.

People

The Board would like to thank all employees for their important contribution to the continued success of the Group and wider stakeholders for their ongoing support.

Future focus

The Board is committed to the continued achievement of shareholder value through the delivery of its strategic priorities alongside a strong corporate governance framework. The Group will continue to develop its culture, where our core values underpin delivery of sustainable economic, social and environmental value.

Growth is driven both organically and through strategic earnings enhancing acquisitions. The Group's focus remains on those markets where non-discretionary spending programmes exist to maintain critical infrastructure. These markets have excellent long-term prospects with growth driven by regulatory requirements. The Group has strengthened its position in markets which benefit from visible funding. Our multidisciplinary engineering services are closely aligned with the requirements of the sustained investment in these markets which provides the Board with confidence in future growth.

David M Forbes
Chairman
26 November 2019

Our culture

The Board monitors and promotes a healthy corporate culture assisted by its senior management team who play a vital role in disseminating the Group's shared values with all our employees.

Read more on page **46**

Sustainability

As a business we understand the wider responsibility of our activities and work hard to ensure we consider the social, environmental and economic benefits of our activities.

Read more on pages **30–33**

Success underpinned by a differentiated business model

Paul Scott
Chief Executive Officer

Dear Shareholder

The Group has made excellent progress in delivering our strategic priorities including the successful appointment to key frameworks in the Infrastructure, Energy and Environmental markets. These frameworks strengthen the Group's position with clients responsible for maintaining and renewing critical UK infrastructure networks.

Our success is underpinned by a differentiated business model, with a number of defensive characteristics that deliver reliability and a competitive advantage, which is particularly relevant in the current economic and political climate.

As a specialist engineering services provider, we focus on directly delivering non-discretionary maintenance and renewals tasks, which means that our average task size is comparatively small and that the Group is not exposed to the financial and contractual risks facing those businesses that deliver large enhancement schemes. This results in a fundamentally lower risk profile, as demonstrated by our stable track record of revenue growth, profitability and cash generation. Working in complex and challenging environments, our highly skilled, directly employed workforce ensures our delivery is safe and responsive, as well as reducing our exposure to supply chain price volatility.

We operate in the Infrastructure, Energy and Environmental markets which benefit from committed funding on non-discretionary long-term maintenance and renewal programmes. These sectors have significant barriers to entry because they are highly regulated, making them resilient and providing reliable, long-term earnings opportunities.

Results

The Group has seen record trading in the period, in part reflecting a full year's contribution of QTS, a specialist rail services provider acquired in May 2018, which has continued to perform strongly. Group revenue[1] increased to £600.6m (2018: £541.5m) with adjusted operating profit[1] up 23 per cent to £38.3m (2018: £31.1m) delivering an adjusted operating margin[1] of 6.4 per cent (2018: 5.7 per cent). Net debt[1] at the year end was £10.2m (2018: £21.4m) reflecting our reliable cash generation and conservative approach to gearing.

The Group's strong financial position is demonstrated by our low and falling net debt position and our excellent profitability. Our long-term track record of reliable revenue growth and cash generation has resulted in our ability to deliver earnings growth and to consistently meet our own and the market's expectations.

The Group continues to have a strong order book[1], underpinning our future prospects, and at 30 September 2019 it grew to £581m (2018: £558m).

Engineering Services

Engineering Services is the key driver of growth for the Group, and accounts for over 90 per cent of Group revenue[1] and over 95 per cent of adjusted operating profit[1]. Engineering Services revenue[1] grew 21 per cent to £564.5m (2018: £466.5m) with adjusted operating profit[1] also increasing by 21 per cent to £39.4m (2018: £32.5m) maintaining the operating margin[1] at 7.0 per cent (2018: 7.0 per cent). The excellent revenue performance in Engineering Services was a reflection of the impact of QTS as well as strong momentum at the end of the rail Control Period 5 ("CP5") which contributed towards organic growth of 8 per cent. In rail, we have

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"The Group's appointment to a number of key frameworks in the period increases our addressable market and provides significant opportunity for continued organic growth."

commenced operations in the first year of the new control period ("CP6") where we are pleased to report that activity levels are in line with our forecasts and momentum is growing as expected. At 30 September 2019, the Engineering Services order book[1] grew to £542m (2018: £510m).

Infrastructure

The UK rail network will play an essential role in the country's economic success. Over the current five-year investment cycle, Control Period 6 ("CP6") which runs to 2024, Network Rail will spend £48bn on the network including a c.25 per cent increase in spending on operations, maintenance, support and renewals activities[2] increasing the Group's addressable market opportunities from Control Period 5 ("CP5").

As a major provider of infrastructure services to Network Rail nationally, we support its day-to-day operations by providing a high volume of essential, non-discretionary asset maintenance activities through our long-term frameworks. During the year we were awarded the Minor Signaling Framework's in the Scotland, South East and Wales regions in addition to our existing CP6 frameworks where we directly deliver civils asset management, fencing, devegetation and drainage.

We have significantly strengthened our relationship with Network Rail during the year, securing all the CP6 renewals frameworks that we tendered for, including the Multidisciplinary Renewals and Geotechnical & Earthworks five year frameworks in the Scotland North East region. In addition, we continue to work on Electrification and Plant, Slab Track, Station Information & Security Systems as well as Telecoms frameworks nationally across the network.

Since the period end, we have secured new positions on the CP6 Wales and Western Renewals Frameworks across all five lots, delivering a programme of engineering services to assets including bridges, embankments, tunnels and shafts as well as the delivery of signaling, power and communications schemes.

We have a 24/7 emergency support provision which, during the period, included clearing and securing large sections of the embankments at Arrochar in Scotland to enable the reopening of the West Highland Line following a major landslip and at Ecclefechan on the West Coast Main Line.

For London Underground we deliver specialist electrical, plant and power schemes through five framework agreements. We were also awarded a number of depot control system and major depot refurbishment schemes in the period. During the year we have also been awarded a place on Merseyrail's Principal Contractor's three year framework and we continue to work on the Transport for Wales STRIDE framework.

In the wireless telecoms market an estimated £22bn will be invested in the roll-out of 5G across the UK to meet increasing demand for internet access.

All four major telecoms network providers have announced plans to launch 5G as part of a roll-out of wireless infrastructure across the UK with further investment programmes expected to follow targeting widespread UK coverage by 2023. We continue to see a significant increase in work on Telefonica's frameworks in London, the South East and the North East of England. We also secured a new framework for MBNL to deliver EE's 5G roll-out and continued to deliver emergency reactive works for our clients throughout the year.

Energy

The UK Government's nuclear decommissioning provision is currently estimated at c.£124bn[3]. The Nuclear Decommissioning Authority spends around £3bn[4] per annum on its 17 nuclear licensed sites across the UK, the largest of which is the Sellafield site in Cumbria which is forecast to be allocated around 75 per cent of the total decommissioning provision.

At Sellafield the focus has shifted away from reprocessing nuclear fuel to broader decommissioning activities including high hazard retrievals and risk reduction activities. Our range of multidisciplinary engineering services support these

Our core values

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

Compliance	Reliability
Consideration	Sustainability
Responsibility	Responsiveness
Progression	Integrity

Energy continued

activities through established, long-term framework agreements for decontamination, decommissioning and waste management. During the year the largest of these frameworks, the Decommissioning Delivery Partnership, was extended to 2026. This programme delivers work across Sellafield and is associated with some of the most hazardous areas at the site including waste retrieval from legacy storage ponds and silos. We also continue to work on the SR&DP Asset Care, Magnox Swarf Storage Silo, Bundling Spares and the Tanks and Vessels Frameworks as well as providing support to numerous ongoing major projects.

In line with the Group's strategy to broaden its nuclear service offering, our clients include EDF in association with Westinghouse on Sizewell 'B' where we are assisting with the control and data acquisition system upgrade to extend the life of the pressurised water reactor. We also continue to work for BAE Systems providing engineering support to the nuclear submarine programme as well as for Westinghouse at Springfields and for Low Level Waste Repository and Magnox. During the year we were also appointed to a major decommissioning services framework for new client, Dounreay Site Restoration Limited, for a term of up to seven years.

New nuclear will play an important role in the government's objective of delivering sustainable and low-carbon energy. Working at Hinkley Point 'C', during the period, we have supplied and installed high integrity manufactured components to the site and we continue to selectively target opportunities where our specialist capabilities are well suited to major future demand.

We continue to deliver long-term engineering maintenance services at a number of the UK's thermal power stations including at Drax Power Station where we deliver electrical maintenance services on a four year framework.

Our differentiators

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

Environmental

In Water, spending on the latest five year investment cycle (AMP7) is estimated to increase to c.£50bn[5] as demand continues to be driven by population growth, ageing infrastructure and environmental considerations. We provide a range of engineering services to support the renewal and maintenance of water infrastructure assets including those on clean and wastewater networks, flood alleviation and coastal protection systems. These renewal programmes require sustained long-term investment through our clients' operational expenditure budgets.

For Dŵr Cymru Welsh Water, we operate on the Pressurised Pipelines Framework, Major Civils Framework and the Capital Delivery Alliance Civils contracts across the region. In addition to ongoing maintenance and renewals tasks, we provide 24/7 emergency reactive works on the water network. As an approved dam safety contractor we work on critical infrastructure at reservoirs including Talybont and Llanishen, in Cardiff.

Wessex Water's planned £1.4bn AMP7 investment[6] is focused on delivering improvements to clean water and sewerage systems and we continue to work on the current AMP6 Civils & EMI Delivery Partners Framework.

In line with a key strategic objective we continue to broaden our customer base securing long-term frameworks with new water clients.

For Bristol Water, we were recently appointed to the £75m AMP7 network partnership programme, as the exclusive provider for mains renovation works across the region for the next five years. In addition to this new framework, we have been appointed to deliver a number of significant mains rehabilitation schemes.

For Yorkshire Water we secured both lots on the £290m AMP7 Minor Civils Framework which will see us carry out engineering works to existing assets on operational treatment and distribution facilities for the next five years.

The Environment Agency ("EA") will have invested approximately £2.6bn in flood and coastal erosion risk management projects in the five years to 2021 and estimates that an increase in average annual investment to around £1bn will be necessary each year to 2065 to sufficiently mitigate flooding risk in the UK[7]. We continue our long association with the EA delivering these important maintenance and improvement works to environmental assets nationally through the Flood and Coastal Risk Management programme where we have framework positions in the North, Central, South West and South East regions over the next four years. The Group also secured a further extension to the EA's Northern Mechanical, Electrical, Instrumentation, Control, and Automation Framework ("MEICA") as well as being on the South East MEICA Projects Framework.

For the Canal and River Trust, we continue to maintain the trust's waterway assets across England and Wales through a seven year MEICA Framework.

In land remediation, we continue to see long-term demand for brownfield regeneration and during the year we undertook a number of complex remediation schemes for Harworth Estates as well as delivering land regeneration services for National Grid and Scotia Gas Networks on the sites of former gasworks through national framework agreements.

We also continue to be involved with a number of phases of work at the Palace of Westminster including specialist restoration activities on the Cast Iron Roof Restoration Framework and structural repair works to the Elizabeth Tower. We continue to see long-term opportunities at this UNESCO World Heritage site which is due to undergo further major renovation programmes over the next decade.

Specialist Building

We specialise in the high quality residential market in London and the Home Counties and during the year we have been successfully awarded a number of new projects. In the science sector, where we have a number of existing frameworks, the Group has been awarded a significant contract for a repeat client post period end. The Group continues to be selective in these markets where we have a long-established track record.

Revenue in Specialist Building reduced to £36.1m (2018: £74.2m), in line with our expectations and reflecting our continued focus on contract selectivity and risk management. This is demonstrated by an increased operating profit of £0.9m (2018: £0.6m) at an operating margin of 2.4 per cent (2018: 1.5 per cent). At the year end, the forward order book[1] was £39m (2018: £48m).

New and emerging markets

As part of the Group's growth strategy, we continue to seek opportunities in new regulated markets that exhibit characteristics and programmes of infrastructure maintenance and renewal spending which align with the Group's established and proven capabilities. Our initial focus is on highway structures and technology as well as power infrastructure. In highways, the Government announced a £25bn investment in the Road Investment Strategy 2[8] while investment in the electricity network during RIIO-1 is estimated at c.£37bn and focus on improving existing power assets[9]. Entering these markets is part of our long-term strategic plan and we will provide updates when appropriate.

Health, safety and the environment

We continue to make health and safety a priority, ensuring safe working practices for the Group's employees, those who work with us and our wider stakeholders. The Group is pleased to report further improvement in its health and safety performance during the year.

The Group is committed to operating in a sustainable and ethical manner and we work hard to leave a lasting positive impact with everything we do. The Group has recently been awarded the London Stock Exchange's Green Economy Mark, which recognises companies that contribute to positive environmental outcomes.

Outlook

Renew continues to directly deliver non-discretionary engineering support services to the UK's critical infrastructure networks through its highly skilled workforce. Technological developments, demographic changes, historic underinvestment, climate change and legislative changes will necessitate increased infrastructure investment over a long period of time. These changing dynamics continue to require our clients to commit to clear spending plans which are delivered through long-term programmes of investment and, as such, we are unlikely to be affected by the UK's potential withdrawal from the European Union and the current political uncertainty.

The Group's appointment to a number of key frameworks in the period increases our addressable market and provides significant opportunity for continued organic growth. The markets in which we operate remain large and fragmented and, as such, provide the Group with the opportunity to grow its Engineering Services business in the UK through selective, earnings enhancing acquisitions that are in line with our strategy. We also continue to seek opportunities in new regulated markets which align with the Group's established and proven capabilities.

The Group's strong financial position and our differentiated business model gives the Board confidence the Group will continue to deliver on its strategic objectives and provide excellent growth opportunities.

Paul Scott
Chief Executive Officer
26 November 2019

2 CP6 Network Rail Strategic Business Plan – Summary 9 February 2018.

3 https://www.gov.uk/government/publications/nuclear-provision-explaining-the-cost-of-cleaning-up-britains-nuclear-legacy/nuclear-provision-explaining-the-cost-of-cleaning-up-britains-nuclear-legacy.

4 NDA Business Plan 1 April 2019 to 31 March 2022 (March 2019).

5 Water UK A Manifesto for Water, Summary of the Water Industry's Plans in England 2020-25 3 September 2018.

6 Wessex Water Business Plan 2020-2025.

7 Environment Agency Research and analysis Long-term investment scenarios (LTIS) 2019 (Updated May 2019).

8 HM Treasury Autumn Budget 2018 (October 2018).

9 Ofgem RIIO-1 PCFM (November 2018).

Delivering stakeholder value

As a holding company, Renew grants autonomy to its operating subsidiaries, enabling them to be competitive and effective in their individual markets whilst setting overall standards.

Our inputs

Long-term positions in target markets
Our responsive engineering services, combined with consistent delivery, mean we are well positioned to work on some of the largest asset maintenance and renewal frameworks nationally, which are mainly delivered through our clients' operational expenditure budgets.

Multidisciplinary services
We develop our engineering services both organically and by acquisition to broaden our service offering to existing and new clients. Organic growth is achieved by aligning our operating subsidiaries with their clients. The Group also continues to look for complementary acquisition opportunities where businesses have strong relationships in regulated markets.

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

Direct delivery
Our highly skilled, directly employed workforce are key to delivering safe and responsive solutions for our clients. The regulated and challenging markets in which we operate demand high levels of skill and experience and require a long-term commitment to training programmes for our employees.

Our strategy

Read more on pages 16 & 17

1 **Key provider**

2 **Non-discretionary focus**

Our core values

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

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

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

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

3 Direct delivery

4 Responsive

5 Deliver growth

What makes us different

Safe operations in challenging environments	**Direct delivery model**
National coverage	**Responsive service**
Investment in skills and labour	**Specialist market knowledge**
In-house design and fabrications	**Planned and reactive maintenance services**
Wide range of integrated engineering capabilities	**Innovative solutions**

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

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

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

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

The value we create

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

Employee engagement
Our subsidiary businesses provide a range of opportunities for employees from training and career progression to health and wellbeing benefits.

Socio-economic impact
Our businesses work hard to ensure their operations have a lasting, positive impact on local communities. Ensuring effective communication with our stakeholders is key to our success.

Customer satisfaction
We develop safe, innovative and efficient solutions for our clients. Our ability to provide a range of services from across our subsidiary businesses can provide both cost and time efficiencies.

Corporate governance **40–49**

Strategy **16 & 17**

Key performance indicators **18 & 19**

Principal risks **34–36**

Engineering Services

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

Technological developments, demographic changes and increased legislation have combined to provide conditions for the sustained investment in new and maintained infrastructure.

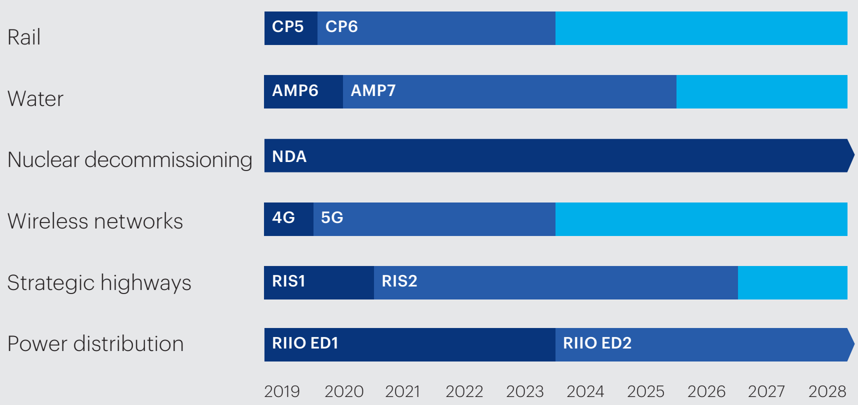
Our clients have clear spending plans underpinned by strategic national need, regulatory commitments and essential maintenance requirements delivered through long-term programmes of investment, which provide visibility of spend over regulatory cycles.

Investment in infrastructure[2]

£600bn

2018–2028

Regulatory periods ensure long-term visible pipeline



Market drivers

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

Drivers	Opportunity for Renew
Political and economic landscape	
End of austerity	• Increased investment in UK critical infrastructure
Impact of Carillion collapse	• Customers moving towards direct delivery models
Political uncertainty	• Infrastructure investment remains at the top of the agenda
Population growth	
Increased pressure on transport capacity	• Investment to improve rail and highways capacity
Housing shortages	• Regeneration of urban areas and brownfield sites
Demand for natural resources increases	• Need for better resilience in energy and water supply
Government regulation	
Drive to extend the life of assets	• Focus on upgrading/maintaining infrastructure assets
Incentives linked to customer satisfaction	• Increased spend to reduce leaks and faults in utilities
Climate change	
Focus on decarbonisation	• Investment in renewable energy and new technology
Increased flood risk	• Flood alleviation and dam safety programmes
Technological developments	
Move towards smart cities and smart transport	• Digital railway, Smart Motorway and EV/CAVs
Need for improved wireless networks	• Roll-out of 5G network across the UK

Key markets

Rail

Investment in Control Period 6 ("CP6")[3]

£48bn

- CP6 is expected to see a 25% increase in spend on operations, maintenance, support and renewals.
- Opportunities will arise from the integration of HS2 with the existing rail infrastructure.
- Long-term investment is required to deliver renewal and maintenance services on London Underground and Train Operating Company assets.

Nuclear

Nuclear Decommissioning Authority ("NDA") spend per annum[4]

£3bn

- The government's nuclear decommissioning provision is currently estimated at £124bn over the next 120 years, with around 75% allocated to the Sellafield nuclear site.
- New nuclear is an essential part of the government's objective of delivering a sustainable and low-carbon energy future to meet increasing demand.
- The NDA will announce its new procurement strategy in 2020 having assumed responsibility for the decommissioning of the Magnox estate.

Water

Estimated spend in Asset Management Programme 7 ("AMP7")[5]

£50bn

- AMP7 will focus on cost efficiency and leak reduction with total expenditure forecast to increase by 13% from AMP6.
- OFWAT are focusing on customer experience and outcome-based solutions in AMP7 leading to an increase in expenditure on capital maintenance and asset optimisation.
- Additional spend on enhancing supply resilience including dam safety and infrastructure refurbishment schemes.

Telecoms

Estimated investment to roll out 5G across the UK[6]

£22bn

- The wireless telecoms infrastructure market is expected to grow significantly as the demand for 5G internet access increases.
- All four major UK Networks have announced their proposed 5G launch sites as part of a roll-out of wireless infrastructure across the UK.
- Further investment programmes are expected to follow the increase in 5G technologies, targeting widespread UK coverage by 2023.

Target markets

Highways

Road Investment Strategy 2 ("RIS2")[7]

£25bn

- Highways England continue to assume direct responsibility for all maintenance, renewal and improvement schemes on our strategic network by rolling out their Asset Delivery model.
- Continued move towards electric vehicles will require additional investment in charging infrastructure.
- The introduction of connected and autonomous vehicles will necessitate a significant change in road infrastructure, maintenance and operation over the next 10–15 years.

Power

Estimated investment in electricity network during RIIO-1[8]

£37bn

- Ofgem will announce the next ten year price control allowances in 2020 with increased investment in existing distribution assets to ensure network stability and resilience expected.
- Significant investment in the transmission and distribution sector is forecast during the next ten years, most of it driven by the move towards a CO_2-free energy scenario by 2050.
- Increasing political pressure for electric vehicles will necessitate substantial reinforcement of the network so that capacity exists to enable multiple charging point installations.

Sources

2 Infrastructure and Projects Authority, Analysis of the National Infrastructure and Construction Pipeline 26 November 2018.
3 Network Rail Strategic Business Plan – Summary 9 February 2018.
4 NDA Business Plan 1 April 2019 to 31 March 2022 (March 2019) https://www.gov.uk/government/publications/nuclear-provision-explaining-the-cost-of-cleaning-up-britains-nuclear-legacy/nuclear-provision-explaining-the-cost-of-cleaning-up-britains-nuclear-legacy.
5 Water UK A Manifesto for Water, Summary of the Water Industry's Plans in England 2020-25 3 September 2018.
6 Frontier, UK Mobile Market Dynamics, A report for DCMS (July 2018).
7 HM Treasury Autumn Budget 2018 (October 2018).
8 Ofgem RIIO-1 PCFM (November 2018).

A focused strategy

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

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

Progress in 2019

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

We have been awarded all of the Network Rail CP6 frameworks we tendered for as well as being appointed to key AMP7 frameworks for clients including Welsh Water and Bristol Water.

✓ **Achieved in 2019**

Future focus

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

Link to KPIs

Read more on pages **18 & 19**

A C E F

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

Progress in 2019

We continued to develop our range of renewals and maintenance capabilities enabling us to provide long-term engineering services to our clients. We focus on essential non-discretionary spending on critical networks to ensure their continued reliability. These spending programmes are delivered through our clients' visible operational expenditure budgets.

✓ **Achieved in 2019**

Future focus

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

Link to KPIs

Read more on pages **18 & 19**

A B C E

3 To expand our direct delivery model through strong local brands

Progress in 2019

We continue to develop and invest in our direct delivery model. The acquisition of QTS in May 2018 saw another strong brand added to the Group's existing Engineering Services businesses.

The Group directly employs over 2,750 people (as at 30 September 2019).

✓ **Achieved in 2019**

Future focus

Seek complementary Engineering Services acquisitions to expand our capabilities and geographical coverage.

Continue to invest in our highly skilled, multidisciplined workforce.

Link to KPIs

Read more on pages **18 & 19**

E F

4

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

Progress in 2019
We offer direct delivery, market expertise and a local, responsive service to our clients. We continue to expand our range of capabilities to better meet the needs of our key clients.

✓ **Achieved in 2019**

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

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

Link to KPIs
Read more on pages **18 & 19**

C E

5

To continue to deliver organic growth combined with selective complementary acquisitions

Progress in 2019
We continue to deliver both organic and acquisitive growth. The Group's range of capabilities has been strengthened in rail following a full year of QTS trading.

✓ **Achieved in 2019**

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

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

Link to KPIs
Read more on pages **18 & 19**

A B D

Discover more about how we create value

Read more on pages **4 & 5**

Discover more about how we manage risks

Read more on pages **34–36**

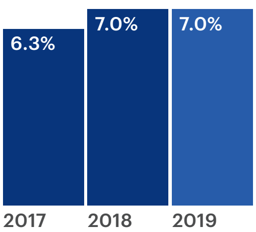
Measuring our progress

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

A

Adjusted engineering services operating profit[1] as a percentage of revenue

7.0%



Description
Adjusted engineering services operating profit as a percentage of revenue.

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

2019 performance
We continue to work to improve our engineering services margin through efficiencies and innovative working practice.

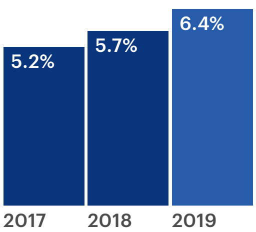
Link to strategy
Read more on pages **16 & 17**

1 2 5

B

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

6.4%



Description
Adjusted Group operating profit as a percentage of revenue.

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

2019 performance
We continue to improve the Group's margin through efficiencies and innovative working practice.

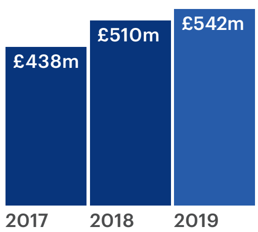
Link to strategy
Read more on pages **16 & 17**

2 5

C

Engineering Services order book[1]

£542m



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

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

2019 performance
The Engineering Services order book[1] has increased following a number of strategic framework appointments and renewals.

Link to strategy
Read more on pages **16 & 17**

1 2 4

1 Renew uses a range of statutory performance measures and alternative performance measures when reviewing the performance of the Group against its strategy. Definitions of the alternative performance measures, and a reconciliation to statutory performance measures, are included in Note 29 to these accounts.

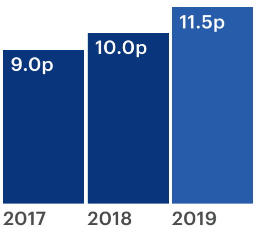
Discover more about our business model

Read more on pages **12 & 13**

D

Dividend

11.5p



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

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

2019 performance
The Board approved an increase to the Group's final dividend to 11.5p.

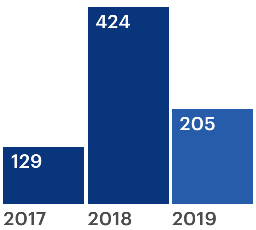
Link to strategy
Read more on pages **16 & 17**

5

E

Health and safety

205



Description
The average rate of non-fatal injuries with over seven days absence per 100,000 workers.

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

2019 performance
The HSE published data shows the average rate of non-fatal injuries with over seven days absence per 100,000 workers in the construction industry was 420. We are pleased to report we performed at just under half this construction industry rate during the year.

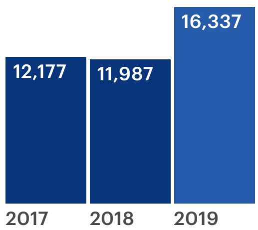
Link to strategy
Read more on pages **16 & 17**

1 2 3 4

F

Investment in training

16,337



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

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

2019 performance
We have significantly increased our investment in training across the Group which is evidenced in the number of training days undertaken in 2019 compared with previous years.

Link to strategy
Read more on pages **16 & 17**

1 3

Infrastructure

As a leading provider of infrastructure services to Network Rail, we undertake a high volume of asset maintenance and renewals tasks across the UK.

We also undertake all aspects of wireless telecoms network infrastructure delivery.

Rail

Capabilities

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

Progress

As a major provider of infrastructure services to Network Rail nationally, supporting its day-to-day operations by providing a high volume of essential, non-discretionary asset maintenance activities through our long-term frameworks. During the year we were awarded the Minor Signaling frameworks in the Scotland, South East and Wales regions in addition to our existing CP6 frameworks where we directly deliver civils asset management, fencing, devegetation and drainage alongside a 24/7 emergency support provision.

We have significantly strengthened our relationship with Network Rail during the year, securing all the CP6 renewals frameworks that we tendered for, including the Multidisciplinary Renewals and Geotechnical and Earthworks five year frameworks in the Scotland North East region. In addition, we continue to work on Electrification and Plant, Slab Track, Station Information & Security Systems as well as Telecoms frameworks nationally across the network.

Since the period end, we have secured new positions on the CP6 Wales and Western Renewals Frameworks across all five lots, delivering a programme of engineering services to assets including bridges, embankments, tunnels and shafts as well as the delivery of signaling, power and communications schemes.

For London Underground we deliver specialist electrical, plant and power schemes through five framework agreements. We were also awarded a number of depot control system and major depot refurbishment schemes in the period. During the year we have also been awarded a place on Merseyrail's Principal Contractor's three year framework and we continue to work on the Transport for Wales STRIDE framework.

Future focus

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

Collaborative safety

AmcoGiffen and QTS, in collaboration with Network Rail, delivered several "Learning from Events" safety stand down days during 2019. Taking place at rail sites across Scotland and North East London, our Safety, Health, Environmental and Quality ("SHEQ") representatives delivered interactive presentations designed to reinforce the importance of safe performance, equipping our teams with the confidence and tools to challenge unsafe practices and behaviours.

Rail maintenance & emergency support

We undertook an emergency works programme to re-open the West Highland Line following recent flood damage at locations around Crianlarich, Scotland. Our skilled, directly employed team worked around the clock at five locations to repair damaged rail infrastructure including clearing debris, devegetation, reconstructing embankments, enhancing drainage and rebuilding the track-bed. In challenging conditions, we worked safely and collaboratively with Network Rail and our supply chain to deliver an early completion.

Previous emergency response works for Network Rail have included at Lamington Viaduct on the West Coast Main Line and at Loch Eilt following a major landslide in early 2018.

Rail renewals

We have recently completed the Up Passenger Loop Track Renewal at Birkenhead North Station as part of the Merseytravel Platform Train Interface Project for Network Rail which provides level access at all Merseytravel stations and sufficient gauge clearance for the operation of new vehicles being manufactured for use on the network.

Passengers with mobility issues, wheelchair users, and those with buggies, luggage and bikes will be able to get on and off the new trains without assistance, due to the alterations in height of station platforms and track realignment ensuring the new train's sliding step can meet the platform edge, making the Merseytravel network the most accessible traditional rail network in the UK. With continued support from our supply chain partners, the completion of Birkenhead North Station equates to 91 of 96 platforms we have delivered with Network Rail over the last 12 months.

Wireless telecoms

Capabilities

In wireless telecoms, we provide specialist infrastructure services to network operators and increasingly to multi-site operators and vendors acting as managed services providers. We undertake all aspects of site acquisition, design, installation, commissioning and integration of stations onto the networks.

- Operational support and asset care
- Critical planned and reactive maintenance and renewals
- Civil, mechanical and electrical engineering
- Wireless telecoms installations
- Provision of 3G, 4G, 5G and Wi-Fi technologies
- Radio network planning, including the installation of specialist indoor and outdoor coverage solutions

Progress

We continue to see a significant increase in work on Telefonica's frameworks in London, the South East and the North East of England. We also secured a new framework for MBNL to deliver EE's 5G roll-out and continued to deliver emergency reactive works for our clients throughout the year.

Future focus

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

Energy

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

Image courtesy of Sellafield

Nuclear

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

Progress

At Sellafield, where we continue to operate as the largest provider of mechanical and electrical services, the focus has shifted away from reprocessing nuclear fuel to broader decommissioning activities including high hazard retrievals and risk reduction activities. Our range of multidisciplinary engineering services support these activities through established, long-term framework agreements for decontamination, decommissioning and waste management. During the year the largest of these frameworks, the Decommissioning Delivery Partnership, was extended to 2026. This programme delivers work across Sellafield and is associated with some of the most hazardous areas at the site including waste retrieval from legacy storage ponds and silos. We also continue to work on the SR&DP Asset Care, Magnox Swarf Storage Silo, Bundling Spares and the Tanks and Vessels Frameworks as well as providing support to numerous ongoing major projects.

In line with the Group's strategy to broaden its nuclear service offering, our clients include EDF in association with Westinghouse on Sizewell 'B' where we are assisting with the control and data acquisition system upgrade to extend the life of the pressurised water reactor. We also continue to work for BAE Systems providing engineering support to the nuclear submarine programme as well as for Westinghouse at Springfields and for Low Level Waste Repository and Magnox. During the year we were also appointed to a major decommissioning services framework for new client, Dounreay Site Restoration Limited, for a term of up to seven years.

New nuclear will play an important role in the government's objective of delivering sustainable and low-carbon energy. Working at Hinkley Point 'C', during the period, we have supplied and installed high integrity manufactured components to the site and we continue to selectively target opportunities where our specialist capabilities are well suited to major future demand.

Future focus

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

Thermal and renewable

Capabilities

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

Progress

We continue to deliver long-term engineering services at a number of the UK's thermal power stations including at Ferrybridge, Eggborough, Keadby, Connah's Quay and Drax. Our embedded maintenance teams support these sites through programmes of planned maintenance and an emergency support provision. Our work on these sites is undertaken through long term framework agreements including a four year electrical maintenance services framework at Drax.

In renewable energy, we provide maintenance and engineering support to windfarm facilities including at Deucheran Hill for E.ON.

Future focus

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

Maintaining E.ON's Deucheran Hill Wind Farm

Through our framework with E.ON, we deliver scheduled and reactive maintenance services to sustain operational functionality at the Deucheran Hill Wind Farm in Scotland.

Since 2010, our embedded support team has been undertaking mechanical maintenance as well as servicing and repairs to the nine Vestas V66 1.6MW turbines at the site including planned preventative maintenance, cabling support, 24 hour call out and decommissioning.

Our multidisciplinary approach, combined with our multi-skilled, directly employed workforce, enables us to deliver integrated engineering solutions at this iconic site.

Environmental

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

Water

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
- Maintenance of strategic water mains and mains drainage
- Clean and wastewater rehabilitation infrastructure
- Port, harbour and sea defences

For more information on the opportunity in Water

Read more on pages **14 & 15**

Progress

For Dŵr Cymru Welsh Water, we operate on the Pressurised Pipelines Framework, Major Civils Framework and the Capital Delivery Alliance Civils contracts across the region. In addition to ongoing maintenance and renewals tasks, we provide 24/7 emergency reactive works on the water network.

For Wessex Water we continue to work on the current AMP6 Civils & EMI Delivery Partners Framework.

In line with a key strategic objective we continue to broaden our customer base securing new long-term frameworks with new water clients.

For Bristol Water, we were recently appointed to the £75m AMP7 network partnership programme, as the exclusive provider for mains renovation works across the region for the next five years. In addition to this new framework, we have been appointed to deliver a number of significant mains rehabilitation schemes.

For Yorkshire Water we secured both lots on the £290m AMP7 Minor Civils Framework which will see us carry out engineering works to existing assets on operational treatment and distribution facilities for the next five years.

We continue our long association with the EA delivering important maintenance and improvement works to environmental assets nationally through the Flood and Coastal Risk Management programme where we have framework positions in the North, Central, South West and South East regions over the next four years. The Group also secured a further extension to the EA's Northern Mechanical, Electrical, Instrumentation, Control, and Automation Framework ("MEICA") as well as being on the South East MEICA Projects Framework.

For the Canal and River Trust, we continue to maintain the trust's waterway assets across England and Wales through a seven year MEICA Framework.

Future focus

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

Land remediation and restoration

Capabilities

As an industry leader of bespoke and innovative remediation solutions, we have over 40 years' expertise in providing specialist remediation and associated earthworks nationwide. Our in-house capabilities can add value, recovering up to 100 per cent of soils and excavated materials on site.

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

Progress

During the year we undertook a number of complex remediation schemes for Harworth Estates as well as delivering land regeneration services for National Grid and Scotia Gas Networks on the sites of former gasworks through national framework agreements.

We also continue to be involved with a number of phases of work at the Palace of Westminster including specialist restoration activities on the Cast Iron Roof Restoration Framework and structural repair works to the Elizabeth Tower. We continue to see long-term opportunities at this UNESCO World Heritage site which is due to undergo further major renovation programmes over the next decade.

Future focus

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

Innovative remediation solutions

During the year we were awarded a contract for the major development of Moss Nook, Merseyside for repeat client, The Harworth Group. The 52.4 hectares of brownfield and open land will be remediated for residential and recreational use.

The mixed soils found on the site include colliery spoil, demolition arisings and by-products from nearby industries, in particular galligu, which represent a significant engineering challenge. Drawing on our experience of working with similar materials across the UK, our subsidiary business, VHE, will remove and treat affected areas of the site to provide a platform for the development of the site. Treatment will include excavation & filling, surface & groundwater management, screening of excavated material & re-use and modification of insitu & as dug soils.

Specialist Building

Our subsidiary, Walter Lilly, is recognised as a market-leading luxury provider of prestigious private residential refurbishment and science projects in London and the Home Counties.

High quality residential and science

Capabilities

Our subsidiary, Walter Lilly, is recognised as a market-leading luxury provider of prestigious private residential refurbishment and science projects in London and the Home Counties.

The schemes we undertake often require extensive structural engineering works which, together with space restrictions in the South and the complex nature of the work, means that this market has high barriers to entry.

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.

Progress

In the high quality residential market in London and the Home Counties we have been successfully awarded a number of new projects during the year.

In the science sector, where we have a number of existing frameworks, we have been awarded a significant scheme for the MRC London Institute of Medical Sciences post period end. The Group continues to be selective in these markets where we have a long-established track record.

Future focus

We focus on delivering technically challenging, high quality residential and science projects in London and the Home Counties where our expertise and experience prove differentiators in this market. We continue to be selective in these markets with a focus on risk management.

Science specialism

The Group, through its subsidiary Walter Lilly, specialises in constructing, renovating and refurbishing science facilities. Over the years we have worked on many projects for key pharmaceutical companies. Past projects have included a virology containment facility for DEFRA as well as chemistry and biology laboratories for Eli Lilly.

During the year, Walter Lilly was appointed to a seven year Capital Programme Framework with the London School of Hygiene and Tropical Medicine for remodelling and fit out works to its CAT III laboratories as well as other areas.

The Group has a number of frameworks in the science sector and since the period end has been awarded a significant scheme to build a new biomedical research facility for repeat client, the MRC London Institute of Medical Sciences.

A strong financial performance

Sean Wyndham-Quin CA
Chief Financial Officer

Full year dividend

11.5p

2018: 10.0p

Adjusted operating profit[1]

£38.3m

2018: £31.1m

Dear Shareholder

Results

Group revenue[1] from continuing activities was £600.6m (2018: £541.5m), with an operating profit before tax[1] from continuing activities prior to amortisation and exceptional items of £38.3m (2018: £31.1m). A tax charge of £7.3m (2018: £6.4m) resulted in a profit after tax prior to amortisation and exceptional items for the year of £30.4m (2018: £24.0m), an increase of 26 per cent. After deducting £10.8m (2018: £15.6m) of amortisation and exceptional costs, the profit for the year from continuing activities was £22.3m (2018: £9.2m).

Amortisation and exceptional items

The £10.8m of exceptional items and amortisation is made up of £6.5m of amortisation charges in the year relating to contractual rights and customer relationships which are primarily associated with the acquisition of QTS Group Limited. Following this amortisation there remains £9.5m of other intangible assets on the balance sheet. In addition, we have recognised an exceptional charge in the year of £4.3m in relation to the High Court requirement to equalise pension benefits between men and women due to guaranteed minimum pension (GMP).

Net debt

The Group's balance sheet shows a cash balance of £11.7m (2018: £9.2m) and borrowings of £21.9m (2018: £30.6m) at the year end. Consequently, the Group's net debt[1] position as at 30 September 2019 was £10.2m (2018: £21.4m).

Banking facilities

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

The Group has committed debt facilities of £20m in the form of a revolving credit facility with HSBC which is committed until 2022. In addition, the Group has a further £10m overdraft, also with HSBC, which is renewed annually in January.

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

Leasing

At 30 September 2019, the Group had £5.8m (2018: £4.4m) of finance lease obligations.

"The Board is recommending a final dividend of 7.67p per share (2018: 6.7p) bringing the total for the year to 11.5p (2018: 10.0p), an increase of 15 per cent."

Taxation

The tax charge on profit for the year is £4.7m (2018: £5.5m), a rate of 18 per cent. This rate is slightly lower than the headline rate of 19 per cent due to timing differences arising as a result of deferred tax. Corporation tax payable for the year amounted to £5.3m (2018: £3.6m), a rate of 14 per cent on profit before exceptional items and amortisation. The Group has been able to utilise some brought forward losses which had not previously been recognised as deferred tax assets. Due to the tax deductibility of defined benefit pension scheme contributions which are not charged to the Income Statement, the rate of corporation tax payable in each of the next few years should remain below the headline rate of corporation tax in effect for the relevant accounting period.

Pension schemes

At 30 September 2019, the IAS 19 valuation of the Lovell Pension Scheme, which was closed to new members in 2000, resulted in an accounting surplus of £15.6m (2018: £12.6m) after accounting for deferred taxation. The net surplus has increased by £3.0m during the year, due primarily to contributions made by the Company and reflects the impact of the equalisation of guaranteed minimum pension (GMP). The actuarial movement is accounted for through the Group Statement of Comprehensive Income.

During the year, the Board has continued to work with the Trustees of the Lovell Scheme, to reduce the risks associated with the scheme's liabilities by regularly reviewing the scheme's investment strategy which includes a liability driven model featuring interest rate hedging techniques. At the year end, 52 per cent (2018: 57 per cent) of the scheme's total liabilities were matched by annuities. In the triennial valuation of the scheme, which was carried out as at 31 March 2018, the scheme actuary measured the deficit in the scheme at £0.3m. In accordance with the scheme specific funding requirements of the Pensions Act 2005, the Board reached an agreement with the Trustees of the scheme on the level of future contributions at £4.3m per annum until 31 July 2023 by which point the scheme's buy-out deficit is expected to be cleared. The next triennial valuation is due on 31 March 2021.

The IAS 19 valuation of the Amco Pension Scheme shows a net surplus of £1.0m (2018: £0.7m) after accounting for deferred taxation. The net surplus has increased by £0.3m during the year, due primarily to contributions made by the Company and reflects the impact of the equalisation of guaranteed minimum pension (GMP). The actuarial movement is accounted for through the Group Statement of Comprehensive Income.

Similar to the Lovell Scheme, the Board has worked closely with the Trustees of the Amco Scheme, to reduce the risks associated with the liabilities of the scheme. This has included agreeing to make £0.5m of additional contributions to provide liquidity so that the Trustees could fund transfer values requested by members without disturbing the investment portfolio of the scheme. It is possible that further contributions will be made in 2019/20 for the same purpose. At the year end, 49 per cent (2018: 47 per cent) of the scheme's total liabilities were matched by annuities. In the triennial valuation of the scheme which was carried out as at 31 December 2016, the scheme actuary measured the deficit in the scheme at £3.4m. In accordance with the scheme specific funding requirements of the Pensions Act 2005, the Board agreed the level of future contributions with the Trustees of the scheme at £0.5m per annum. This recovery plan 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 on 31 December 2019.

Impact of IFRS 9

The new accounting standard IFRS 9 addresses the classification and measurement of financial assets and liabilities and replaces IAS 39. Among other things, the standard introduces a forward-looking credit loss impairment model whereby entities need to consider and recognise impairment triggers that might occur in the future (an "expected loss" model). The Group has adopted IFRS 9 and has chosen to apply the retrospective approach.

The adoption of IFRS 9 has had no material impact on the Group's financial statements.

Impact of IFRS 15

The new accounting standard, IFRS 15, sets out a single and comprehensive framework for revenue recognition. The guidance in IFRS 15 is more detailed than previous IFRSs for revenue recognition (IAS 11 "Construction Contracts" and IAS 18 "Revenue and Associated Interpretations"). The Group has adopted IFRS 15 and has chosen to apply the modified retrospective approach. There has been no impact on the comparative reported results and consequently no adjustment has been required to the opening balance of equity at the date of initial application. The Group has adopted the practical expedients not to restate contracts for all contract modifications that occurred before the date of initial application and to recognise the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the Group otherwise would have recognised is one year or less.

The adoption of IFRS 15 has had no material impact on the Group's financial statements.

IFRS 16

This new IFRS will be applicable to the Group's results for the year ending 30 September 2020. The Board assesses that net impact to the Income Statement will be immaterial as a result of the application of IFRS 16. Both assets and liabilities on the Balance Sheet are expected to increase by corresponding amounts, which as at 30 September 2019 would have been in the range of £9m–£11m.

Earnings per share

Earnings per share[1] before exceptional items and amortisation was 40.4p (2018: 35.5p) and on a statutory basis, after the impact of exceptional items and amortisation, was 29.4p (2018: 10.0p). The weighted average number of shares in issue for the period was 75.3m.

Distributable profits

The distributable profits of Renew Holdings plc are £46.4m (2018: £36.2m). The Board is recommending a final dividend of 7.67p per share (2018: 6.7p) bringing the total for the year to 11.5p (2018: 10.0p), an increase of 15 per cent.

Going concern

The Directors continue to adopt the going concern basis in preparing the Group's 2019 financial statements.

Capital Allocation Policy

Capital allocation in priority order:

For the year ending 30 September 2020	
1	To maintain sufficient financial headroom to comfortably manage temporary variations in working capital and to provide headroom against known risks and contingencies.
2	To maintain a conservative approach to leverage by seeking to pay down debt quickly post-acquisitions and by ensuring that our net debt:EBITDA multiple remains at an appropriate level.
3	To appropriately invest in the business to deliver organic growth.
4	To continue to pursue a progressive dividend policy whilst maintaining an appropriate level of dividend cover.
5	To build a net cash balance to enable us to quickly respond to acquisition opportunities that are consistent with our stated strategy and which are earnings enhancing.

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

Sean Wyndham-Quin CA
Chief Financial Officer
26 November 2019

Committed to a lasting positive impact

As a business we understand the wider responsibility of our activities and work hard to ensure consideration is given to the social, environmental and economic benefits of our activities.

Our approach to sustainability

As a business we understand the wider responsibility of our activities and work hard to ensure consideration is given to the social, environmental and economic benefits our activities can bring.

We are committed to ensuring our employees, clients, supply chain and other stakeholders are not adversely affected by our work but that we leave a lasting positive impact on those around us.

Read more on pages **31–33**

Health and safety

Health and safety remains a priority across the Group. Health and safety is led by the Chief Executive assisted by the Group's SHEQ Director and safety advisors who are based within our subsidiary businesses and who have experience and knowledge of the specific environments in which they work.

People and potential

The Group's success relies on its employees. Our highly skilled, directly employed workforce are experienced in some of the most challenging and complex environments. Investment in professional development and training is key to attracting and retaining our skilled workforce.

Environment and ethics

The Group is committed to operating in a sustainable and ethical manner. The environment and communities in which we operate are a priority and we work hard to leave a lasting positive impact with our work.

Renew and STEM

Our businesses undertake many initiatives throughout the year to raise STEM (Science, Technology, Engineering and Maths) awareness, including hands-on events, activities and exhibitions designed to inspire young people and raise awareness of the opportunities available within the engineering sector.

Examples in the year include at Seymour, where employees attend industry and community events as STEM and CITB Construction ambassadors. Seymour continues to have strong connections with a number of local schools and colleges. Walter Lilly has been working with local primary schools to deliver "Brilliant Build Days" which give school children the opportunity to explore work in the construction industry. STEM ambassadors at AmcoGiffen also attended primary and secondary schools in the South Yorkshire area delivering activities including employability skills sessions, mock interviews and interactive STEM sessions.

QTS continue their association with the Women in Rail Scottish Regional Group, participating in steering committee meetings as well as hosting the Women in Rail Scotland's networking event in August in partnership with Network Rail.

Our safety performance

2018/19 has seen the Group achieve significant improvements in its statistical reporting with the introduction of metrics including Accident Frequency Rate ("AFR") and Lost Time Incident Frequency Rate ("LTIFR"). The business also adopted a standard approach to the trending of events and close calls to inform strategy on improvement initiatives going forward. Our overall safety performance improved during the year with a reduction in the rate of RIDDOR reportable injuries.

Health and safety

As a group, Renew continues to make health and safety a priority, ensuring safe working practices for the Group's employees, those who work with us and wider stakeholders. Our subsidiary businesses employ their own safety practitioners who understand the complex needs of their individual markets. The Group also has its Safety and Environmental Management Group ("SEMG") forum, which met four times in the year, where senior operational personnel and senior safety practitioners from around the Group meet to share best practice and knowledge. The meetings each focused on a specific risk issue, selected on the basis of commonality across the subsidiaries and the potential for meaningful sharing and improvement. The SEMG themes were:

- Mental health
- Avoidance of damage to utility services
- Plant people interface
- Behavioural change

A safe culture

The development of a positive learning culture throughout the business is key to building on our improvements in health and safety and is supported at Board level. The positive learning culture is driven by close call reporting, incident investigations and just culture reinforcement.

Safety in action

The AmcoGiffen subsidiary has re-invented its Safety, Health, Environment and Quality ("SHEQ") strategy under the title of SHEQ 24/7. This revised approach has an underlying theme of mindfulness; everyone involved must be actively thinking about the SHEQ issues involved in the planning and delivery of work, with a "predict and prevent" mentality. Clarke Telecom and QTS have also devised new health and safety strategies, whilst Shepley, VHE, Lewis, Seymour and Walter Lilly continue to review, update and maintain their ongoing initiatives.

As in recent years, we continue to focus on behavioural safety-based initiatives to promote learning by understanding the reasons behind the incidents that occur. Behavioural-based initiatives which involve models such as "ABC" (Antecedents – Behaviour – Consequence) and "COM-B" (Competence + Opportunity + Motivation = Behaviour) run alongside more traditional courses such as manual handling and working in confined spaces.

Our businesses undertake a wide range of initiatives throughout the year to drive health and safety performance improvement in a number of key areas. This year these have included fatigue management which involves the use of wearable technology and online training trialled to look at reducing the exposure to risk of incidents due to the reduced alertness that comes with being tired.

One successful initiative has been the focus on driver safety. In-cab technology has been installed in commercial vehicles and cars at a number of the Group's subsidiaries to help modify driver behaviour to deliver both safety and environmental benefits. The introduction of this technology helps to reduce accidents and fuel usage by around 10 per cent. Safety Stand Down days are undertaken where employees participate in discussions and presentations on various topics. Our ongoing Change = Stop campaign also continues to deliver improvements in our health and safety performance targets. The year has also seen many of our businesses raising awareness of mental health issues. Initiatives have included mental health first aid training.

Accreditations

Our businesses continue to be accredited with various health and safety schemes, including Constructionline, SafeContractor, the Contractors Health & Safety Assessment Scheme ("CHAS"), Achilles Verify and the Railway Industry Supplier Qualification Scheme ("RISQS"). In addition to this our Group minimum standards for health and safety were reviewed and updated early in the year with an audit subsequently being carried out with every subsidiary to confirm compliance.

People and potential

Focus on recruitment, retention and development of talent

Investing in training is key to recruiting and retaining our highly skilled workforce. The Group supports a range of training and professional development opportunities for its employees throughout the business. Examples in the year include at Walter Lilly where they have 13 day release and sponsored students studying in Construction and Engineering Management, Commercial Management and Quantity Surveying, and Architectural Engineering and Design Management. Shepley continues to develop its apprenticeship programme training in partnership with Lakes College. VHE extends its long tradition of providing vocational training through university placements.

Community engagement

Examples of community engagement initiatives include AmcoGiffen, in partnership with Network Rail, providing resources to a number of local community projects. Members of our IT Department volunteering at the digital outreach scheme "Lifewise" run by South Yorkshire Police. Students from the Oasis Academy Byron visited Walter Lilly's offices to learn more about construction and Shepley Engineers continued to support local community causes including the "Grow West" scheme to encourage outdoor activities to improve wellbeing.

Diversity

The Group recognises the benefits a balanced and diverse workforce brings to an organisation. Set by the Board, the Group's strategy aims to encourage diversity throughout the organisation including, but not limited to, people of varying gender, age, religion, race, ethnicity, cultural background, sexual orientation, religion, languages, education and ability.

Supporting a great team

Employee Assistance Programme

In 2019 the Employee Assistance Programme was introduced which offers all our employees and their families a 24 hour helpline to assist with a wide range of issues including financial, childcare, medical, tax, retirement and legal matters.

Employee training

The Group offers a number of employee training opportunities including work placements, apprenticeships, work experience and day release placements.

Number of apprentices, trainees and undergraduates in the Group

234

(2018: 222)

Training days undertaken in 2019

16,337

(2018: 11,987)

Environment and ethics

Ethics and governance

Renew's vision is to safely and responsibly deliver essential engineering services to some of the country's key infrastructure assets: "Engineering Infrastructure for the future". To deliver a growing business in the challenging Energy, Environmental and Infrastructure market sectors we set overall standards for our subsidiary businesses through a formal framework to promote best practice and knowledge sharing.

The Board is responsible for ensuring the corporate culture is implemented throughout the business and it will continue to evolve the governance framework as we move through 2020.

The Group's core values outline our commitment to operating fairly and responsibly with all our stakeholders. The Group endeavours to be compliant; considerate; responsible; progressive; reliable; sustainable; responsive; and act with integrity.

GREEN ECONOMY LONDON STOCK EXCHANGE

Environmental

We are committed to minimising the impact of our operations on the environment through ensuring good environmental practices throughout our business.

Our business management systems and procedures ensure our compliance with all the relevant legislation relating to the environment as well as managing the implementation of our environmental procedures.

Our subsidiary businesses set objectives and targets to monitor their environmental performance. Our businesses promote sustainable development through the conservation of energy, materials and resources, minimising consumption, maximising efficiency and effectively managing wastes. We undertake employee training on environmental awareness and work alongside our supply chain to encourage minimal use of materials, energy or processes which may be harmful to the environment.

Initiatives designed to focus on specific areas of environmental concern help to raise awareness and promote sustainable solutions and during the year these have included 'carbon strategy' which works to reduce emissions through the use of more efficient plant, equipment and vehicles.

Read more about our core values on pages **12 & 13**

Homelessness Partnership

Clarke Telecom continues to work with the Manchester Homelessness Charter which supports homeless charities across Manchester. The team at Clarke have undertaken various initiatives during the year including:

- lunch and learn sessions for employees to learn more about homelessness and develop initiatives to tackle it;
- participation in monthly homelessness partnership business group meetings;
- donating a Mercedes Sprinter van to a local charity to help move homeless people into permanent accommodation; and
- office food collections which are donated to city centre homeless charities central food stores.

Risk management

Sean Wyndham-Quin CA
Chief Financial Officer

"Management of the Group's principal risks remains a key area of focus for the Board."

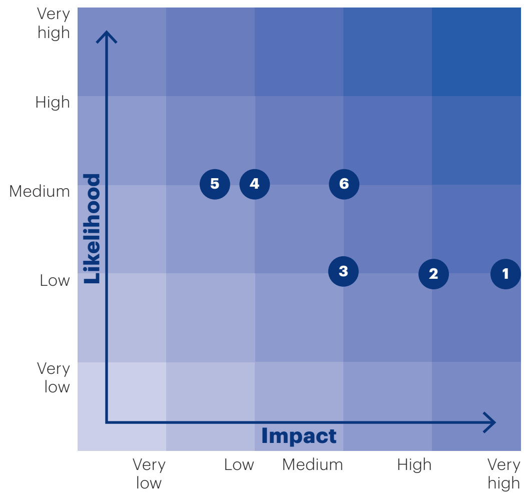
Risk management structure

The Executive Directors provide regular updates to the Board on the principal risks and controls. The Executive team works with its subsidiary businesses to identify and assess key risks in their businesses. It also facilitates the embedding and monitoring of the Board's agreed risk management process.

Risk management framework

Principal risks occurrence

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



Brexit

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

Major accident or hazard

Link to strategy
Read more on pages **16 & 17**

1 2 4

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

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

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

Change in the year
During the year our Safety and Environmental Management Group has focused on developing initiatives and sharing learning from across our organisation to ensure the highest standards of safety are in place.

Loss of a major customer

Link to strategy
Read more on pages **16 & 17**

1 2 4

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

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

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

Major project loss

Link to strategy
Read more on pages **16 & 17**

4 5

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

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

Change in the year
Good progress has been made in the year to close out a number of remaining legacy issues. The risk in this area has been significantly reduced over the year.

Economic conditions

Link to strategy
Read more on pages **16 & 17**
2 3 4

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

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

Change in the year
The strategic shift of the Group has naturally mitigated the effect of volatile economic conditions. We keep our workload trends and cost base under constant review to ensure we continue to act decisively to any change in conditions.

Business continuity and cyber risk

Link to strategy
Read more on pages **16 & 17**
1 4

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

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

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

Management and succession planning

Link to strategy
Read more on pages **16 & 17**
1 3 4

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

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

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

Governance

An experienced Board

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

David Forbes
Chairman

A R N

Appointment date:
Non-executive Director from June 2011.

Chairman from January 2018.

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

External appointments:
None.

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

Number of Board meetings attended:
Nine out of nine.

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

Shatish Dasani
Non-executive Director

A R N

Appointment date:
Non-executive Director from February 2019.

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

External appointments:
Chief Financial Officer of Forterra plc, which he joined in 2015.

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

Number of Board meetings attended:
Six out of six.

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

David Brown
Non-executive Director

A R N

Appointment date:
Non-executive Director from April 2017.

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

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

Skills brought to the Board:
Transport industry experience.

Number of Board meetings attended:
Eight out of nine.

Sector experience:
Transport.

A Audit Committee
R Remuneration Committee
N Nomination Committee
Chairman

Paul Scott
Chief Executive Officer

N

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

Experience:
A qualified engineer who has been with the Group for 20 years. Having directly led subsidiaries through substantial growth in line with the Group strategy, Paul's responsibilities gradually developed into a wider Group role before being appointed as the CEO.

External appointments:
None.

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

Number of Board meetings attended:
Nine out of nine.

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

Sean Wyndham-Quin CA
Chief Financial Officer

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

Appointed Chief Financial Officer on 29 November 2017.

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

External appointments:
None.

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

Number of Board meetings attended:
Nine out of nine.

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

Andries Liebenberg
Executive Director

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

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

External appointments:
None.

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

Number of Board meetings attended:
Nine out of nine.

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

Committed to a transparent and ethical approach

David M Forbes
Chairman

Dear Shareholder,

The Board of Renew Holdings is responsible for driving the highest standards of corporate governance throughout the business. The Board believes good corporate governance provides our business with a robust framework of rules, practices and processes by which our Company is directed and controlled to ensure we continue to provide value for our stakeholders.

Compliance with the QCA Corporate Governance Code 2018

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

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

Company values

The Group is built on a set of core values which we believe provide a robust framework of guiding principles; these include compliance, consideration, responsibility, progression, reliability, sustainability, responsiveness and integrity. The Board ensures these values are reflected throughout the business where they support the creation of long-term value for all our stakeholders.

Shareholder engagement

The Board welcomes the views of its shareholders and throughout the year communicates with its shareholders through the delivery of its results information, face-to-face meetings, capital markets days and the Company's Annual General Meeting ("AGM").

At the Company's 2019 AGM, one of the resolutions put to shareholders did not pass and consequently another resolution was not put to the meeting. The resolution that did not pass would have authorised the Directors to allot up to one-third of the Company's issued share capital for non-cash consideration. The resolution that was not put to meeting would have empowered the directors to allot up to 5 per cent of the Company's issued share capital non pre-emptively for cash in accordance with the Companies Act 2006. Whilst both of these resolutions are considered standard for public companies and were in-line with guidance issued by The Investment Association and The Pre-Emption Group relating to the percentage of shares to which the resolutions should relate, the Board understands that shareholders voted down the resolutions because the Company used a 'cash-box' placing to allot shares representing approximately 20 per cent of the Company's then existing issued share capital to part finance the acquisition of QTS Limited in May 2018.

Following the 2019 AGM, the Board has liaised with its major shareholders and has agreed not to use a 'cash-box' placing for future fundraisings without consulting shareholders in advance. Instead, the Board will seek powers at the 2020 AGM to enable the Company to allot up to 10 per cent of its issued share capital non pre-emptively for cash, 5 per cent of which can only be used for an acquisition or 'specified capital investment'. The Board believes that seeking these powers is consistent with The Pre-Emption Group's Statement of Principles and will give the Board flexibility to pursue its stated strategy of making earnings enhancing acquisitions.

Future focus

The Board is focused on continuing to improve the application of Corporate Governance throughout the business. During the year the Board has focused on its corporate culture and Board effectiveness. To ensure we continue to have an effective balance of skills and experience on the Board we will be reviewing the diversity of the Board as we move into 2020.

The Board looks forward to driving further improvements through 2020 as well as continuing to develop our core values to underpin the delivery of sustainable economic, social and environmental value for all our stakeholders.

David M Forbes
Chairman
26 November 2019

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

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

Key challenges to the successful delivery of our business model and strategy include:

Major accident or hazard

A major accident or hazard for which we are held primarily accountable could result in personal or environmental harm and lead to operational loss, regulatory, legal or financial penalties and/or reputational loss. Our established and proven processes, policies and approach provides mitigation to such an occurrence. We directly employ safety practitioners within our individual businesses who understand the complex needs of the individual environments in which they work. During the year our Safety Environmental Management Group has focused on developing initiatives and shared learning from across our organisation to ensure the highest standards of safety are in place.

Loss of a major customer

As a consequence of the markets in which we operate we inevitably have fewer, larger clients. The loss of one such client could result in both financial and reputational consequences for the business. We mitigate this risk by keeping close to our clients and by being seen as responsive, compliant, safe, innovative and proactive.

The business strategy also includes ambition to expand our client base to further lessen the reliance on larger clients. A number of appointments with new clients were made in the year. Our engineering Services are usually provided through long-term framework agreements, often over many years.

Major project loss

A major project loss could result in a significant financial loss to the business. Discontinued activities could present legacy risk that could potentially incur financial costs. We continue to mitigate this risk by ensuring rigorous selectivity procedures, carrying out thorough risk management and by maintaining first class records to enable effective management of any disputes. Projects within focus carrying risk are fully discussed in the business unit plans. Good progress has been made in the year to close out a number of remaining legacy issues. The risk in this area has been significantly reduced over the year.

Economic conditions

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

We focus on non-discretionary markets and activities where expenditure is delivered through long-term frameworks with committed levels of funding. The strategic shift of the Group has naturally mitigated the effect of volatile economic conditions. We keep our workload trends and cost base under constant review to ensure we continue to act decisively to any change in conditions.

Business continuity and cyber risk

With the ever-increasing dependence on electronic communication and management systems in the conduct of our activities, the potential for a serious business interruption event has increased. We recognise the importance of maintaining the integrity of the businesses' electronic communications and management systems from both failure and cyber-attack. Defence mechanisms are in place using industry best practice tools and a business continuity approach to disaster recovery is maintained with automated offsite backup facilities and secondary communication systems. We continue to develop our approach to cyber risk management through improvements to IT security and through the continuation of our user awareness training programme. Minimum standards are in place, with all businesses audited to ensure compliance.

Business model

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

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**

Management and succession planning
Lack of continuity of business leadership is recognised as a risk to the business which has the potential for both financial and reputational damage to the business. Each year, the Group carries out a review of succession planning and management in each of its subsidiary businesses. The review looks at succession planning for the senior teams in both the short, medium and long-term. The Group has further developed its succession planning procedures during the year and continues to carefully monitor any changes at regular intervals with our subsidiaries.

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

Individual shareholders

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

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

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

Institutional shareholders

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

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

Shareholder engagement activities

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

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

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

Operating companies

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

Employees

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

Customers

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

Shareholders

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

Public

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

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

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

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

The Group identifies the following risks to the Group:

Major accident or hazard

A major accident or hazard for which we are held primarily accountable could result in personal or environmental harm and lead to operational loss, regulatory, legal or financial penalties and/or reputational loss. Our established and proven processes, policies and approach provides mitigation to such an occurrence. We directly employ safety practitioners within our individual businesses who understand the complex needs of the individual environments in which they work. During the year our Safety Environmental Management Group has focused on developing initiatives and shared learning from across our organisation to ensure the highest standards of safety are in place.

Loss of a major customer

As a consequence of the markets in which we operate we inevitably have fewer, larger clients. The loss of one such client could result in both financial and reputational consequences for the business. We mitigate this risk by keeping close to our clients and by being seen as responsive, compliant, safe, innovative and proactive. The business strategy also includes ambition to expand our client base to further lessen the reliance on larger clients. A number of appointments with new clients were made in the year. Our engineering Services are usually provided through long-term framework agreements, often over many years.

Major project loss

A major project loss could result in a significant financial loss to the business. Discontinued activities could present legacy risk that could potentially incur financial costs. We continue to mitigate this risk by ensuring rigorous selectivity procedures, carrying out thorough risk management and by maintaining first class records to enable effective management of any disputes. Projects within focus carrying risk are fully discussed in the business unit plans. Good progress has been made in the year to close out a number of remaining legacy issues. The risk in this area has been significantly reduced over the year.

Economic conditions

Potential uncertainty in the economic outlook includes a risk of inflation in supply chain costs and availability of suitably qualified and experienced personnel. We focus on non-discretionary markets and activities where expenditure is delivered through long-term frameworks with committed levels of funding. The strategic shift of the Group has naturally mitigated the effect of volatile economic conditions. We keep our workload trends and cost base under constant review to ensure we continue to act decisively to any change in conditions.

Business continuity and cyber risk

With the ever-increasing dependence on electronic communication and management systems in the conduct of our activities, the potential for a serious business interruption event has increased. We recognise the importance of maintaining the integrity of the businesses' electronic communications and management systems from both failure and cyber-attack. Defence mechanisms are in place using industry best practice tools and a business continuity approach to disaster recovery is maintained with automated offsite backup facilities and secondary communication systems. We continue to develop our approach to cyber risk management through improvements to IT security and through the continuation of our user awareness training programme. Minimum standards are in place, with all businesses audited to ensure compliance.

Management and succession planning

Lack of continuity of business leadership is recognised as a risk to the business which has the potential for both financial and reputational damage to the business. Each year, the Group carries out a review of succession planning and management in each of its subsidiary businesses. The review looks at succession planning for the senior teams in both the short, medium and long-term. The Group has further developed its succession planning procedures during the year and continues to carefully monitor any changes at regular intervals with our subsidiaries.

Internal controls

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

The Group operates a series of controls which include the annual strategic planning and budgeting process; short, medium and long-term cash monitoring achieved by means of daily, weekly and monthly forecasts which are compared against budget and previous forecasts; clearly defined capital investment guidelines and levels of authority; and a clear organisational structure within which individuals' responsibilities are identified and monitored. These results and processes are monitored, updated, reviewed and considered by the Board. The Group has established a series of group minimum requirements in a number of financial, commercial and operational areas with which each business within the Group must comply. The senior management team monitors and reviews compliance with these requirements on a regular basis. Due to the size and nature of the Group, the Board does not consider that a separate internal audit function is necessary. For the last 13 years and including 2019, the Group has carried out a programme of internal audit conducted by the Group Commercial Director and by members of the various subsidiaries' finance teams. This system of peer review promotes best practice as well as ensuring that Group Minimum Requirements, as well as procedures and internal controls, are being complied with.

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

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

Independence of Non-executive Directors

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

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

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

Board Committees

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

Remuneration Committee

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

Nomination Committee

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

The Nomination Committee terms of reference include:

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

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

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

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

Audit Committee

The Audit Committee has held three 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 one meeting each year is held 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

Risk management framework

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.

General Purposes Committee

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

Board and Committee meetings

The Board met formally nine times in the year ended 30 September 2019 with all Directors in attendance other than on one occasion. Committee meetings dealing with the daily business of the Company were held as necessary. The Board receives written and oral reports from the Executive Directors ensuring matters are considered fully and enabling Directors to discharge their duties properly. There is a formal schedule of matters reserved for the Board's decision ensuring the maintenance of control over strategic, financial and operational matters.

Board effectiveness

Board composition

The Board comprises the independent Non-executive Chairman, Chief Executive Officer, two Executive Directors and two independent Non-executive Directors. Brief biographies of the Directors can be viewed on pages 38 and 39.

Shatish Dasani was appointed as a Non-Executive Director and Chairman of the Audit Committee 8 February 2019. The Board comprises of three independent Non-executive Directors and three Executive Directors.

Time commitment

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

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

Details of the Board members' skills and experience are noted on pages 38 and 39 of this report.

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

Senior Independent Director

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

Company Secretary

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

External advisors

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

Professional development

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

Independent advice

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

Board and Committee meetings

The Directors attended the following meetings in the year ended 30 September 2019:

	Board Meeting	Audit Committee	Remuneration Committee	Nomination Committee
David Forbes	9/9	2/3	2/3	2/2
David Brown	8/9	3/3	3/3	2/2
John Bishop	3/3	2/2	1/1	—
Shatish Dasani	6/6	1/1	2/2	2/2
Paul Scott	9/9	—	—	2/2
Sean Wyndham-Quin	9/9	—	—	—
Andries Liebenberg	9/9	—	—	—

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

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

Each year Board members are required to complete a questionnaire to evaluate both the Board as a whole and its individual members providing an opportunity for comment and suggestions for improvements. The responses to the surveys are provided to the Chairman who prepares a report and actions are shared with the Board. The last formal Board review was completed in 2019.

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

Succession planning

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

Board

The Nomination Committee considers succession planning for the Board each year, considering the challenges specific to the required role. The Chairman is responsible for overseeing the process of succession planning for the Board. In identifying suitable external Board candidates, independent executive search consultants will normally be used.

Senior management

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

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

Renew's vision is to safely and responsibly deliver essential engineering services to some of the country's key infrastructure assets: "Engineering Infrastructure for the future". To deliver a growing business in the challenging Energy, Environmental and Infrastructure market sectors we set overall standards for our subsidiary businesses through a formal framework to promote best practice and knowledge sharing. The Board is responsible for ensuring the corporate culture is implemented throughout the business and it will continue to evolve the governance framework as we move through 2020.

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

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

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

Roles and responsibilities

Chairman

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

Chief Executive

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

The Senior Independent Director

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

Chief Financial Officer and Company Secretary

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

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

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

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

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

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

Key responsibilities:
- Remuneration packages
- Bonuses
- Incentive payments
- Share options or awards
- Pension arrangements

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

Key responsibilities:
- Reviews the structure, size and composition of the Board
- Considers succession planning for Directors and senior executives
- Identifies and nominates, for approval by the Board, suitable candidates to fill Board vacancies
- Makes recommendations to the Board on the contents of letters of appointment, Directors' duties, reappointment or re-election of Directors upon conclusion of a specified term or retirement by rotation

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

Key responsibilities:
- Considers the adequacy and effectiveness of the risk management and control systems of the Group, and reports the results to the Board
- Reviews the scope and results of the external audit, its cost effectiveness and the objectivity of the auditor
- Monitors the non-audit work performed by the auditor to help ensure that the independence of the auditor is maintained
- Approves all fees paid to the auditor whether for audit or non-audit work in advance
- Reviews the Interim statement, the preliminary announcement, the Annual Report and Accounts and accounting policies

The Board is responsible for ensuring thorough corporate governance is applied throughout its business and will be continuing to work towards improving its governance framework throughout 2020. The continued growth of the Group has necessitated further review and revaluation of the governance framework the Group applies. The Group has a series of Group minimum requirements in a number of financial and operational areas with which each business within the Group must comply.

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

Board and Committee meetings
The Board met formally nine times in the year ended 30 September 2019 with all Directors in attendance other than on one occasion. Committee meetings dealing with the daily business of the Company were held as necessary. The Board receives written and oral reports from the Executive Directors ensuring matters are considered fully and enabling Directors to discharge their duties properly. There is a formal schedule of matters reserved for the Board's decision ensuring the maintenance of control over strategic, financial and operational matters.

Committee reporting
The Audit Committee report is set out on pages 49 and 50.

The Remuneration report is set out on pages 54 to 59.

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

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

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

Shareholder voting

The tables below show the votes cast at the 2019 Annual General Meeting held on 30 January 2019.

2019 Annual General Meeting voting results

The 59th Annual General Meeting of Renew Holdings plc was held at Thorpe Park Hotel on 30 January 2019 at 11.00am. Voting on the resolutions put to the meeting was as follows:

	Voting for	Voting against	Voting withheld
Ordinary resolution 1			
To receive, approve and adopt the Company's audited financial statements for the year ended 30 September 2018 and the reports of the Directors and auditor thereon.	33,374,286	0	1,709
Ordinary resolution 2			
To declare a final dividend for the year ended 30 September 2018 of 6.67p per Ordinary Share in the capital of the Company to be paid on 8 March 2019 to shareholders who appear on the register at the close of business on 1 February 2019.	33,375,995	0	0
Ordinary resolution 3			
To re-elect David Forbes as a Director of the Company. Mr Forbes retires as a Director in accordance with the Company's Articles of Association and offers himself for re-election.	29,362,336	883,717	3,129,942
Ordinary resolution 4			
To re-elect Andries Liebenberg as a Director of the Company. Mr Liebenberg retires as a Director in accordance with the Company's Articles of Association and offers himself for re-election.	33,266,971	106,346	2,678
Ordinary resolution 5			
To approve the Remuneration Report for the year ended 30 September 2018. (Explanatory note: this is an advisory resolution only.)	33,088,602	284,693	2,700
Ordinary resolution 6			
To appoint KPMG LLP as auditor of the Company.	32,875,406	393,609	106,980
Ordinary resolution 7			
To authorise the Audit Committee of the Board of Directors of the Company to determine the remuneration of the auditor.	33,268,396	105,099	2,500
Ordinary resolution 8			
THAT the Directors be and are generally and unconditionally authorised pursuant to and in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares or grant rights to subscribe for or to convert any security into shares in the Company up to a nominal amount of £2,509,000 such authority to apply in substitution for all previous authorities pursuant to Section 551 of the Act and to expire at the end of the Annual General Meeting in 2020 or on 30 April 2020 whichever is the earlier (unless renewed, varied or revoked by the Company prior to or on such date) but, in each case, save that the Company may make offers and enter into agreements before this authority expires which would, or might, require shares to be allotted or rights to subscribe for or to convert any security into shares to be granted after this authority ends and the Directors may allot shares or grant such rights pursuant to any such agreement as if this authority had not expired.	15,624,290	17,795,638	15,877
Special resolution 9			
As resolution 8 did not pass, resolution 9 was not put to the meeting.			

Sean Wyndham-Quin CA
Company Secretary
26 November 2019

Ensuring financial integrity

Shatish Dasani
Chairman of the Audit Committee

Audit Committee key areas of focus

- Considers the adequacy and effectiveness of the risk management and control systems of the Group, and reports the results to the Board
- Reviews the scope and results of the external audit, its cost effectiveness and the objectivity of the auditor
- Monitors the non-audit work performed by the auditor to help ensure that the independence of the auditor is maintained
- Approves all fees paid to the auditor whether for audit or non-audit work in advance
- Reviews the Interim statement, the preliminary announcement, the Annual Report and Accounts and accounting policies

Introduction

Dear Shareholder,

I am pleased to present the Audit Committee report for the financial year ended 30 September 2019.

The role of the Audit Committee is to protect the interests of shareholders by ensuring the integrity of the Group's financial reporting and by monitoring the ongoing effectiveness of the Group's internal controls. The Committee is appointed by the Board and comprises independent Non-executive Directors and provides independent monitoring, guidance and challenge to the Executive Directors.

The Audit Committee report sets out the responsibilities of the Committee, its composition and the work undertaken during the year.

Responsibilities and terms of reference

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

- monitor the integrity of the Financial Statements, half year report and any other announcements relating to the Group's financial performance or position;
- review and challenge, where necessary, the appropriateness of accounting policies, key accounting judgements and sources of estimation;
- keep under review the adequacy and effectiveness of the Group's internal control and risk management systems;
- evaluate the effectiveness of the Group's internal audit process; and
- review the effectiveness and independence of the external auditor, negotiate and agree its remuneration and make recommendations to the Board in respect of its appointment.

Committee composition

The Audit Committee consists of all three Non-executive Directors and is chaired by me as an Independent Non-executive Director with recent and relevant financial experience. Prior to me joining the Board on 8 February 2019, the Committee was chaired by John Bishop. The Board believes that the members have sufficient skills, qualifications and experience to discharge their duties in accordance with the Committee's terms of reference and as a Committee has competence in the sector within which the Group operates.

Summary of activity

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

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

- review of the Group's financial statements and preliminary results announcements including consideration of significant financial reporting issues and matters of judgement inherent within the above;
- review of the content of the Annual Report and Accounts to ensure it provides the information necessary for shareholders to assess the Group's financial position and performance, business model and strategy;
- monitor and review of the Group's internal control and risk management systems; and
- consideration of the external auditor's audit plan, scope and coverage of audit work, internal quality procedures, independence and agreement of the audit fee.

Significant financial reporting risks and judgement areas considered

The following judgement areas and significant estimates were considered by the Committee in the review and approval of the 2018/19 Financial Statements:

Revenue recognition and valuation of contract balances

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

Valuation of subsidiary undertakings in the parent company accounts

The Committee has reviewed the assumptions and sensitivities applied by management in undertaking the impairment testing of the carrying value of the subsidiaries in the parent company accounts.

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

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

External auditor

KPMG has been the external auditor since 2007 but has regularly rotated its audit partner in line with best practice. As required, the external auditor provided the Audit Committee with information about its policies and processes for maintaining independence and compliance regarding the rotation of audit partners and staff. The Audit Committee considered all relationships between the external auditor and the Group and was satisfied that they did not compromise the external auditor's judgement or independence, particularly with the provision of non-audit services.

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

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

Approval

The Audit Committee report was approved by the Board on 26 November 2019 and signed on its behalf by:

Shatish Dasani
Chairman of the Audit Committee
26 November 2019

The Directors present their report and the audited accounts for the year ended 30 September 2019.

Principal activities

For the year ended 30 September 2019 the principal activity of the Group continued to be as contractors in Engineering Services and Specialist Building. The main activities are carried out in the United Kingdom. More details of these activities, the year's trading and future developments are contained in the Chairman's statement, the Chief Executive's review, the Strategic report and the Financial review. A list of the Group's subsidiaries as at 30 September 2019 is listed in Note S to the Company's financial statements.

Results and dividends

The Group profit for the year after tax and after accounting for discontinued operations was £22,257,000 (2018: £6,773,000). The Directors recommend the payment of a final dividend on the Ordinary Shares of 7.67p (2018: 6.67p) giving a total for the year of 11.5p (2018: 10.0p).

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, revolving credit facility and overdraft facility bear interest at floating rates.

Liquidity risk

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

Foreign currency risk

As a result of the discontinuation of the Group's operations in the United States the remaining investment in operations in the United States is no longer material and therefore movements in the US dollar/sterling exchange will not materially affect the Group's and the Company's balance sheet. As at 30 September 2019 £474,000 (2018: £474,000) of the Group's net assets are denominated in US dollars. The Group does not use derivative financial instruments in its management of foreign currency risk.

Credit risk

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

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

Payment of creditors

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

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

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

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

Employees

The Directors recognise the need for communication with employees at every level. All employees have access to a copy of the Annual Report and Accounts which, together with staff briefings, internal 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

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

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

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

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

Group policy requires each business to report and record all injuries, diseases and dangerous occurrences, regardless of severity. An incident database is maintained to collate this information 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 Frequency Rate ("AFR") for the year is a key area where the Group measures its performance.

Sustainability

The Group's Sustainability report, which includes its report on corporate social responsibility, is on pages 30 to 33.

Directors

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

Non-executive Directors

David Brown – Director, 58, was appointed to the Board on 3 April 2017. He is currently group chief executive of The Go-Ahead Group Plc, a position he has held since 2011. Prior to that, he was managing director of Surface Transport for Transport for London and chief executive of Go-Ahead's London Bus business. He is also a director of the Rail Delivery Group Limited.

David Forbes – Director, 59, was appointed to the Board as a Non-executive Director in June 2011 and became Chairman in January 2018. He qualified as a Chartered Accountant in 1984 and has over 20 years' experience in corporate advisory services with N M Rothschild & Son Limited.

Shatish Dasani – Director, 57, was appointed to the Board as a Non-executive Director in February 2019. He is currently Chief Financial Officer of Forterra plc, a position he has held since 2015. A Chartered Accountant with over 20 years' experience in senior public company finance roles across various sectors including building materials, advanced electronics, general industrial and business services. Previously the chief financial officer of TT Electronics plc and has also been alternate non-executive director of Camelot Group plc and public member at Network Rail plc.

Executive Directors

Andries Liebenberg – Director, 51, was appointed to the Board on 31 March 2016. Andries is the Managing Director of Renew's largest business, Amalgamated Construction Limited, and has been with the Group over ten years.

Paul Scott – Director, 55, was appointed to the Board as Engineering Services Director on 21 July 2014 and as Chief Executive on 1 October 2016. Paul has been with the Group for 20 years, serving as Managing Director of Shepley Engineers Limited, the Group's nuclear services business, prior to assuming the Group-wide Engineering Services role.

Sean Wyndham-Quin – Director, 39, was appointed to the Board on 8 November 2017 and as Chief Financial Officer on 29 November 2017. Previously, he served as a partner at SPARK Advisory Partners, a business he co-founded in early 2012. Prior to that he worked for Brewin Dolphin and Ernst & Young where he qualified as a Chartered Accountant.

Paul Scott retires by rotation at the 2020 Annual General Meeting ("AGM") and offers himself for reappointment. Additionally, Shatish Dasani, who was appointed during the year, offers 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 as at 30 September 2019 are set out on pages 57 and 58. No Director has any interest in any other Group company. Details of the Directors' remuneration and service contracts appear on pages 56 and 57.

Share capital

As at the date of this report, the total number of shares in issue (being Ordinary Shares of 10p each) is 75,329,224. During the year, the Company has not bought back any of its Own Shares. 61,717 new Ordinary Shares of 10p each were issued at nominal cost during the year to satisfy the exercise of share options.

Forward looking statements

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

Viability statement

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

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

The Directors have taken account of the Group's financial forecasts for the three-year period following the balance sheet date, comparing future funding requirements with committed external borrowing facilities. These external facilities are due for refinancing by May 2022, the final year of the period being considered, and the Directors have assumed that this is done on the same terms as the current facility.

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

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

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 26 November 2019.

By Order of the Board

Sean Wyndham-Quin
Company Secretary
26 November 2019

Company number 650447

Disclosable interests

As at 26 November 2019, the Company has been notified of the following disclosable interests in the voting rights of the Company:

	Number of ordinary shares	Percentage of issued share capital
Octopus Investments Nominees Limited	13,284,506	17.6%
Investec Wealth & Investment Limited	6,400,410	8.5%
Charles Stanley Group PLC	5,063,699	6.7%
Canaccord Genuity Group Inc.	4,100,241	5.4%
Polar Capital LLP	3,565,852	4.7%
BlackRock Asset Management Limited	3,184,143	4.2%
Rathbone Brothers PLC	2,927,678	3.9%
Hargreaves Lansdown PLC	2,307,326	3.1%

David A Brown
Chairman of the Remuneration Committee

Remuneration Committee key areas of focus

- Determine and agree the framework and policy for the remuneration packages
- Review and approve the design of all share incentive plans and performance related pay schemes
- Determine targets and awards made under share incentive plans and performance related pay schemes
- Determine the policy for, and scope of, pension arrangements
- Ensure contractual terms and payments made on termination are fair

Introduction

Dear Shareholder,

On behalf of the Remuneration Committee I am pleased to present the Directors' remuneration report (the "Remuneration Report") for the financial year ended 30 September 2019.

The Remuneration report sets out the details of the Remuneration Committee including its terms of reference, the Company's Remuneration Policy, remuneration for the year ended 30 September 2019 and the intended remuneration for the year ending 30 September 2020.

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 Remuneration Committee recognises 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 this report works towards including 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 Remuneration report will be presented at the AGM on 29 January 2020 and will be the subject of an advisory vote.

Remuneration Committee

The Remuneration Committee is chaired by D A Brown and comprises D M Forbes and S Dasani. The Committee held three meetings during the financial year to discuss remuneration arrangements. S Dasani was appointed to the Board and the Remuneration Committee on 8 February 2019, succeeding J Bishop who resigned from the Board and from the Remuneration Committee on the same day.

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

In favour	– 33,088,602 (99.1 per cent)
Against	– 284,693 (0.9 per cent)
Withheld	– 2,700 (0.0 per cent)
Total votes cast	– 33,375,995 (100 per cent)

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

Terms of reference

The Remuneration Committee's terms of reference include:

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

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

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

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

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

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

Remuneration policy

The 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 Remuneration Committee by comparison with salaries paid to, and terms agreed with, directors in similar companies in the same sector and of a similar size and after a review of the performance of the individual.

It is the aim of the Remuneration Committee to reward Executive Directors competitively and broadly in line with senior management of other comparable public companies. For guidance, the Remuneration Committee refers to published survey data. The Board determines the terms and conditions of Non-executive Directors.

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

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

Basic salary and benefits

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

Annual bonus awards

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

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

Long-term equity incentive plans

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

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

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

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

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

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 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.

Pension arrangements

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

Remuneration policy continued

Executive Director minimum shareholding requirement

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

Remuneration for the year ending 30 September 2019

Service contracts and letters of appointment

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

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

The service contracts of the Directors, who served during the year ended 30 September 2019 and were in post on that date, include the following terms:

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

S Dasani was appointed to the Board on 8 February 2019. J Bishop resigned from the Board on 8 February 2019.

Directors' remuneration

Information is provided below for Directors who served during the financial year and as at 30 September 2019:

	Notes	Salary/fees £000	Bonuses £000	LTIP £000	Benefits £000	Total emoluments 2019 £000	Total emoluments 2018 £000
Executive Directors							
P Scott	1,2,3,4,5,12	300	309	127	61	797	663
A Liebenberg	2,3,4,5,6,12	215	221	108	63	607	564
S Wyndham-Quin	2,4,5,7,12	225	232	—	52	509	352
J Samuel	8	—	—	—	—	—	54
						1,913	1,633
Non-executive Directors							
D M Forbes	9	75	—	—	—	75	62
D A Brown		45	—	—	—	45	42
S Dasani	10	30	—	—	—	30	—
J Bishop	11	19	—	—	—	19	42
R J Harrison	9	—	—	—	—	—	22
						2,082	1,801

Notes:

1 The highest paid Director for 2019 was P Scott who received emoluments of £797,000 (2018: £663,000).

2 Bonuses were earned by P Scott, A Liebenberg and S Wyndham-Quin during the current financial year and will be paid in the year ending 30 September 2020.

3 Details of the LTIP options exercised during the year can be found in the Directors' remuneration report.

4 Benefits include car allowances and certain medical cover for the Director and immediate family.

5 Executive Directors received payments amounting to 15 per cent of their basic salary, in lieu of Company pension contributions. These were paid through the payroll and taxed as salary and are included in benefits above.

6 All of A Liebenberg's emoluments were borne by a subsidiary undertaking.

7 S Wyndham-Quin was appointed as a Company Director on 8 November 2017 and took responsibility as Chief Financial Officer on 29 November 2017. Comparative emoluments represent the period from 8 November 2017 until 30 September 2018.

8 J Samuel resigned as a Company Director on 29 November 2017 and so the comparative emoluments represent the period from 1 October 2017 until 29 November 2017.

9 R J Harrison resigned as the Non-executive Chairman on 31 January 2018 and so the comparative emoluments represent the period from 1 October 2017 until 31 January 2018. D M Forbes succeeded R J Harrison as Chairman on 31 January 2018.

10 S Dasani was appointed as a Non-executive Director with effect from 8 February 2019 and so the emoluments represent the period from 8 February 2019 until 30 September 2019.

11 J Bishop resigned as a Non-executive Director on 8 February 2019 and so the emoluments represent the period from 1 October 2018 until 8 February 2019.

12 P Scott, A Liebenberg and S Wyndham-Quin received part of their bonuses in Ordinary Shares in the Company in accordance with the remuneration policy.

Remuneration for the year ending 30 September 2019 continued

Annual bonus awards

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

At the beginning of the current financial year, the Remuneration Committee agreed a target for operating profit before exceptional items for the Group. In this year, if the Group meets that target, then the Executive Directors were entitled to receive an annual bonus equal to 100 per cent of their salary. The level of over and under performance results in the level of annual bonus to be varied on a straight-line basis, with the maximum bonus of 130 per cent of salary being paid if the performance exceeded the target by 30 per cent with no bonus being payable if performance was 50 per cent or more below target. Any bonus payable in excess of 100 per cent of basic salary will be paid in shares and will be subject to the minimum shareholding requirements set out in this report. 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 2019, the Remuneration Committee agreed a target for operating profit[1] before exceptional items for the Group of £37,208,000. The operating profit before exceptional items for the Group exceeded this revised 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 103 per cent of salary.

Long-term equity incentive plans

The market price of the Company's shares at 30 September 2019 (being the last trading day of the month) was 385p and the range of market prices during the year was between 437p and 330p.

Information is provided below for Directors who served during the financial year and as at 30 September 2019.

Pursuant to the LTIP, the Board has granted options to the Executive Directors as set out in the following table.

The LTIP options are exercisable at nominal cost but are only exercisable to the extent that certain performance criteria are achieved by the Company over a three year performance period.

Number of Ordinary Shares under option	Exercisable between 25 Nov 2019 and 24 Nov 2026	Exercisable between 23 Nov 2020 and 22 Nov 2027	Exercisable between 3 Dec 2021 and 2 Dec 2028
LTIP options			
P Scott	91,400	99,000	129,310
A Liebenberg	67,700	73,500	92,833
S Wyndham-Quin	—	73,500	96,983

Performance criteria for the vesting of the share options under the LTIP are set out in the Remuneration Policy above and in Note 23 to the Accounts.

During the year, options awarded on 27 January 2016 amounting to 61,717 shares in aggregate, vested in accordance with their vesting conditions. These options were subsequently exercised on 5 February 2019 and 33,240 shares were issued to P Scott and 28,477 shares to A Liebenberg. The level of vesting reflects the total shareholder return during the vesting period in accordance with the scheme rules. In addition, and in accordance with the rules of the LTIP, payments of £7,978 and £6,834 were made to P Scott and A Liebenberg respectively representing dividends accrued during the vesting period on the shares vested as detailed above. As a consequence of the LTIP vesting, P Scott made a gain on exercise of options of £118,667 and A Liebenberg made a gain on exercise of options of £101,663. Post the period end, on 25 November 2019, 67,936 options awarded on 24 November 2016 vested in accordance with their vesting conditions but have not yet been exercised.

Directors' pension information

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

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 2019 as follows:

	Ordinary Shares of 10p each	
	30 September 2019	30 September 2018
D M Forbes	**35,000**	35,000
D A Brown	**7,042**	7,042
S D Dasani	**5,000**	—
P Scott	**47,412**	29,042
A Liebenberg	**33,371**	17,634
S Wyndham-Quin	**11,628**	11,628

Remuneration for the year ending 30 September 2020

Basic salary and benefits

The basic salary of P Scott, S C Wyndham-Quin and A Liebenberg has increased by 2.5 per cent to £307,500, £230,625 and £220,757 respectively which is closely aligned to the average annual pay award across the Group as a whole excluding rises for promotions or other changes in responsibility. There have been no material changes in the benefits which the Executive Directors are entitled to receive. The Non-executive Directors' fees increased by 2.5%.

Annual bonus awards

The structure of the annual bonus scheme for the year ending 30 September 2020 is the same as for the previous year, as set out above, in all material respects (except for the targets). Executive Directors will therefore be entitled to receive a cash bonus of 100 per cent of their basic salary if the Group achieves target operating profit and a maximum of 130 per cent of their basic salary if the Group achieves 130 per cent of target operating profit. No bonus will be paid if the Group achieves 50 per cent or less of target operating profit. Any bonus payable in excess of 100 per cent of basic salary will be paid in shares and will be subject to the minimum shareholding requirements set out earlier in this report. As in previous years, the bonus payable will be reduced by the Remuneration Committee if certain health and safety targets are not achieved during the year.

Long-term equity incentive plan

The Remuneration Committee has made annual awards under the LTIP since it was set up in 2012 and will do so again this year. Each award has been made 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 for each participant in the Scheme are limited in amount to 150 per cent of that participant's basic salary. The sixth tranche of options granted under the LTIP, granted on 24 November 2016 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 26 November 2019 and signed on its behalf by:

David A Brown
Chairman of the Remuneration Committee
26 November 2019

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

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

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

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

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

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

Financial statements

1 Our opinion is unmodified

We have audited the financial statements of Renew Holdings plc ("the Company") for the year ended 30 September 2019 which comprise the Group income statement, Group statement of comprehensive income, Group statement of changes in equity, Group balance sheet, Group cashflow statement, Company balance sheet, Company statement of comprehensive income, Company statement of changes in equity, and the related notes, including the accounting policies in notes 1 and A.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 September 2019 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

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

The impact of uncertainties due to the UK exiting the European Union on our audit

New risk

Refer to page 34.

Unprecedented levels of uncertainty

All audits assess and challenge the reasonableness of estimates, in particular as described in the recoverability of carrying value of parent company investments in subsidiaries below, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements (see below). All of these depend on assessments of the future economic environment and the group's future prospects and performance.

Brexit is one of the most significant economic events for the UK and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown.

Our response

We developed a standardised firm-wide approach to the consideration of the uncertainties arising from Brexit in planning and performing our audits. Our procedures included:

- **Our Brexit knowledge** – We considered the directors' assessment of Brexit-related sources of risk for the group's business and financial resources compared with our own understanding of the risks.
- **Sensitivity analysis** – When addressing recoverability of carrying value of investments and other areas that depend on forecasts, we compared the directors' analysis to our assessment of the full range of reasonably possible scenarios resulting from Brexit uncertainty and, where forecast cash flows are required to be discounted, considered adjustments to discount rates for the level of remaining uncertainty.
- **Assessing transparency** – As well as assessing individual disclosures as part of our procedures on recoverability of carrying value parent company investments in subsidiaries we considered all of the Brexit related disclosures together, including those in the strategic report, comparing the overall picture against our understanding of the risks.

  However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

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

Recognition of revenue and profit, and carrying value of contract balances **Recurring risk** £113.5 million of contract balances (2018: £126.1 million). £600.6 million of revenue (2018: £541.5 million) Refer to pages 71 and 72 (accounting policy) and pages 76 and 85 (financial disclosures).	**Subjective estimate** The carrying value of construction contract assets as well as revenue and profit recognised are based on estimates of variable considerations, such as in instances where the value of variations is not yet agreed. Estimated contract costs, and as a result revenues, can be affected by a variety of uncertainties, including associated customer claims, that depend on the outcome of future events resulting in revisions throughout the contract period. The effect of these matters is that, as part of our risk assessment for audit planning purposes, we determined that the carrying value of contract assets, revenue and profit recognised on construction contracts has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole.	Our procedures included: • **Test of detail:** Identifying contracts with risk indicators, including low margin or loss making contracts, large carrying values of contract assets and contracts with known recoverability risks. For these contracts we agreed the year-end contract balance to certification received post year end or the work certified to date; • **Test of detail:** Challenging the Group in respect of contract balances in the sample identified, where cash has not been received or work has not been certified post year end, by inspecting correspondence with the customer including agreed variation schedules, and where relevant third party legal correspondence, to corroborate the position. We challenged management on uncertain variable consideration and contract asset positions where evidence of customer agreement was not available; • **Test of detail:** Inspecting a sample of contract agreements with customers to identify key terms and conditions, including contracting parties, contract sum, the scope of work and evaluating whether these key terms and conditions had been appropriately reflected in the total estimated revenue and costs to complete in the forecast cost to complete; • **Test of detail:** Verifying the existence of customer claims and disputes to external correspondence and challenging management's assessment of these involving our own specialists to challenge the position taken; • **Historical comparisons:** Assessing the reliability of the directors' forecasting process by performing a retrospective review by comparing the final margin achieved on a sample of completed contracts with previous margin estimates made for those contracts; and • **Assessing transparency:** Assessing the adequacy of the Group's disclosures on revenue recognition and the degree of estimation involved in arriving at the contract balances and associated revenue and profit recognition.
Recoverability of parent company's investment in subsidiaries & debt due from group entities **Recurring risk** £164.3 million (2018: £167.3 million) of investments in subsidiaries. £56.4 million (2018: £63.1 million) of debt due from group entities. Refer to page 101 (accounting policy) and page 104 (financial disclosures).	**Forecast-based valuation** The carrying amount of the parent company's investments in subsidiaries and debtor balance due from other group companies are significant. The estimated recoverable amount of these balances is subjective due to the inherent uncertainty in forecasting trading conditions and cash flows used in the budgets.	• **Tests of detail:** Comparing the carrying amount of the investments & intercompany balances with management's value in use calculation, being an estimate of the minimum recoverable amount, to consider whether there is an indicator of potential impairment; • **Benchmarking assumptions:** Challenging the assumptions used in the cash flow forecasts included in the budgets based on our knowledge of the Group and the markets in which the subsidiaries operate; • **Historical comparisons:** Assessing the reasonableness of the budgets by considering the historical accuracy of the previous forecasts; • **Tests of detail:** For investments where the carrying amount exceeded the value in use, comparing the carrying amount of the investment with the recoverable value of the business based on a fair value less cost to sell model, using a suitable multiple of the subsidiaries' sustainable earnings; • **Assessing transparency:** Assessing the adequacy of the parent company's disclosures in respect of the investment in subsidiaries/group debtor balance.

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

Materiality for the Group financial statements as a whole was set at £1.5 million (2018: £1.4 million), determined with reference to a benchmark of Group profit before taxation from continuing operations normalised to exclude the charge related to the defined benefit scheme guaranteed minimum pension equalisation, totalling £4.3m (2018: normalised to exclude the loss on disposal of Forefront, impairment of goodwill and QTS acquisition expenses, totalling £11.5 million), of which it represents 5% (2018: 5%).

Materiality for the parent company financial statements as a whole was set at £1.13 million (2018: £1.16 million), determined with reference to a benchmark of company net assets, of which it represents 1.0% (2018: 1.0%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.075 million (2018: £0.075 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the group's 29 (2018: 29) reporting components, we subjected 20 (2018: 23) to full scope audits for group purposes. These audits covered 100% (2018: 100%) of total Group revenue, 98% (2018: 100%) of Group profit before tax, and 98% (2018: 99%) of Group total assets. Component materiality levels were set individually for all components having regard to the mix of size and risk profile of the Group across the components, and ranged from £1,173,000 to £19,200 (2018: £1,340,000 to £34,500).

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

4 We have nothing to report on going concern

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

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

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

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

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

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

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

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

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

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

Strategic report and directors' report

Based solely on our work on the other information:

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

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

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

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

We have nothing to report in these respects.

7 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 60, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

8 The purpose of our audit work and to whom we owe our responsibilities

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

David Morritt (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA
26 November 2019

GROUP INCOME STATEMENT

for the year ended 30 September

	Note	Before exceptional items and amortisation of intangible assets 2019 £000	Exceptional items and amortisation of intangible assets (see Note 3) 2019 £000	Total 2019 £000	Before exceptional items and amortisation of intangible assets 2018 £000	Exceptional items and amortisation of intangible assets (see Note 3) 2018 £000	Total 2018 £000
Revenue: Group including share of joint venture	2	**600,631**	**—**	**600,631**	541,469	—	541,469
Less share of joint venture's revenue	2	**(709)**	**—**	**(709)**	(853)	—	(853)
Group revenue from continuing activities	2	**599,922**	**—**	**599,922**	540,616	—	540,616
Cost of sales		**(514,299)**	**—**	**(514,299)**	(469,008)	—	(469,008)
Gross profit		**85,623**	**—**	**85,623**	71,608	—	71,608
Administrative expenses		**(47,390)**	**(10,788)**	**(58,178)**	(40,504)	(15,626)	(56,130)
Share of post-tax result of joint venture	14	**96**	**—**	**96**	—	—	—
Operating profit	3	**38,329**	**(10,788)**	**27,541**	31,104	(15,626)	15,478
Finance income	5	**50**	**—**	**50**	4	—	4
Finance costs	5	**(1,244)**	**—**	**(1,244)**	(1,080)	—	(1,080)
Other finance income – defined benefit pension schemes	5	**615**	**—**	**615**	306	—	306
Profit before income tax		**37,750**	**(10,788)**	**26,962**	30,334	(15,626)	14,708
Income tax expense	7	**(7,306)**	**2,601**	**(4,705)**	(6,364)	841	(5,523)
Profit for the year from continuing activities		**30,444**	**(8,187)**	**22,257**	23,970	(14,785)	9,185
Loss for the year from discontinued operations	4			**—**			(2,412)
Profit for the year attributable to equity holders of the parent company				**22,257**			6,773
Basic earnings per share from continuing activities	9			**29.55p**			13.60p
Diluted earnings per share from continuing activities	9			**29.34p**			13.52p
Basic earnings per share	9			**29.55p**			10.03p
Diluted earnings per share	9			**29.34p**			9.97p

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 September

	Note	2019 £000	2018 £000
Profit for the year attributable to equity holders of the parent company		**22,257**	6,773
Items that will not be reclassified to profit or loss:			
Movement in actuarial valuation of the defined benefit pension schemes	27	**3,543**	5,477
Movement on deferred tax relating to the pension schemes		**(1,240)**	(1,917)
Total items that will not be reclassified to profit or loss		**2,303**	3,560
Items that are or may be reclassified subsequently to profit or loss:			
Exchange movement in reserves		**28**	6
Total items that are or may be reclassified subsequently to profit or loss		**28**	6
Total comprehensive income for the year attributable to equity holders of the parent company		**24,588**	10,339

GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Cumulative translation adjustment £000	Share based payments reserve £000	Retained earnings £000	Total equity £000
At 1 October 2017	6,259	9,635	3,896	1,305	680	6,284	28,059
Transfer from income statement for the year						6,773	6,773
Dividends paid						(6,262)	(6,262)
New shares issued	1,268	42,049					43,317
Recognition of share based payments					18		18
Exchange differences				6			6
Actuarial movement recognised in pension schemes						5,477	5,477
Movement on deferred tax relating to the pension schemes						(1,917)	(1,917)
At 30 September 2018	7,527	51,684	3,896	1,311	698	10,355	75,471
Transfer from income statement for the year						22,257	22,257
Dividends paid						(7,905)	(7,905)
New shares issued	6	220					226
Recognition of share based payments					(122)		(122)
Exchange differences				28			28
Actuarial movement recognised in pension schemes						3,543	3,543
Movement on deferred tax relating to the pension schemes						(1,240)	(1,240)
At 30 September 2019	**7,533**	**51,904**	**3,896**	**1,339**	**576**	**27,010**	**92,258**

GROUP BALANCE SHEET

at 30 September

	Note	2019 £000	2018 £000
Non-current assets			
Intangible assets – goodwill	10	**105,282**	105,282
– other	10	**9,463**	15,991
Property, plant and equipment	11	**20,932**	19,710
Investment in joint venture	14	**139**	123
Retirement benefit asset	27	**25,554**	20,424
Deferred tax assets	7	**1,416**	1,592
		162,786	163,122
Current assets			
Inventories	12	**2,632**	1,691
Assets held for resale	13	**1,500**	1,500
Trade and other receivables	15	**118,623**	129,376
Cash and cash equivalents	17	**11,667**	9,179
		134,422	141,746
Total assets		**297,208**	304,868
Non-current liabilities			
Borrowings	19	**(13,123)**	(21,873)
Obligations under finance leases	20	**(3,214)**	(2,253)
Deferred tax liabilities	7	**(10,598)**	(9,912)
Provisions	21	**(452)**	(298)
		(27,387)	(34,336)
Current liabilities			
Borrowings	19	**(8,752)**	(8,752)
Trade and other payables	18	**(164,450)**	(179,913)
Obligations under finance leases	20	**(2,546)**	(2,100)
Current tax liabilities		**(1,804)**	(2,245)
Provisions	21	**(11)**	(2,051)
		(177,563)	(195,061)
Total liabilities		**(204,950)**	(229,397)
Net assets		**92,258**	75,471
Share capital	23	**7,533**	7,527
Share premium account	24	**51,904**	51,684
Capital redemption reserve	24	**3,896**	3,896
Cumulative translation adjustment	24	**1,339**	1,311
Share based payments reserve	24	**576**	698
Retained earnings	24	**27,010**	10,355
Total equity		**92,258**	75,471

Approved by the Board and signed on its behalf by:

D M Forbes
Chairman
26 November 2019

GROUP CASHFLOW STATEMENT

for the year ended 30 September

	Note	2019 £000	2018 £000
Profit for the year from continuing operating activities		**22,257**	9,185
Share of post-tax trading result of joint venture	14	**(96)**	—
Impairment and amortisation of intangible assets	10	**6,528**	4,157
Loss on disposal of discontinued business	3	**—**	9,930
Defined benefit pension scheme guaranteed minimum pension equalisation	3	**4,260**	—
Depreciation	11	**5,561**	4,356
Profit on sale of property, plant and equipment	3	**(621)**	(469)
Increase in inventories		**(210)**	(1,190)
Decrease/(increase) in receivables		**7,769**	(4,974)
Decrease in payables and provisions		**(15,239)**	(3,054)
Current and past service cost in respect of defined benefit pension scheme	27	**46**	64
Cash contribution to defined benefit pension schemes	27	**(5,279)**	(5,772)
(Credit)/charge in respect of share options	24	**(122)**	18
Finance income	5	**(50)**	(4)
Finance expense	5	**629**	774
Interest paid		**(1,244)**	(1,080)
Income taxes paid		**(5,524)**	(1,717)
Income tax expense	7	**4,705**	5,523
Net cash inflow from continuing operating activities		**23,370**	15,747
Net cash inflow from discontinued operating activities		**71**	825
Net cash inflow from operating activities		**23,441**	16,572
Investing activities			
Interest received		**50**	4
Dividend received from joint venture	14	**80**	114
Proceeds on disposal of property, plant and equipment		**939**	788
Purchases of property, plant and equipment		**(2,619)**	(1,329)
Acquisition of subsidiaries net of cash acquired		**—**	(75,874)
Net cash outflow from investing activities		**(1,550)**	(76,297)
Financing activities			
Dividends paid	8	**(7,905)**	(6,262)
Issue of share equity		**226**	43,317
New loan	19	**—**	35,000
Loan repayments		**(8,750)**	(7,475)
Repayments of obligations under finance leases		**(3,076)**	(2,699)
Net cash (outflow)/inflow from financing activities		**(19,505)**	61,881
Net increase in continuing cash and cash equivalents		**2,315**	1,331
Net increase in discontinued cash and cash equivalents		**71**	825
Net increase in cash and cash equivalents		**2,386**	2,156
Cash and cash equivalents at beginning of year		**9,179**	6,967
Effect of foreign exchange rate changes on cash and cash equivalents		**102**	56
Cash and cash equivalents at end of year	31	**11,667**	9,179
Bank balances and cash		**11,667**	9,179

1 Accounting policies

Presentation of consolidated financial statements

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

Accounting estimates involving judgements

In the preparation of these financial statements the Board has made certain judgements and estimates which impact the measurement of various assets and liabilities in the Group balance sheet, the value of transactions recorded in the Group income statement and the movements in equity as shown in the Group statement of changes in equity. The actual financial outcomes may ultimately differ from that which is indicated by these judgements and estimates. Estimates and judgements are reviewed by management and the Board on an ongoing basis and changes which may arise in them are reflected in the financial statements for the period in which such changes are made.

The Board has determined that the following areas are those in which estimates and judgements have been made and where material impacts could arise in the financial statements were such estimates and judgements to be varied.

a) Construction contract revenue

IFRS 15 Revenue from contracts with customers is applicable to these financial statements commencing on 1 October 2018, for the first time. Whilst it applies to all revenue recognition, it has replaced IAS 11 Construction contracts and represents a key area of judgement. Management must assess the performance obligations under each contract and the point at which those obligations have been fulfilled, allocating the transaction price as necessary to each obligation. The estimates and judgements which management must carry out to assess the total expected cost on a contract remain necessary under IFRS 15. The Group has control and review procedures in place to regularly monitor and evaluate, the estimates being made to ensure that they are consistent and appropriate. This includes reviewing the independent certification of the value of work done, the progress of work against contracted timescales and the costs incurred against plan. In particular, management makes judgements on the expected recoverability of value recorded in respect of performance obligations which have been completed but not yet agreed with the customer and on the likelihood of the entitlement to any variable consideration. Differences arising on the ultimate completion of the contract and any unforeseen changes or events as the contract progresses may result in material changes to the expected financial outcome. The transition to IFRS 15 has had no material impact on the measurement of revenue in the comparative period.

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

Independent actuaries calculate the Group's asset/liability in respect of the defined benefit pension schemes. The actuaries make assumptions as to discount rates, salary escalations, net interest on scheme assets/liabilities, future pension increases, mortality rates applicable to members and future rates of inflation. These assumptions are made under the Board's direction. The Board determines the appropriateness of these assumptions by benchmarking them against those used by other schemes and by taking advice from the independent actuaries. The only assumption where it is considered that a reasonably possible change could give rise to a materially different value is the discount rate. More information is given in Note 27 to these financial statements.

Accounting judgements

c) Carrying value of intangible fixed assets

A number of commercial and financial assumptions and judgements have been made to support both the initial recognition and the current carrying value of the intangible asset, categories of goodwill, customer related intangible assets, order book and software for own use.

The Group undertakes a fair value assessment of any acquisition during the year. This assessment includes a detailed analysis of the accounting policies and methods adopted by the acquired business and an estimate of the value of the separately identifiable intangible assets, principally customer related intangible assets and order book. The estimate requires the Directors to estimate the likely revenues from and costs of the delivery of the future services to the customers of the acquired business at the date that the business was acquired.

d) Going concern

The Group's business activities, together with the factors likely to affect its future development performance and position are set out in the Operating Review. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review. In addition, Note 22 to the financial statements includes: the Group's objective, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposure to credit, liquidity, currency and market risk.

(i) Basis of accounting and preparation

The accounts have been prepared on the going concern basis and in accordance with applicable accounting standards under the historical cost convention. In determining that the going concern basis is appropriate the Directors have reviewed budgets, 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.

1 Accounting policies continued

(i) Basis of accounting and preparation continued

EU endorsed standards effective in the year

In these financial statements various IFRSs which are effective for the first time have been adopted, including the following standards, amendments and interpretations:

IFRS 9 Financial Instruments

IFRS 15 Revenue from Contracts with Customers

The new accounting standard IFRS 15 sets out a single and comprehensive framework for revenue recognition. The guidance in IFRS 15 is more detailed than previous IFRSs for revenue recognition (IAS 11 Construction Contracts and IAS 18 Revenue and associated interpretations). The Group has adopted IFRS 15 and has chosen to apply the modified retrospective approach. There has been no impact on the comparative reported results and consequently no adjustment has been required to the opening balance of equity at the date of initial application. The Group has adopted the practical expedients not to restate contracts for all contract modifications that occurred before the date of initial application; and to recognise the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the Group otherwise would have recognised is one year or less.

The adoption of IFRS 15 has resulted in a reclassification of contract assets and contract liabilities in the Notes to the Accounts (see Notes 15, 16 and 18); this representation has not resulted in a change to the previously reported net assets of the Group.

The new accounting standard IFRS 9 addresses the classification and measurement of financial assets and liabilities and replaces IAS 39. Among other things, the standard introduces a forward looking credit loss impairment model whereby entities need to consider and recognise impairment triggers that might occur in the future (an "expected loss" model). The Group has adopted IFRS 9 and has chosen to apply the retrospective approach.

None of the IFRSs adopted by the Group had a material impact on the Group's result for the year or its equity.

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 has carried out a systematic review to ensure that the impact and effects of IFRS 16 are fully understood and any necessary changes to current accounting procedures can be implemented in time.

In respect of IFRS 16, no material net impact from the adoption of this new standard is expected, although assets and liabilities will increase correspondingly.

The Group has chosen not to adopt any of the standards and interpretations noted below earlier than required.

International Financial Reporting Standards	Applies to accounting period commencing
IFRS 16 Leases	1 October 2019

The other standards and interpretations that are applicable for the first time in the Group's financial statements for the year ended 30 September 2019 have had no effect on these financial statements.

(ii) Basis of consolidation

The Group accounts consolidate the accounts of the Company and its subsidiary undertakings. The results and net assets of undertakings acquired are included in the Group income statement and balance sheet using the acquisition method of accounting. The results of undertakings acquired/disposed of are included from the date the Group obtains/loses control as defined in IFRS 10. Business combinations are accounted for under IFRS 3 Business combinations using the purchase method. The Group's interests in joint ventures are accounted for using the equity method. Under this method the Group's share of the profits less losses of joint ventures is included in the consolidated income statement and its interest in their net assets is included in investments in the consolidated balance sheet. Where the share of losses exceeds the Group's interest in the entity and there is no obligation to fund these losses, the carrying value is reduced to nil, following which no further losses are recognised.

(iii) Revenue

Revenue, which excludes intra-group revenue and Value Added Tax, comprises:

- value of performance obligations satisfied over time on construction contracts; and
- sales of land which are recorded upon legal completion.

The Engineering segment encompasses businesses in the water, rail, nuclear and telecoms sectors. The nature of the deliverables and performance obligations within these businesses is however consistent since revenue is earned from the maintenance of infrastructure assets, with a high volume of relatively short duration contracts, the terms of which are usually governed by larger frameworks.

The Specialist Building segment earns revenues from the refurbishment of private residential assets and the construction, renovation and refurbishment of science facilities. Revenues in this segment are earned from a low volume of high value contracts, each of which is governed by a separate contract with the customer. Each contract represents a separate performance obligation.

1 Accounting policies continued

(iii) Revenue continued

Each contract represents a separate performance obligation on the basis that performance is not interdependent with other contracts, and each contract represents a deliverable which is a distinct promise, separately agreed and negotiated, and whose progress can be individually and reliably measured.

Revenue from each performance obligation is recognised over time, on the basis that contractual performance takes place on the customer's premises and the Group has a legally enforceable right to payment for performance to date.

As each contract represents a separate single performance obligation, the transaction price allocated to each performance obligation is usually stated within either the contract or the wider framework agreement. Variable consideration arises from pain/gain sharing arrangements in addition to contract variations where not stated in the contract. Variable consideration is recognised only to the extent that it is considered highly probable that it will be agreed by the customer.

(iv) Construction contracts

When the outcome of individual contracts can be estimated reliably, contract revenue and costs are recognised as revenue and expenses respectively over time by reference to the fulfilment of performance obligations using the input method of estimating progress of delivery at the reporting date. Costs are recognised as incurred, and revenue is recognised using the input method. The stage of completion of a contract is assessed by reference to the completion of a physical proportion of the contract work. Revenue includes the initial amount agreed in the contract plus any variations in contracted work, to the extent that it is probable that they will result in revenue and can be measured reliably. Revenue includes an assessment of any variable which may become receivable based upon relevant performance measures. Variable consideration is included based on the expected amount or most likely amount only to the extent that it is highly probable that there will not be a significant reversal in the amount of the cumulative revenue recognised. When an amendment to an existing contract arises, the Group reviews the nature of the modification and whether or not it reflects a separate or new performance obligation to be satisfied or whether it is an amendment to an existing performance obligation.

Provision is made for all known or expected losses on contracts as soon as they are foreseen. These provisions are reviewed throughout the contract life and are adjusted as required. However, the nature of the risks on contracts are such that it is often not possible to resolve them until the end of the contract and therefore the provisions may not reverse until the contract is concluded.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payments by the customer exceeds one year. As a consequence, the Group does not adjust its transaction price for the time value of money.

(v) Segment reporting

The operating segments are based on the components that the Board, the Group's principal decision-making body (the Chief Operating Decision Maker), monitors in making decisions about operating matters. Such components are identified on the basis of information that is provided internally in the form of monthly management account reporting, budgets and forecasts to formulate allocation of resources to segments and to assess performance. Revenue from reportable segments is measured on a basis consistent with the income statement. Revenue is principally generated from within the UK, the Group's country of domicile. Segment results show the contribution directly attributable to each segment in arriving at the Group's operating profit. Segment assets and liabilities comprise those assets and liabilities directly attributable to each segment. Group eliminations represent such consolidation adjustments that are necessary to determine the Group's assets and liabilities.

(vi) Intangible assets

a) Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary, associate or jointly-controlled entity at the date of acquisition. Goodwill is recognised as an asset and is tested for impairment annually, or on such other occasions that events or changes in circumstances indicate that it might be impaired. For the purpose of such impairment reviews, goodwill is allocated to the relevant cash-generating unit (CGU), or group of CGUs which are expected to benefit from synergies of the combination. A goodwill impairment loss is recognised in the income statement for the amount by which the carrying value of the related CGU, or group of CGUs, exceeds the recoverable amount, which is the higher of a CGU's net realisable value and its value in use.

   On disposal of a subsidiary undertaking, the attributable amount of unamortised goodwill which has not been subject to impairment is included in the determination of the profit or loss on disposal.

b) Intangible assets acquired as part of a business combination are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition. Other intangible assets are stated at cost less accumulated amortisation and impairment losses. The cost of intangible assets is amortised over their expected useful lives. These intangibles relate to customer relationships and contractual rights and are amortised over the period over which the Board has determined that future cash flows are likely to arise from these relationships and rights.

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

(x) Trade receivables

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

(xi) Contract assets

Contract assets represent amounts for which the Group has an unconditional right to consideration in respect of unbilled revenue recognised at the balance sheet date and comprises costs incurred plus attributable margin.

(xii) Trade payables

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

(xiii) Contract liabilities

Contract liabilities represent the obligation to transfer goods or services to a customer for which the consideration has been received, or consideration is due, from the customer.

(xiv) Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand, including bank deposits with original maturities of less than three months, net of bank overdrafts.

Bank overdrafts are included within borrowings within current liabilities in the balance sheet.

(xv) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event and where it is probable that an outflow will be required to settle that obligation and where the amount can be reliably estimated.

(xvi) Leasing 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.

1 Accounting policies continued

(xvii) Defined benefit pension schemes

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Any increase in the present value of liabilities within the Group's defined benefit pension schemes expected to arise from employee service in the period is charged to the income statement. The Group determines the net interest income/(expense) on the net defined benefit asset/(liability) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit asset/(liability) taking account of changes arising as a result of contributions and benefit payments. This is recognised in the income statement. Movements in actuarial measurement of the net defined benefit asset/(liability) is recognised in other comprehensive income in the period in which it occurs. Pension scheme surpluses, to the extent they are considered recoverable, or deficits are recognised in full and presented on the face of the Group balance sheet.

(xviii) Defined contribution pension plans

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

(xix) Taxation

The tax charge is composed of current tax and deferred tax, calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. Current tax and deferred tax are charged or credited to the income statement, except when they relate to items charged or credited directly to equity, in which case the relevant tax is also dealt with in equity.

Current tax is based on the profit for the year. Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax on such assets and liabilities is not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current assets and liabilities on a net basis.

(xx) Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. The income statements of overseas subsidiary undertakings are translated at the average rate of exchange ruling throughout the financial year. The balance sheets of overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date. Exchange differences arising from this policy and arising on the retranslation of the opening net assets are taken directly to reserves. All other exchange differences are taken to the income statement.

(xxi) Financial instruments

Financial assets classified as "loans and receivables" under IAS 39 (being trade and other receivables and amounts due from undertakings in which the Group has a participating interest) continue to be classified within the "amortised cost" category according to IFRS 9. The Group has no derivative financial assets or hedging instruments. Non-derivative financial assets include trade and other receivables and contract assets, as defined by IFRS 15. Neither of these two categories contain a significant financing element and, as such, expected credit losses are measured under IFRS 9 using the simplified impairment approach. This approach requires expected lifetime losses to be recognised upon the initial recognition of the asset. At initial recognition, the Group measures a non-derivative financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. The Group subsequently measures trade and other receivables and contract receivables at amortised cost.

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the Income Statement. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGUs and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

1 Accounting policies continued

(xxii) Share based payments

IFRS 2 "Share Based Payment" requires a fair value to be established for any equity settled share based payments. Fair value has been independently measured using a Monte Carlo valuation model. The fair value determined at the grant date of the equity settled share based payments is expensed on a straight-line basis over the vesting period based on the Directors' estimate of shares that will eventually vest.

(xxiii) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding in the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

(xxiv) Rental income

Rental income from property is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(xxv) Finance income and expense

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

(xxvi) Exceptional items

Exceptional items are defined as items of income and expenditure which are material and unusual in nature and which are considered to be of such significance that they require separate disclosure on the face of the Income Statement. Any future movement on items previously classified as exceptional will also be classified as exceptional.

2 Segmental analysis

The Chief Operating Decision Maker ("CODM") is responsible for the overall resource allocation and performance assessment of the Group. The Board approves major capital expenditure and assesses the performance of the Group and its progress against the strategic plan through monitoring key performance indicators. The Board also determines key financing decisions such as raising equity, all loan or bank borrowing arrangements and the granting of security over the Group's assets. As such the Group considers that the Board is the CODM.

Operating segments have been identified based on the internal reporting information provided to the CODM. From such information Engineering Services and Specialist Building have been determined to represent operating segments. Following the identification of the operating segments the Group has assessed the similarity of the characteristics of the operating segments. Given the different performance targets and markets operated within each operating segment it is not appropriate to aggregate the operating segments for reporting purposes and therefore both of the identified operating segments are disclosed as reportable segments. The information received by the CODM shows results both pre and post exceptional items. The Group had one customer within the Engineering Services sector which represented 49.4% (2018: 37.7%) of Group revenue. No other customer represented more than 10% of the Group's revenue.

The segments are:

- Engineering Services, which comprises the Group's engineering activities which are characterised by the use of the Group's skilled engineering workforce, supplemented by specialist subcontractors where appropriate, in a range of civil, mechanical and electrical engineering applications;
- Specialist Building, which comprises the Group's building activities which are characterised by the use of a supply chain of subcontractors to carry out building works under the control of the Group as principal contractor; and
- Central activities, which include the sale of land, the leasing and sub-leasing of some UK properties and the provision of central services to the operating subsidiaries.

On 31 October 2014, the Group entered into a contract to dispose of part of its Specialist Building segment, Allenbuild Limited. Following a strategic review last year, The Board decided to close Lovell America Inc, a subsidiary that carried out land development in the USA, which formed part of the Group's central activities. The results of these businesses are shown as discontinued operations.

2 Segmental analysis continued

(a) Business analysis

Revenue is analysed as follows:

	Group including share of joint venture 2019 £000	Less share of joint venture 2019 £000	Group revenue from continuing activities 2019 £000	Group revenue from continuing activities 2018 £000
Engineering Services	564,478	(709)	563,769	466,482
Specialist Building	36,125	—	36,125	74,208
Inter segment revenue	(1,461)	—	(1,461)	(1,208)
Segment revenue	599,142	(709)	598,433	539,482
Central activities	1,489	—	1,489	1,134
	600,631	(709)	599,922	540,616

Analysis of profit on ordinary activities before taxation from continuing activities

	Before exceptional items and amortisation of intangible assets 2019 £000	Exceptional items and amortisation of intangible assets 2019 £000	2019 £000	Before exceptional items and amortisation of intangible assets 2018 £000	Exceptional items and amortisation of intangible assets 2018 £000	2018 £000
Engineering Services	39,410	(6,788)	32,622	32,520	(15,626)	16,894
Specialist Building	882	—	882	574	—	574
Segment operating profit	40,292	(6,788)	33,504	33,094	(15,626)	17,468
Central activities	(1,963)	(4,000)	(5,963)	(1,990)	—	(1,990)
Operating profit	38,329	(10,788)	27,541	31,104	(15,626)	15,478
Net financing costs	(579)	—	(579)	(770)	—	(770)
Profit on ordinary activities before income tax	37,750	(10,788)	26,962	30,334	(15,626)	14,708

Balance sheet analysis of business segments

	2019			2018		
	Assets £000	Liabilities £000	Net assets £000	Assets £000	Liabilities £000	Net assets £000
Engineering Services	235,435	(168,024)	67,411	226,049	(164,964)	62,074
Specialist Building	60,288	(54,815)	5,473	75,303	(70,419)	4,884
Central activities	173,497	(142,840)	30,657	190,122	(169,309)	19,824
Discontinued operations	4,999	(16,282)	(11,283)	8,530	(19,841)	(11,311)
Group eliminations	(177,011)	177,011	—	(195,136)	195,136	—
Group net assets	297,208	(204,950)	92,258	304,868	(229,397)	75,471

Other information

	2019			2018		
	Capital additions £000	Depreciation £000	Amortisation £000	Capital additions £000	Depreciation £000	Amortisation £000
Engineering Services	4,480	4,256	6,528	2,121	3,377	4,157
Specialist Building	27	89	—	39	110	—
Central activities	2,594	1,216	—	1,183	869	—
	7,101	5,561	6,528	3,343	4,356	4,157

(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.

3 Operating profit

	2019 £000	2018 £000
Operating profit is arrived at after charging/(crediting)		
Auditor's remuneration – audit services	**380**	360
Auditor's remuneration – non audit services	**13**	134
Depreciation of owned assets	**3,884**	2,424
Depreciation of assets held under finance leases	**1,677**	1,932
Operating lease rentals – plant and machinery	**1,708**	1,547
Operating lease rentals – motor vehicles	**2,312**	1,533
Operating lease rentals – other	**2,690**	2,129
Rental income	**(326)**	(247)
Profit on sale of property, plant and equipment	**(621)**	(469)

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

	2019 £000	2018 £000
Fees payable to the Company's auditor for the audit of the financial statements	**83**	75
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	**297**	285
Tax advisory services	**11**	12
Other non-audit services	**—**	120
Other assurance services	**2**	2
	393	494

Details of the Group's policy on the use of the auditor for non-audit services, the reason why the auditor was used and how the auditor's independence and objectivity was safeguarded, are set out in the Audit Committee report. No services were performed pursuant to contingent fee arrangements.

Exceptional items and amortisation of intangible assets

	2019 £000	2018 £000
Defined benefit pension scheme guaranteed minimum pension equalisation	**4,260**	—
Acquisition costs	**—**	1,539
Impairment of goodwill	**—**	6,893
Loss on disposal of subsidiary undertaking	**—**	3,037
Total losses arising from exceptional items	**4,260**	11,469
Amortisation of intangible assets (see Note 10)	**6,528**	4,157
Total exceptional items and amortisation charge before income tax	**10,788**	15,626
Taxation credit on exceptional items and amortisation	**(2,601)**	(841)
Total exceptional items and amortisation charge	**8,187**	14,785

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The impact of additional liabilities amounted to £260,000 for the Amco Pension Scheme and £4,000,000 for the Lovell Pension Scheme.

The Board has separately identified the charge of £6,528,000 (2018: £4,157,000) for the amortisation of the fair value ascribed to certain intangible assets, other than goodwill, arising from the acquisitions of Giffen Holdings Ltd and QTS Group Ltd. Further details are given in Note 10.

4 Loss for the year from discontinued operations

	2019 £000	2018 £000
Revenue	—	11,412
Expenses	—	(13,667)
Loss before income tax	—	(2,255)
Income tax charge	—	(157)
Loss for the year from discontinued operations	—	(2,412)

5 Finance income and costs

Finance income

Finance income of £50,000 (2018: £4,000) has been earned during the year on bank deposits.

	2019 £000	2018 £000
Finance costs		
On bank loans and overdrafts	**(1,086)**	(825)
Other interest payable	**(158)**	(255)
	(1,244)	(1,080)

	2019 £000	2018 £000
Other finance income – defined benefit pension schemes		
Interest on scheme assets	**5,230**	4,782
Interest on scheme obligations	**(4,615)**	(4,476)
Net pension interest	**615**	306

Further information on the defined benefit pension schemes is set out in Note 27 to the accounts.

6 Employee numbers and remuneration

	2019 Number	2018 Number
The average monthly number of employees, including Executive Directors, employed in continuing activities during the year was:	**2,775**	2,675
At 30 September:	**2,779**	2,759
Production	**1,893**	1,826
Administrative	**882**	849
	2,775	2,675

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

	2019 £000	2018 £000
Wages and salaries	**137,811**	125,030
Social security costs	**14,467**	13,200
Other pension costs	**10,115**	6,522
Share based payments	**(122)**	18
	162,271	144,770

Directors' emoluments

	2019 £000	2018 £000
Aggregate emoluments	**2,082**	1,801
Highest paid director: aggregate emoluments	**797**	663

6 Employee numbers and remuneration continued

Directors' emoluments continued

	Salary/fees £000	Bonuses £000	LTIP £000	Benefits £000	Total emoluments 2019 £000	Total emoluments 2018 £000
Executive Directors						
P Scott	**300**	**309**	**127**	**61**	**797**	663
A Liebenberg	**215**	**221**	**108**	**63**	**607**	564
S Wyndham-Quin	**225**	**232**	—	**52**	**509**	352
J Samuel	—	—	—	—	—	54
					1,913	1,633
Non-executive Directors						
D M Forbes	**75**	—	—	—	**75**	62
D Brown	**45**	—	—	—	**45**	42
S Dasani	**30**	—	—	—	**30**	—
J Bishop	**19**	—	—	—	**19**	42
R J Harrison	—	—	—	—	—	22
					2,082	1,801

Directors' share options

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

The LTIP options are exercisable at a nominal cost but are only exercisable to the extent that certain performance criteria are achieved by the Company over a three year performance period.

Number of Ordinary Shares under option

	Exercisable between 25 Nov 2019 & 24 Nov 2026	Exercisable between 23 Nov 2020 & 22 Nov 2027	Exercisable between 3 Dec 2021 & 2 Dec 2028
LTIP Options			
P Scott	91,400	99,000	129,310
A Liebenberg	67,700	73,500	92,833
S Wyndham-Quin	—	73,500	96,983

During the year £(122,000) (2018: £18,000) was (credited)/charged to the income statement with a corresponding charge/(credit) to the share based payments reserve in accordance with IFRS 2.

7 Income tax expense

(a) Analysis of expense in year

	2019 £000	2018 £000
Current tax:		
UK corporation tax on profits of the year	**(5,291)**	(3,571)
Adjustments in respect of previous period	**208**	(336)
Total current tax	**(5,083)**	(3,907)
Deferred tax – defined benefit pension schemes	**(556)**	(1,969)
Deferred tax – other timing differences	**934**	353
Total deferred tax	**378**	(1,616)
Income tax expense in respect of continuing activities	**(4,705)**	(5,523)

7 Income tax expense continued

(b) Factors affecting income tax expense for the year

	2019 £000	2018 £000
Profit before income tax	**26,962**	14,708
Profit multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	**(5,123)**	(2,795)
Effects of:		
Expenses not deductible for tax purposes	**(114)**	(808)
Timing differences not provided in deferred tax	**326**	(670)
Change in tax rate	**(2)**	(914)
Adjustments in respect of previous period	**208**	(336)
	(4,705)	(5,523)

Timing differences not provided for in deferred tax arise principally from the utilisation of tax losses not previously recognised.

Deferred tax has been provided at a rate of 17% (2018: 17%) which will be the effective corporation tax rate from 1 April 2020. The Group has available further unused UK tax losses of £31m (2018: £37m) to carry forward against future taxable profits. A substantial element of these losses relates to activities which are not forecast to generate the level of profits needed to utilise these losses. A deferred tax asset has been provided to the extent considered reasonable by the Directors, where recovery is expected to be recognisable within the foreseeable future. The unrecognised deferred tax asset in respect of these losses amounts to £4.5m (2018: £5.3m).

(c) Deferred tax asset

	2019 £000	2018 £000
Accelerated capital allowances	**625**	566
Future tax losses	**791**	1,026
	1,416	1,592

(d) Deferred tax liabilities

	2019 £000	2018 £000
Defined benefit pension schemes	**(8,944)**	(7,149)
Fair value adjustments	**(1,654)**	(2,763)
	(10,598)	(9,912)

(e) Reconciliation of deferred tax asset

	2019 £000	2018 £000
As at 1 October	**1,592**	2,057
Origination of timing differences	**(176)**	(336)
Reclassification of opening pension scheme asset as a liability	**—**	(129)
At 30 September	**1,416**	1,592

7 Income tax expense continued

(f) Reconciliation of deferred tax liability

	2019 £000	2018 £000
As at 1 October	**(9,912)**	(3,892)
Acquisition of subsidiary undertaking	**—**	(2,970)
Arising on fair value adjustments	**1,110**	707
Reclassification of opening pension scheme asset as a liability	**—**	129
Defined benefit pension schemes – income statement	**(556)**	(1,969)
Defined benefit pension schemes – SOCI	**(1,240)**	(1,917)
At 30 September	**(10,598)**	(9,912)

8 Dividends

	2019 Pence/share	2018 Pence/share
Interim (related to the year ended 30 September 2019)	**3.83**	3.33
Final (related to the year ended 30 September 2018)	**6.67**	6.00
Total dividend paid	**10.50**	9.33

	£000	£000
Interim (related to the year ended 30 September 2019)	**2,885**	2,506
Final (related to the year ended 30 September 2018)	**5,020**	3,756
Total dividend paid	**7,905**	6,262

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 7.67p per Ordinary Share be paid in respect of the year ended 30 September 2019. This will be accounted for in the 2019/20 financial year.

9 Earnings per share

	2019			2018		
	Earnings £000	EPS Pence	DEPS Pence	Earnings £000	EPS Pence	DEPS Pence
Earnings before exceptional items and amortisation	**30,444**	**40.43**	**40.13**	23,970	35.48	35.28
Exceptional items and amortisation	**(8,187)**	**(10.88)**	**(10.79)**	(14,785)	(21.88)	(21.76)
Basic earnings per share – continuing activities	**22,257**	**29.55**	**29.34**	9,185	13.60	13.52
Loss for the year from discontinued operations	**—**	**—**	**—**	(2,412)	(3.57)	(3.55)
Basic earnings per share	**22,257**	**29.55**	**29.34**	6,773	10.03	9.97
Weighted average number of shares		**75,308**	**75,856**		67,558	67,938

The dilutive effect of share options is to increase the number of shares by 548,000 (2018: 380,000) and reduce basic earnings per share by 0.21p (2018: 0.06p).

10 Intangible assets

	Goodwill £000	Contractual rights and customer relationships £000
Cost:		
At 1 October 2017	64,590	16,002
Addition	54,193	17,469
Eliminated on disposal	(13,501)	(2,495)
At 1 October 2018 and 30 September 2019	**105,282**	**30,976**
Impairment losses/amortisation:		
At 1 October 2017	6,608	13,323
Charge for year	—	4,157
Impairment	6,893	—
Eliminated on disposal	(13,501)	(2,495)
At 1 October 2018	—	14,985
Charge for year	—	6,528
At 30 September 2019	**—**	**21,513**
Carrying amount:		
At 30 September 2019	**105,282**	**9,463**
At 30 September 2018	105,282	15,991
At 30 September 2017	57,982	2,679

The carrying amounts of goodwill classified as cash generating units ("CGUs") are as follows:

	2019 £000	2018 £000
Britannia Construction Ltd	**1,253**	1,253
V.H.E. Construction PLC	**1,796**	1,796
P.P.S. Electrical Ltd	**227**	227
Seymour (C.E.C.) Holdings Ltd and its subsidiary	**4,017**	4,017
West Cumberland Engineering Ltd and its subsidiary	**207**	207
Amco Group Holdings Ltd and its subsidiaries	**18,168**	18,168
Lewis Civil Engineering Ltd and its subsidiaries	**6,556**	6,556
Clarke Telecom Ltd	**11,143**	11,143
Nuclear Decontamination Services Ltd	**199**	199
Giffen Holdings Ltd and its subsidiaries	**7,523**	7,523
QTS Group Ltd and its subsidiaries	**54,193**	54,193
	105,282	105,282

10 Intangible assets continued

QTS Group Ltd

Goodwill of £54,193,000 was acquired on the acquisition of QTS Group Ltd and has been reviewed for impairment one year after the acquisition and then on an ongoing basis as required by IFRS 3. No such impairment was identified.

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 according to management's view of longer term prospects for each CGU. The CGUs are deemed to be the subsidiaries to which the goodwill relates. Management used growth rates deemed to be appropriate to each CGU after reviewing the particular market conditions related to the sector in which each CGU operates. A perpetual growth rate range of 2% (2018: 3%) per annum has been used. The range of discount rates used within each CGU is 9.6% – 13% (2018: 7.5%). The Board considers the rates appropriate as, based on publicly available information, they represents the rates that a market participant would require for these assets. The Board has chosen the discount rates having taken into account the cost of funds to the Group and the risks associated with the markets in which the CGUs operate. Other than changes to the discount rates the key assumption which would impact the carrying value of goodwill is the margin generated by each CGU. Whilst the sensitivities vary according to CGU, for a material impairment to take place the discount rate would have to increase by 6.3% (2018: 14.6%) or the assumed operating margins would have to decrease by 36% (2018: 50%) before a material impact on any single CGU.

11 Property, plant and equipment

	Freehold land and buildings £000	Plant, vehicles and equipment £000	Total £000
Cost:			
At 1 October 2017	2,338	12,378	14,716
Additions	60	3,283	3,343
Disposals	—	(5,599)	(5,599)
Acquisition of subsidiary	2,971	5,451	8,422
At 1 October 2018	5,369	15,513	20,882
Additions	688	6,413	7,101
Disposals	—	(4,744)	(4,744)
At 30 September 2019	**6,057**	**17,182**	**23,239**
Depreciation:			
At 1 October 2017	188	1,031	1,219
Charge for year	95	4,261	4,356
Disposals	—	(4,403)	(4,403)
At 1 October 2018	283	889	1,172
Charge for year	201	5,360	5,561
Disposals	—	(4,426)	(4,426)
At 30 September 2019	**484**	**1,823**	**2,307**
Net book value:			
At 30 September 2019	**5,573**	**15,359**	**20,932**
At 30 September 2018	5,086	14,624	19,710
At 30 September 2017	2,150	11,347	13,497

The net book value of assets under finance leases at 30 September 2019 was £8,438,000 (2018: £6,995,000).

During the year £1,677,000 (2018: £1,932,000) of depreciation was charged against assets held under finance leases.

12 Inventories

	2019 £000	2018 £000
Land	731	—
Raw materials	1,901	1,691
	2,632	1,691

£1.9m (2018: £1.7m) of inventories are pledged as security for liabilities.

13 Assets held for resale

	2019 £000	2018 £000
Property	1,500	1,500

This office property has been actively marketed but disposal has been delayed by current market conditions.

The building is carried at net realisable value based on an annual independent third party valuation.

14 Investment in joint venture

a) Movement in year

	2019 £000	2018 £000
At 1 October	123	237
Dividend received	(80)	(114)
Equity accounted share of net profits	96	—
At 30 September	139	123

b) Summarised financial information related to equity accounted joint venture

	2019 £000	2018 £000
Current assets		
Trade and other receivables	—	297
Cash and cash equivalents	544	70
	544	367
Total assets	544	367
Current liabilities		
Trade and other payables	(106)	(101)
Current tax liabilities	(22)	57
	(128)	(44)
Total liabilities	(128)	(44)
Net assets reported by equity accounted joint venture (100%)	416	323
Revenue (100%)	2,128	2,559
Expenses (100%)	(1,841)	(2,559)
Net profit after tax (100%)	287	—

c) Results of equity accounted joint venture (33%)

	2019 £000	2018 £000
Group share of profit before tax	118	—
Group share of tax	(22)	—
Group share of profit after tax	96	—

The Group, through a subsidiary undertaking, has the following interest in the joint venture:

	Country of incorporation	Principal activity	Percentage of shares held
Switchgear & Substation Alliance Ltd	UK	Engineering	33%

The joint venture was acquired as part of the acquisition of Giffen Holdings Ltd.

15 Trade and other receivables

	2019 £000	2018 £000
Trade receivables	**43,196**	46,118
Contract assets	**70,364**	79,980
Other receivables	**468**	1,522
Prepayments and accrued income	**4,595**	1,756
	118,623	129,376

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

Prior to the adoption of IFRS 15, construction contract receivables arising under IAS 11 were included in Amounts due from construction contract customers. Following the adoption of IFRS 15, £79,980,000 has been reclassified as contract assets being unbilled revenue.

The Group has a variety of credit terms depending on the customer. These terms generally range from 30 to 60 days.

Included in trade and other receivables are debtors with a carrying value of £4.0m (2018: £5.1m) 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. £1.1m (2018: £1.5m) of these balances relate to certified retentions.

The average age of these receivables is 331 days (2018: 345 days).

Ageing of past due but not impaired receivables:

	2019 £000	2018 £000
30 – 180 days	**953**	360
180 – 365 days	**1,062**	2,433
Greater than 1 year	**1,984**	2,259
	3,999	5,052

16 Construction contracts

	2019 £000	2018 £000
Contracts in progress at the balance sheet date:		
Amounts due from construction contract customers included in trade and other receivables	**43,161**	46,105
Amounts due from construction contract customers included in contract assets	**70,364**	79,980
Amounts due to construction contract customers included in contract liabilities	**(4,355)**	(6,971)
	109,170	119,114
Contract costs incurred plus recognised profits less recognised losses to date	**3,681,291**	3,818,338
Less: progress billings	**(3,572,121)**	(3,699,224)
	109,170	119,114

At 30 September 2019 retentions held by customers amounted to £10.0m (2018: £12.2m). Advances received from customers for contract work amounted to £4.4m (2018: £7.0m).

Amounts due from construction contract customers which are past due at the reporting date amounted to £4.0m (2018: £5.1m).

This amount includes retention balances of £1.1m (2018: £1.5m). The Group does not hold any collateral over these balances or other trade and other receivables.

Contract revenue recognised in the year amounted to £599.9m (2018: £541.5m).

17 Cash and cash equivalents

	2019 £000	2018 £000
Cash at bank	11,655	9,168
Cash in hand	12	11
	11,667	9,179

18 Trade and other payables

	2019 £000	2018 £000
Contract liabilities	4,355	6,971
Trade payables	61,393	60,932
Other taxation and social security	11,692	11,451
Other payables	5,996	6,538
Accruals and deferred income	81,014	94,021
	164,450	179,913

Following the adoption of IFRS 15, Amounts due to construction contract customers has been reclassified as Contract liabilities.

19 Borrowings

	2019 £000	2018 £000
Bank loans repayable:		
Within one year	8,752	8,752
Within two to five years	13,123	21,873
	21,875	30,625

The QTS acquisition was partially funded by a £35m loan from HSBC, repayable by equal instalments over a 4 year period.

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

20 Obligations under finance leases

	Minimum lease payments		Present value of minimum lease payments	
	2019 £000	2018 £000	2019 £000	2018 £000
Amounts payable under finance leases:				
Within one year	2,696	2,222	2,546	2,100
Within two to five years	3,350	2,387	3,214	2,253
	6,046	4,609	5,760	4,353
Less: future finance charges	(286)	(256)	—	—
Present value of lease obligations	5,760	4,353	5,760	4,353
Less: amount due for settlement within twelve months			(2,546)	(2,100)
Amount due for settlement after twelve months			3,214	2,253

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 (2018: 3 years). For the year ended 30 September 2019, the average effective borrowing rate was 3% (2018: 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.

21 Provisions

	Property obligations £000	Other provisions £000	Total £000
At 1 October 2018	349	2,000	2,349
Provision transferred from accruals/(released) during the year	114	(2,000)	(1,886)
At 30 September 2019	**463**	**—**	**463**
Non-current liabilities	452	—	452
Current liabilities	11	—	11
At 30 September 2019	**463**	**—**	**463**

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.

22 Other financial instruments

The Group's principal financial instruments comprise bank loans, cash and short-term deposits and obligations under finance leases. The main purpose of these financial instruments is to provide finance for the Group's operations. The Group has various other financial instruments such as trade receivables and trade payables that arise directly from its operations.

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. The disclosures below provide information about the contractual terms of the Group's interest bearing deposits, loans and borrowings.

Interest rate profile of financial assets and liabilities

		Financial assets/(liabilities)		
	Fixed rate interest rate %	**Fixed rate £000**	**Floating rate £000**	**Total £000**
2019				
Assets				
Sterling	**—**	**—**	**11,161**	**11,161**
Dollar	**—**	**—**	**494**	**494**
		—	**11,655**	**11,655**
Liabilities				
Sterling	**3.0**	**(5,760)**	**(21,875)**	**(27,635)**
		(5,760)	**(21,875)**	**(27,635)**

		Financial assets/(liabilities)		
	Fixed rate interest rate %	Fixed rate £000	Floating rate £000	Total £000
2018				
Assets				
Sterling	—	—	7,440	7,440
Dollar	—	—	1,728	1,728
		—	9,168	9,168
Liabilities				
Sterling	3.0	(4,353)	(30,625)	(34,978)
		(4,353)	(30,625)	(34,978)

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 20. The fixed rate liabilities have a weighted average period of 3 years (2018: 3 years).

22 Other financial instruments continued

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 15. The Group does not use any form of invoice discounting or debt factoring.

b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Board is responsible for ensuring that the Group has sufficient liquidity to meet its financial liabilities as they fall due and does so by monitoring cashflow forecasts and budgets. The Board has considered the cashflow forecasts for the next twelve months which show that the Group expects to operate within its working capital facilities throughout the year.

The Board aims to maintain a strong capital base so as to ensure investor and market confidence and to sustain the future of the business. The capital structure of the Group consists of equity attributable to equity holders of the Company as disclosed in Note 23 and reserves as disclosed in Note 24. 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 19 and 20 and the retirement benefit obligations disclosed in Note 27. An analysis of the maturity profile for finance lease liabilities is given in Note 20.

c) Currency risk

The principal exposure of the Group to currency risk (i.e. exposure to gains or losses on foreign exchange which would be recognised in the income statement) has been in respect of an inter-company loan amounting to £28,000 (2018: £Nil). The foreign exchange charge to finance costs amounted to £Nil (2018: £247,000). Exchange rate movements on translation of Lovell America, Inc's net assets are charged to the cumulative translation adjustment within total equity. The exchange profit arising on the translation of Lovell America Inc's net assets was £28,000. The total equity statement would be impacted by £4,000 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.

23 Share capital

	2019 £000	2018 £000
Allotted, called up and fully paid:		
75,329,224 (2018: 75,267,507) Ordinary Shares of 10p each	7,533	7,527

The holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

On 5 February 2019 61,717 Ordinary Shares were issued pursuant to the Group's Long-Term Incentive Plan.

Share options

Renew Holdings plc Long Term Incentive Plan

At the Annual General Meeting held on 25 January 2012 the shareholders approved the long term incentive plan ("LTIP") which succeeded the Renew Holdings plc 2004 Executive Share Option Scheme as the Directors believed that the LTIP was a more effective method of aligning executive and shareholder interests.

As at 30 September 2019, there were 724,226 options outstanding under the scheme. On 3 December 2018, options to subscribe for a further 319,126 Ordinary Shares were granted. During the year 125,700 options were exercised and no options lapsed.

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

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

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

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

24 Reserves

	Share premium account £000	Capital redemption reserve £000	Cumulative translation reserve £000	Share based payments reserve £000	Retained earnings £000
At 1 October 2017	9,635	3,896	1,305	680	6,284
Transfer from income statement for the year					6,773
Dividends paid					(6,262)
Recognition of share based payments				18	
New shares issued	42,049				
Exchange differences			6		
Actuarial movement recognised in pension schemes					5,477
Movement on deferred tax relating to the pension schemes					(1,917)
At 1 October 2018	51,684	3,896	1,311	698	10,355
Transfer from income statement for the year					22,257
Dividends paid					(7,905)
Recognition of share based payments				(122)	
New shares issued	220				
Exchange differences			28		
Actuarial movement recognised in pension schemes					3,543
Movement on deferred tax relating to the pension schemes					(1,240)
At 30 September 2019	**51,904**	**3,896**	**1,339**	**576**	**27,010**

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.

£110,000 (2018: £(18,000)) has been credited/(charged) to administrative expenses in accordance with IFRS 2. There is no impact on net assets since an equivalent amount has been (charged)/credited to the share based payments reserve. 125,700 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 2019 were as follows:

Date of grant	24 November 2016	22 November 2017	3 December 2018	Total
Awards outstanding at 30 September 2019				
– Directors and employees	159,100	246,000	319,126	724,226
Exercise price	10.0p	10.0p	10.0p	
Price at date of grant	394.0p	428.75p	350.00p	
Maximum option life	10 years	10 years	10 years	
Assumed option life for purposes of valuation	2.85 years	2.86 years	2.83 years	
Expected volatility	28%	25%	28%	
Risk free interest rate	0.29%	0.52%	0.75%	
Value per option	289.0p	262.0p	226.0p	

25 Capital and leasing commitments

	Land and buildings £000	Other £000	Total 2019 £000	Total 2018 £000
Commitments under non-cancellable operating leases:				
Under one year	**1,733**	**1,785**	**3,518**	3,727
Two to five years	**4,343**	**2,388**	**6,731**	5,949
Five or more years	**636**	**—**	**636**	1,327
	6,712	**4,173**	**10,885**	11,003

During the year £6,710,000 (2018: £5,209,000) was recognised as an expense in the income statement in respect of operating leases.

With regard to the operating leases held by the Group as lessor, the Group recognised £252,000 (2018: £247,000) of rental income in the income statement for 2019, 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:

	2019 £000	2018 £000
Receivables under non-cancellable operating leases:		
Under one year	**296**	320
Two to five years	**73**	370
	369	690

The Group had capital commitments at 30 September 2019 of £910,000 (2018: £1,011,000).

26 Contingent liabilities

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

Liabilities have been recorded based on the Directors' best estimate of uncertain contract positions, known legal claims, investigations and legal actions in progress. The Group takes legal advice as to the likelihood of the success of claims and actions and no liability is recorded where the Directors consider, based on that advice, that the action is unlikely to succeed, or that the Group cannot make a sufficiently reliable estimate of the potential obligation. The Group also has contingent liabilities in respect of other issues that may have occurred, but where no claim has been made and it is not possible to reliably estimate the potential obligation (see Note 1d).

27 Employee benefits: Retirement benefit obligations

Defined benefit pension schemes

The Group operates two defined benefit pension schemes, the Lovell Pension Scheme and the Amco Pension Scheme. Both schemes have been closed to new members and to further benefits accrual for many years.

IAS 19 "Employee Benefits"

The Directors have adopted the accounting required by IAS 19. The Directors have discussed the assumptions used in determining the actuarial valuations set out below with independent pensions advisors and have determined that they are appropriate. The Lovell scheme's valuation at 30 September 2019 shows a surplus of £24,073,000 based on the assumptions set out below. The Amco scheme shows a surplus of £1,481,000 based on the assumptions used in its valuation which are similar to those used for the Lovell scheme except where the Directors, in consultation with the scheme's advisors, consider it appropriate to vary them due to the different characteristics of the Amco scheme and its membership profile. The Directors have determined that it is appropriate to recognise the surplus in both schemes as, having reviewed the rules of both schemes, they are of the view that the employer has an unconditional right to those surpluses.

27 Employee benefits: Retirement benefit obligations continued

IAS 19 "Employee Benefits" continued

The following disclosures required by IAS 19 have been based on the most recent actuarial valuation as at 30 September 2019 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 2019	As at 30 September 2018	As at 30 September 2017
Lovell Pension Scheme			
Rate of increase in salaries	**4.0%**	4.0%	4.0%
LPI increases to pensions in payment	**4.2%**	4.3%	4.2%
Discount rate	**1.9%**	2.9%	2.6%
Inflation assumption (CPI)	**2.1%**	2.2%	2.1%
Inflation assumption (RPI)	**3.2%**	3.3%	3.2%
Increases in deferred pensions	**3.1%**	3.1%	3.1%
Amco Pension Scheme			
Rate of increase in salaries	**2.1%**	2.3%	3.2%
LPI increases to pensions in payment	**3.0%**	3.1%	2.7%
Discount rate	**1.8%**	2.9%	2.6%
Inflation assumption (CPI)	**2.1%**	2.3%	2.2%
Inflation assumption (RPI)	**3.1%**	3.3%	3.2%
Increases in deferred pensions	**2.1%**	2.3%	2.2%

The mortality tables adopted for the valuation of the Lovell scheme are the S2NA tables with future improvements in line with the Continuing Mortality Investigations 2018 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 22.3 years and the further life expectancy of a male aged 65 in 2039 is 23.7 years.

The mortality tables adopted for the valuation of the Amco scheme are the S3PA Mortality tables with future improvements in line with the Continuing Mortality Investigations 2018 model with long term improvement rates of 0.5% per annum for both males and females. The Directors believe that this analysis provides a more reliable estimate of the mortality characteristics of the scheme's membership. Under these assumptions, a 65 year old male pensioner is forecast to live for a further 22.1 years and the further life expectancy of a male aged 65 in 2039 is 23.5 years.

The assets in the Lovell scheme were:

	Value as at 30 September 2019 £000	Current allocation	Value as at 30 September 2018 £000	Current allocation	Value as at 30 September 2017 £000	Current allocation
Annuities	**89,317**	**45%**	85,850	51%	91,400	53%
Diversified portfolio	**106,775**	**54%**	81,202	48%	81,273	47%
Cash	**666**	**1%**	2,117	1%	778	—
Total	**196,758**	**100%**	169,169	100%	173,451	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 2019 £000	Current allocation	Value as at 30 September 2018 £000	Current allocation	Value as at 30 September 2017 £000	Current allocation
Annuities	**6,685**	**44%**	6,255	43%	6,614	46%
Diversified portfolio	**8,329**	**55%**	7,739	54%	7,524	53%
Cash	**213**	**1%**	418	3%	201	1%
Total	**15,227**	**100%**	14,412	100%	14,340	100%

27 Employee benefits: Retirement benefit obligations continued

IAS 19 "Employee Benefits" continued

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

Scheme Funding Levels and Actuarial Valuations

Lovell Pension Scheme

The scheme actuary carried out the triennial valuation of the Lovell Pension Scheme as at 31 March 2018. The scheme showed a deficit of £0.3m compared to £12.1m when measured as at 31 March 2015. The Group has reached an agreement with the Trustees which commits the Group to paying annual contributions of £4,260,000 per annum until 31 July 2023 by which point the Scheme's buyout deficit is expected to be cleared. The next Triennial valuation is due on 31 March 2021.

For accounting purposes under IAS19, actuaries use different assumptions than for the triennial valuation. The major difference relates to assumptions concerning the future return on assets of the scheme which includes a number of return seeking assets invested with BlackRock Asset Management. The key sensitivity for the valuation of the scheme under IAS19 is the selection of the discount rate which is the major determinant in measuring scheme liabilities. A reduction of 0.1% in the discount rate would increase scheme liabilities by £2.8m. Sensitivity analysis has been performed on the other key assumptions, and a reasonably possible change is not considered likely to give rise to a materially different valuation to the surplus.

Amco Pension Scheme

The scheme actuary carried out the triennial valuation of the Amco Pension Scheme as at 31 December 2016. The scheme showed a deficit of £3.4m compared to £0.9m when measured as at 31 December 2013. The subsidiary undertaking has agreed a revised recovery plan with the Trustees which commits the subsidiary undertaking to paying annual contributions of £504,000 which is expected to result in the elimination of this deficit by 31 October 2020. This recovery plan aims to eliminate the deficit under the Statutory Funding Objective of the Pensions Act 2004. The subsidiary undertaking may be required to make further contributions to achieve a buy out of all pension liabilities. The necessity and quantum of these contributions will be remeasured by the scheme actuary at the next triennial valuation which will be measured as at 31 December 2019.

For accounting purposes under IAS19, actuaries use different assumptions than for the triennial valuation. The major difference relates to assumptions concerning the future return on assets of the scheme which includes a number of return seeking assets invested with BlackRock Asset Management. The key sensitivity for the valuation of the scheme under IAS19 is the selection of the discount rate which is the major determinant in measuring scheme liabilities. A reduction of 0.1% in the discount rate would increase scheme liabilities by £0.2m. Sensitivity analysis has been performed on the other key assumptions, and a reasonably possible change is not considered likely to give rise to a materially different valuation to the surplus.

Recognition of Pension Schemes' Surplus

Having taken legal advice with regard to the rights of the Company under the trust deeds and rules, the Directors do believe there is a right to recognise a pension surplus on an accounting basis for both schemes. The Directors do not believe that the surplus on an accounting basis will result in a surplus on an actuarial funding basis. However, the Directors are required to account for the plans' surplus as required by IFRS. As the Group has a legal right to benefit from the surplus, under IAS 19 and IFRIC 14, it must recognise the economic benefit it considers to arise from either a reduction to its future contributions or a refund of the surplus. This is a technical adjustment made on an accounting basis. Management do not believe there is an asset ceiling under IFRIC 14 which limits the economic benefit available. There is no cash benefit from the surplus.

Scheme Governance

Both the Lovell Pension Scheme and the Amco Pension Scheme have boards of trustees chaired by an independent professional trustee, Capital Cranfield Trustees Ltd. The Lovell Pension Scheme also has member-elected trustees who must be members of the scheme. Both Renew Holdings plc for the Lovell Pension Scheme, and Amalgamated Construction Ltd for the Amco Pension Scheme have the right to appoint employer-nominated trustees although neither has elected to do so other than to appoint Capital Cranfield Trustees Ltd.

The Lovell Pension Scheme trustees are advised by Lane, Clark & Peacock LLP on both actuarial and investment matters. The Lovell Scheme investments are independently managed by BlackRock Asset Management who are set a target return against which the trustees monitor their performance on a regular basis. Annuities purchased in both 2011 and 2016 are held by Legal & General and Just Retirement.

The Amco Pension Scheme trustees are advised by Capita Employee Benefits (Consulting) Ltd on both actuarial and investment matters. The Amco Scheme investments are independently managed by BlackRock Asset Management who are set a target return against which the trustees monitor their performance on a regular basis.

Diversified Portfolio

BlackRock Asset Management's portfolio, described above as "diversified portfolio", can consist of a wide range of underlying, return-seeking assets including but not restricted to equities, bonds, gilts, cash, commodities and other openly traded assets.

27 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

	2019 £000	2018 £000
Movements in scheme assets and obligations		
Total fair value of scheme assets brought forward	**169,169**	173,451
Interest on scheme assets	**4,832**	4,412
Employer contributions	**4,310**	4,323
Benefits paid	**(9,449)**	(11,879)
Running costs	**(1)**	—
Actual return on scheme assets less interest on scheme assets	**27,897**	(1,138)
Total fair value of scheme assets carried forward	**196,758**	169,169
Present value of scheme obligations brought forward	**149,834**	163,759
Interest on scheme obligations	**4,262**	4,104
Current and past service costs	**45**	64
Past service cost and settlements	**4,000**	—
Benefits paid	**(9,449)**	(11,879)
Actuarial movement due to experience on benefit obligation	**(310)**	2,404
Actuarial movement due to changes in financial assumptions	**25,776**	(7,437)
Actuarial movement due to changes in demographic assumptions	**(1,473)**	(1,181)
Total fair value of scheme obligations carried forward	**172,685**	149,834
Surplus in the scheme	**24,073**	19,335
Deferred tax	**(8,426)**	(6,767)
Net surplus	**15,647**	12,568
Amount charged to operating profit:		
Current and past service costs	**(45)**	(64)
Running costs	**(1)**	—
	(46)	(64)
Amount credited to other financial income:		
Interest on scheme assets	**4,832**	4,412
Interest on scheme obligations	**(4,262)**	(4,104)
Net pension interest	**570**	308
Amounts recognised in the statement of comprehensive income:		
Actual return on scheme assets less interest on scheme assets	**27,897**	(1,138)
Actuarial movement due to changes in assumptions on scheme obligations	**(23,993)**	6,214
Actuarial movement	**3,904**	5,076
Movement in the net scheme surplus during the year:		
Net scheme surplus brought forward	**19,335**	9,692
Current and past service costs	**(45)**	(64)
Running costs	**(1)**	—
Employer contributions	**4,310**	4,323
Past service cost and settlements	**(4,000)**	—
Net pension interest	**570**	308
Actuarial movement	**3,904**	5,076
Net scheme surplus carried forward	**24,073**	19,335

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The impact of additional liabilities amounted to £4,000,000 for the Lovell Pension Scheme which is disclosed within past service costs and settlements.

27 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

	2019 £000	2018 £000
Movements in scheme assets and obligations		
Total fair value of scheme assets brought forward	**14,412**	14,339
Expected return on scheme assets	**398**	370
Employer contributions	**969**	1,449
Benefits paid	**(1,916)**	(1,656)
Actual return on scheme assets less interest on scheme assets	**1,364**	(90)
Total fair value of scheme assets carried forward	**15,227**	14,412
Present value of scheme obligations brought forward	**13,324**	15,099
Interest on scheme obligations	**353**	372
Past service cost and settlements	**260**	—
Benefits paid	**(1,916)**	(1,656)
Actuarial movement due to changes in financial and demographic assumptions	**1,725**	(491)
Total fair value of scheme obligations carried forward	**13,746**	13,324
Surplus in the scheme	**1,481**	1,088
Deferred tax	**(518)**	(381)
Net surplus	**963**	707
Amount credited/(debited) to other financial income:		
Interest on scheme assets	**398**	370
Interest on scheme obligations	**(353)**	(372)
Net pension interest	**45**	(2)
Amounts recognised in the statement of comprehensive income:		
Actual return on scheme assets less interest on scheme assets	**1,364**	(90)
Actuarial movement due to changes in assumptions on scheme obligations	**(1,725)**	491
Actuarial movement	**(361)**	401
Movement in the net scheme surplus during the year:		
Net scheme surplus/(deficit) brought forward	**1,088**	(760)
Employer contributions	**969**	1,449
Past service cost and settlements	**(260)**	—
Net pension interest	**45**	(2)
Actuarial movement	**(361)**	401
Net scheme surplus carried forward	**1,481**	1,088

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The impact of additional liabilities amounted to £260,000 for the Amco Pension Scheme which is disclosed within past service cost and settlements.

27 Employee benefits: Retirement benefit obligations continued

IAS 19 "Employee Benefits" continued

Lovell Pension Scheme

	2019 £000	2018 £000	2017 £000	2016 £000	2015 £000
Actual return on scheme assets less interest on scheme assets	**27,897**	(1,138)	(14,565)	22,781	18,145
As a percentage of the assets at the end of the year	**14.2%**	(0.7)%	(8.4)%	12.0%	11.0%
Total amount recognised in the statement of comprehensive income	**3,904**	5,076	(2,506)	(12,348)	10,664
As a percentage of the obligations at the end of the year	**2.3%**	3.4%	(1.5)%	(6.8)%	7.1%

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. The surplus for the scheme is accounted for in the individual financial statements of Renew Holdings plc which is legally the sponsoring employer for the plan.

Amco Pension Scheme

	2019 £000	2018 £000	2017 £000	2016 £000	2015 £000
Actual return on scheme assets less interest on scheme assets	**1,364**	(90)	(680)	930	(297)
As a percentage of the assets at the end of the year	**9.0%**	(0.6)%	(4.7)%	6.1%	(2.1)%
Total amount recognised in the statement of comprehensive income	**(361)**	401	417	(1,881)	(1,785)
As a percentage of the obligations at the end of the year	**(2.6)%**	3.0%	2.8%	(10.8)%	(12.0)%

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 £10,115,000 (2018: £6,432,000) into these plans during the year. There are also £435,000 (2018: £376,000) of accruals relating to these plans.

28 Related parties

The Group has a related party relationship with its key management personnel who were Directors of the Company during the year: P Scott, A Liebenberg, S Wyndham-Quin, DM Forbes, J Bishop, DA Brown and S Dasani, whose total compensation amounted to £2,082,000 (2018: £1,801,000) all of which was represented by short-term employment benefits, including £332,000 (2018: £268,000) relating to share option charges, in accordance with IFRS 2. An analysis of this compensation is given in Note 6.

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

29 Alternative performance measures

Renew uses a variety of alternative performance measures ('APM') which, although financial measures of either historical or future performance, financial position or cash flows, are not defined or specified by IFRSs. The Directors use a combination of APMs and IFRS measures when reviewing the performance, position and cash of the Group.

The Directors believe that APMs provide a better understanding of the underlying trading performance of the business because they remove the impact of non-trading related accounting adjustments. Furthermore, they believe that the Group's shareholders use these APMs when assessing the performance of the Group and it is therefore appropriate to give them prominence in the Annual Report and Accounts.

The APMs used by the Group are defined below:

Net Cash/(Debt) – This is the cash and cash equivalents less bank debt. This measure is visible in Note 31. The Directors consider this to be a good indicator of the financing position of the Group.

29 Alternative performance measures continued

Adjusted operating profit (£38.329m) and adjusted profit before tax (£37.750m) – Both of these measures are reconciled to total operating profit and total profit before tax on the face of the consolidated income statement. The Directors consider that the removal of exceptional items and amortisation provides a better understanding of the underlying performance of the Group. The equivalent GAAP measures are operating profit (£27.541m) and profit before tax (£26.962m).

Adjusted operating margin (6.4%) – This is calculated by dividing operating profit before exceptional items and amortisation of intangible assets (£38.329m) by group revenue including share of joint venture (£600.631m) both of which are visible on the face of the income statement. The Directors believe that removing exceptional items and amortisation from the operating profit margin calculation provides a better understanding of the underlying performance of the Group. The equivalent GAAP measure is operating profit margin (4.6%) which is calculated by dividing operating profit (£27.541m) from group revenue including share of joint venture (£600.631m).

Adjusted earnings per share (40.43p) – This measure is reconciled to the earnings per share calculation based on earnings before exceptional items and amortisation in Note 9. The Directors believe that removing exceptional items and amortisation from the EPS calculation provides a better understanding of the underlying performance of the Group.

Group Revenue (£600.631m) – This measure is visible on the face of the income statement as Revenue: Group including share of joint venture.

Group order book, Engineering Services order book and Specialist Building order book – This measure is calculated by the Directors taking a conservative view on secured orders and visible workload through long-term frameworks.

Engineering Services revenue (£564.478m) – This measure is visible in Note 2 part (a) business analysis as Engineering Services Revenue including share of joint venture. The Directors consider this to be a good indicator of the underlying performance of the Group's Engineering Services business.

Adjusted Engineering Services operating profit (£39.410m) – This measure is visible in Note 2 part (a) business analysis as Engineering Services operating profit before exceptional items and amortisation of intangible assets. The Directors consider this to be a good indicator of the underlying performance of the Group's Engineering Services business. The GAAP equivalent measure is engineering services operating profit (£32.622m) which is also visible in Note 2 part (a).

Adjusted Engineering Services operating profit margin (7.0%) – This is calculated in the same way as adjusted operating profit margin but based on the adjusted Engineering Services operating profit (£39.410m) and the Engineering Services revenue (£564.478m) figures as set out above. The equivalent GAAP measure is engineering services operating profit margin (5.8%) which is calculated by dividing engineering services operating profit (£32.622m) from engineering services revenue including share of joint venture (£564.478m).

Organic growth (8.4%) – This has been calculated by taking the Engineering Services revenue growth year on year excluding the impact of any acquisitions.

30 Reconciliation of net cash flow to net debt

	2019 £000	2018 £000
Increase in net cash and cash equivalents	**2,488**	2,212
Decrease/(increase) in bank borrowings	**8,750**	(27,525)
Increase/(decrease) in net cash from cash flows	**11,238**	(25,313)
Net (debt)/cash at 1 October	**(21,446)**	3,867
Net debt at 30 September	**(10,208)**	(21,446)

31 Analysis of net debt

	At 1 October 2018 £000	Cash flows £000	At 30 September 2019 £000
Cash and cash equivalents	9,179	2,488	**11,667**
Bank loans	(30,625)	8,750	**(21,875)**
Net debt	(21,446)	11,238	**(10,208)**

32 Acquisition of subsidiary undertaking – QTS Group Ltd

On 10 May 2018, the Company acquired the whole of the issued share capital of QTS Group Ltd ("QTS") for a cash consideration of £80m. The acquisition was funded by a placement of 12,676,056 new ordinary shares raising £45m, and a four year term loan of £35m provided by HSBC Bank plc.

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

	Book value £000	Adjustments £000	Fair value £000
Non-current assets			
Intangible assets – goodwill	—	54,193	54,193
– other	—	17,469	17,469
Property, plant and equipment	9,331	(907)	8,424
	9,331	70,755	80,086
Current assets			
Inventories	879	—	879
Trade and other receivables	11,553	—	11,553
Cash and cash equivalents	4,126	—	4,126
	16,558	—	16,558
Total assets	25,889	70,755	96,644
Non-current liabilities			
Deferred tax liabilities	1	(2,816)	(2,815)
	1	(2,816)	(2,815)
Current liabilities			
Trade and other payables	(13,571)	—	(13,571)
Obligations under finance leases	(140)	—	(140)
Current tax liability	(118)	—	(118)
	(13,829)	—	(13,829)
Total liabilities	(13,828)	(2,816)	(16,644)
Net assets	12,061	67,939	80,000

Goodwill of £54,193,000 arises on acquisition and has been reviewed for impairment one year after the acquisition as required by IFRS 3. The goodwill is attributable to the expertise and workforce of the acquired business. Other intangible assets provisionally valued at £17,469,000, which represent customer relationships and contractual rights, were also acquired and will be amortised over their useful economic lives in accordance with IFRS 3. Deferred tax has been provided on this amount. Amortisation of this intangible asset commenced from June 2018.

Fair value adjustments arising from the acquisition

In accordance with IFRS 3, the Board will review the fair value of assets and liabilities using information available up to 12 months after the date of acquisition. Fair value has been calculated using Level 3 inputs as defined by IFRS 13.

Property, plant and equipment

The Directors reviewed the depreciation policy for property, plant and equipment which is now aligned with the Group policy. Prior to the acquisition, the directors of QTS used a reducing balance depreciation policy for motor vehicles and vans. Leasehold improvements were not written off over the duration of the lease. The consequence of this was that, in the opinion of the Directors, the fair value of property, plant and equipment was overstated at the point of acquisition. As a result, the Directors carried out a valuation of property, plant and equipment in accordance with IAS 36. The impact of this was to reduce fixed assets, increase deferred tax assets and goodwill.

Deferred tax liabilities

A deferred tax asset has been recognised in relation to the adjustment to property, plant and equipment noted above, whilst a deferred tax liability has been recognised in relation to the amortisation of other intangible assets.

Goodwill impairment review

The Board has reviewed the goodwill arising on acquisition for impairment as required by IFRS 3. No such impairment was identified.

COMPANY BALANCE SHEET

at 30 September

	Note	2019 £000	2018 £000
Fixed assets			
Tangible assets	E	**781**	679
Investments	F	**164,325**	167,325
		165,106	168,004
Current assets			
Assets held for resale	G	**1,500**	1,500
Debtors due after one year	H	**24,074**	19,335
Debtors due within one year	H	**62,452**	65,503
Cash at bank		**48**	48
		88,074	86,386
Creditors: amounts falling due in less than one year	I	**(121,355)**	(125,729)
Net current liabilities		**(33,281)**	(39,343)
Total assets less current liabilities		**131,825**	128,661
Creditors: amounts falling due after more than one year	J	**(21,549)**	(28,641)
Net assets		**110,276**	100,020
Capital and reserves			
Share capital	L	**7,533**	7,527
Share premium account		**51,904**	51,684
Capital redemption reserve		**3,896**	3,896
Share based payments reserve		**576**	698
Profit and loss account		**46,367**	36,215
Equity shareholders' funds		**110,276**	100,020

Approved by the Board and signed on its behalf by:

D M Forbes
Chairman
26 November 2019

COMPANY STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 September

	2019 £000	2018 £000
Profit/(loss) for the year attributable to equity holders of the parent company	**15,519**	(11,714)
Items that will not be reclassified to profit or loss:		
Movement in actuarial valuation of the defined benefit pension scheme	**3,904**	5,076
Movement on deferred tax relating to the pension scheme	**(1,366)**	(1,777)
Total items that will not be reclassified to profit or loss	**2,538**	3,299
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	**18,056**	(8,415)

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Share based payments reserve £000	Retained earnings £000	Total equity shareholders' funds £000
At 1 October 2017	6,259	9,635	3,896	680	50,892	71,362
Transfer from profit and loss account for the year					(11,714)	(11,714)
Dividends paid					(6,262)	(6,262)
New shares issued	1,268	42,049				43,317
Recognition of share based payments				18		18
Movement in actuarial valuation of the defined benefit pension scheme					5,076	5,076
Movement on deferred tax relating to the pension scheme					(1,777)	(1,777)
At 30 September 2018	7,527	51,684	3,896	698	36,215	100,020
Transfer from profit and loss account for the year					15,519	15,519
Dividends paid					(7,905)	(7,905)
New shares issued	6	220				226
Recognition of share based payments				(122)		(122)
Movement in actuarial valuation of the defined benefit pension scheme					3,904	3,904
Movement on deferred tax relating to the pension scheme					(1,366)	(1,366)
At 30 September 2019	**7,533**	**51,904**	**3,896**	**576**	**46,367**	**110,276**

A Accounting policies

(i) Basis of accounting

Renew Holdings plc (the "Company") is a company limited by shares and domiciled in the UK.

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

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's results are included in the consolidated financial statements of the Group. The consolidated financial statements of Renew Holdings plc are prepared in accordance with International Financial Reporting Standards as adopted by the EU. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosure:

- Cash Flow Statement and related notes.

As the consolidated financial statements of Renew Holdings plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- the disclosure required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

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

(ii) Investments in subsidiaries

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

(iii) Tangible fixed assets

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

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

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

(iv) Leasing commitments

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

(v) Taxation

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

Deferred tax is provided, except as noted below, on timing differences that have arisen but not reversed by the balance sheet date, where the timing differences result in an obligation to pay more tax, or a right to pay less tax, in the future. Timing differences arise because of differences between the treatment of certain items for accounting and taxation purposes. In accordance with FRS 102 'The Financial Reporting Standard', deferred tax is not provided on permanent timing differences. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date.

A Accounting policies continued

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

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

(vii) Related party transactions

Interest is neither recognised nor charged on balances outstanding with fellow subsidiaries as they are repayable on demand.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its Group, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

(viii) Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

Exchange differences are taken to the profit and loss account.

(ix) Employee benefits

Defined benefit pension scheme

The Company's net asset/(liability) in respect of the defined benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in prior periods; that benefit is discounted to determine its present value. The fair value of any scheme assets is deducted. The Company determines the net interest income/(expense) on the net defined benefit asset/(liability) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit asset/(liability) taking account of changes arising as a result of contributions and benefit payments. The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of, the Company's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The Company recognises net defined benefit scheme assets to the extent that it is able to recover the surplus. Changes in the net defined benefit asset/(liability) arising from employee service rendered during the period, net interest on net defined benefit asset/(liability), and the cost of scheme introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss. Remeasurement of the net defined benefit asset/(liability) is recognised in other comprehensive income in the period in which it occurs.

Defined contribution pension schemes

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

Share based payments

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

(x) Dividends

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

B Profit and loss account

As permitted by Section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account. The profit after taxation for the financial year dealt with in the accounts of the Company was £15,519,000 (2018: loss £11,714,000).

The audit fee charged within the profit and loss account amounted to £83,000 (2018: £75,000).

C Employee numbers and remuneration

	2019 Number	2018 Number
The average monthly number of employees, all of whom were administrative staff including Executive Directors, employed in continuing activities during the year was:	27	28
At 30 September:	27	26

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

	£000	£000
Wages and salaries	3,133	2,745
Social security costs	341	338
Other pension costs	188	168
Share based payments	(122)	18
	3,540	3,269

Directors' emoluments

	£000	£000
Aggregate emoluments	2,082	1,801
Highest paid director: aggregate emoluments	797	663

Details of individual Directors' emoluments and pension contributions can be found in Note 6 to the consolidated accounts.

D Dividends

	2019 Pence/share	2018 Pence/share
Interim (related to the year ended 30 September 2019)	3.83	3.33
Final (related to the year ended 30 September 2018)	6.67	6.00
Total dividend paid	10.50	9.33

	£000	£000
Interim (related to the year ended 30 September 2019)	2,885	2,506
Final (related to the year ended 30 September 2018)	5,020	3,756
Total dividend paid	7,905	6,262

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 7.67p per Ordinary Share be paid in respect of the year ended 30 September 2019. This will be accounted for in the 2019/20 financial year.

E Tangible fixed assets

	Freehold land and buildings £000	Plant, vehicles & equipment £000	Total £000
Cost:			
At 1 October 2018	701	149	850
Additions	—	158	158
At 30 September 2019	**701**	**307**	**1,008**
Depreciation:			
At 1 October 2018	96	75	171
Charge for year	10	46	56
At 30 September 2019	**106**	**121**	**227**
Net book value:			
At 30 September 2019	**595**	**186**	**781**
At 30 September 2018	605	74	679

F Investments

	Subsidiary undertakings £000
Shares at cost:	
At 1 October 2018 and 30 September 2019	297,825
Provisions:	
At 1 October 2018 and 30 September 2019	130,500
Provided during the year	3,000
At 30 September 2019	**133,500**
Net book value:	
At 30 September 2019	**164,325**
At 30 September 2018	167,325

Details of subsidiary undertakings are included in Note S.

G Assets held for resale

	2019 £000	2018 £000
Property	**1,500**	1,500

This office property has been actively marketed but disposal has been delayed by current market conditions. The building is carried at net realisable value based on an annual independent third party valuation.

H Debtors due after one year

	2019 £000	2018 £000
Pension scheme asset (see Note R)	**24,074**	19,335
Due within one year:		
Trade debtors	**35**	13
Due from subsidiary undertakings	**56,374**	63,086
Corporation tax	**3,123**	2,128
Other debtors	**49**	21
Prepayments and accrued income	**2,871**	255
	62,452	65,503
	86,526	84,838

I Creditors: amounts falling due within one year

	2019 £000	2018 £000
Bank loans and overdraft (secured)	**88,597**	87,971
Trade creditors	**2,678**	565
Other taxation and social security	**538**	635
Due to subsidiary undertakings	**20,937**	29,515
Other creditors	**157**	186
Accruals and deferred income	**8,448**	6,857
	121,355	125,729

J Creditors falling due after more than one year

	2019 £000	2018 £000
Bank loans	**13,123**	21,873
Deferred tax	**8,426**	6,768
	21,549	28,641
Bank loans and overdraft repayable:		
Within one year	**88,597**	87,971
Within two to five years	**13,123**	21,873
	101,720	109,844

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

	£000	£000
Deferred tax liability:		
Defined benefit pension scheme	**8,426**	6,767
Accelerated capital allowances	**—**	1
	8,426	6,768

K Derivatives and other financial instruments

Currency exposures

The principal exposure of the Company to currency risk (i.e. exposure to gains or losses on foreign exchange which would be recognised in the profit and loss account) was in respect of an inter-company loan. At 30 September 2019, this loan was £28,000 (2018: £Nil).

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

	2019 £000	2018 £000
Allotted, called up and fully paid:		
75,329,224 (2018: 75,267,507) Ordinary Shares of 10p each	**7,533**	7,527

The holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

On 5 February 2019 61,717 Ordinary Shares were issued pursuant to the Group's Long-Term Incentive Plan.

Share options

Renew Holdings 2004 Executive Share Option Scheme

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

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

L Share capital continued

Share options continued

Renew Holdings plc Long Term Incentive Plan

At the Annual General Meeting held on 25 January 2012 the shareholders approved the long term incentive plan ("LTIP") which succeeded the Renew Holdings plc 2004 Executive Share Option Scheme as the Directors believed that the LTIP was a more effective method of aligning executive and shareholder interests.

As at 30 September 2019, there were 724,226 options outstanding under the scheme. On 3 December 2018, options to subscribe for a further 319,126 Ordinary Shares were granted. During the year 125,700 options were exercised and no options lapsed.

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

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

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

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

M Share based payments reserve

Renew Holdings plc Long Term Incentive Plan

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

£(122,000) (2018: £18,000) has been (credited)/charged to administrative expenses in accordance with FRS 102. There is no impact on net assets since an equivalent amount has been debited/(credited) to share based payments reserve. 125,700 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 2019 were as follows:

Date of grant	24 November 2016	22 November 2017	3 December 2018	Total
Awards outstanding at 30 September 2018				
– Directors and employees	159,100	246,000	319,126	724,226
Exercise price	10.0p	10.0p	10.0p	
Price at date of grant	394.0p	428.75p	350.00p	
Maximum option life	10 years	10 years	10 years	
Assumed option life for purposes of valuation	2.85 years	2.86 years	2.83 years	
Expected volatility	28%	25%	28%	
Risk free interest rate	0.29%	0.52%	0.75%	
Value per option	289.0p	262.0p	226.0p	

N Capital and leasing commitments

	Land and buildings £000	Other £000	Total 2019 £000	Total 2018 £000
Annual commitments under non-cancellable operating leases expiring in:				
Under one year	**269**	**27**	**296**	290
Two to five years	**709**	**28**	**737**	811
Five or more years	**118**	**—**	**118**	296
	1,096	**55**	**1,151**	1,397

During the year £326,000 (2018: £203,000) was recognised as an expense in the profit and loss account in respect of operating leases.

The Company had no capital commitments at 30 September 2019 (2018: £nil).

O Contingent liabilities

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

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

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

P Defined contribution pension scheme

The Company operates a defined contribution pension scheme with individual stakeholder pension plans for its employees.

The Company made contributions of £188,000 (2018: £167,000) into these plans during the year. There are also £12,000 (2018: £12,000) of accruals relating to these plans.

Q Related parties

The Company has a related party relationship with its key management personnel who are the Main Board Directors: P Scott, A Liebenberg, S Wyndham-Quin, DM Forbes, J Bishop, DA Brown and S Dasani, whose total compensation amounted to £2,082,000 (2018: £1,801,000) all of which was represented by short-term employment benefits including £235,000 (2018: £268,000) relating to share options exercised during the year. An analysis of this compensation is given in Note 6 of the consolidated accounts.

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

R Employee benefits: Retirement benefit obligations

Defined benefit pension schemes

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

The Directors have discussed the assumptions used in determining the actuarial valuation set out below with independent pensions advisors and have determined that they are appropriate. The Lovell scheme's valuation at 30 September 2019 shows a surplus of £24,073,000 based on the assumptions set out below.

The Directors have determined that it is appropriate to recognise the surplus as, having reviewed the rules of the Lovell scheme, they are of the view that the employer has an unconditional right to that surplus.

R Employee benefits: Retirement benefit obligations continued

Defined benefit pension schemes continued

The following disclosures required by FRS 102 have been based on the most recent actuarial valuation as at 30 September 2018 carried out by Lane Clark & Peacock LLP, Consulting Actuaries, using the following assumptions:

	As at 30 September 2019	As at 30 September 2018	As at 30 September 2017
Rate of increase in salaries	4.0%	4.0%	4.0%
LPI increases to pensions in payment	4.2%	3.5%	3.0%
Discount rate	1.9%	2.4%	3.7%
Inflation assumption (CPI)	2.1%	2.0%	2.0%
Inflation assumption (RPI)	3.2%	3.0%	3.0%
Increases in deferred pensions	3.1%	2.9%	2.9%

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 2018 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 22.3 years and the further life expectancy of a male aged 65 in 2039 is 23.7 years.

The assets in the Lovell scheme were:

	Value as at 30 September 2019 £000	Current allocation	Value as at 30 September 2018 £000	Current allocation	Value as at 30 September 2017 £000	Current allocation
Annuities	89,317	45%	85,850	51%	91,400	53%
Diversified portfolio	106,775	54%	81,202	48%	81,273	47%
Cash	666	1%	2,117	1%	778	—
Total	196,758	100%	169,169	100%	173,451	100%

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

Scheme Funding Level and Actuarial Valuation

The scheme actuary carried out the triennial valuation of the Lovell Pension Scheme as at 31 March 2018. The scheme showed a deficit of £0.3m compared to £12.1m when measured as at 31 March 2015. The Group has reached an agreement with the Trustees which commits the Group to paying annual contributions of £4,260,000 per annum until 31 July 2023 by which point the Scheme's buyout deficit is expected to be cleared. The next Triennial valuation is due on 31 March 2021.

For accounting purposes under FRS 102, actuaries use different assumptions than for the triennial valuation. The major difference relates to assumptions concerning the future return on assets of the scheme which includes a number of return seeking assets invested with BlackRock Asset Management. The key sensitivity for the valuation of the scheme under FRS 102 is the selection of the discount rate which is the major determinant in measuring scheme liabilities. A reduction of 0.1% in the discount rate would increase scheme liabilities by £2.8m. Sensitivity analysis has been performed on the other key assumptions, and a reasonably possible change is not considered likely to give rise to a materially different valuation to the surplus.

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

	2019 £000	2018 £000	2017 £000	2016 £000	2015 £000
Actual return on scheme assets less interest on scheme assets	27,897	(1,138)	(14,565)	22,781	18,145
As a percentage of the assets at the end of the year	14.2%	(0.7)%	(8.4)%	12.0%	11.0%
Total amount recognised in the statement of comprehensive income	3,904	5,076	(2,506)	(12,348)	10,664
As a percentage of the obligations at the end of the year	2.3%	3.4%	(1.5)%	(6.8)%	7.1%

R Employee benefits: Retirement benefit obligations continued

Scheme Funding Level and Actuarial Valuation continued

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

	2019 £000	2018 £000
Movements in scheme assets and obligations		
Total fair value of scheme assets brought forward	169,169	173,451
Interest on scheme assets	4,832	4,412
Employer contributions	4,310	4,323
Benefits paid	(9,449)	(11,879)
Running costs	(1)	—
Actual return on scheme assets less interest on scheme assets	27,897	(1,138)
Total fair value of scheme assets carried forward	196,758	169,169
Present value of scheme obligations brought forward	149,834	163,759
Interest on scheme obligations	4,262	4,104
Current and past service costs	45	64
Past service costs and settlements	4,000	—
Benefits paid	(9,449)	(11,879)
Actuarial movement due to experience on benefit obligation	(310)	2,404
Actuarial movement due to changes in financial assumptions	25,776	(7,437)
Actuarial movement due to changes in demographic assumptions	(1,473)	(1,181)
Total fair value of scheme obligations carried forward	172,685	149,834
Surplus in the scheme	24,073	19,335
Deferred tax	(8,426)	(6,767)
Net surplus	15,647	12,568
Amount charged to operating profit:		
Current and past service costs	(45)	(64)
Running costs	(1)	—
	(46)	(64)
Amount credited to other financial income:		
Interest on scheme assets	4,832	4,412
Interest on scheme obligations	(4,262)	(4,104)
Net pension interest	570	308
Amounts recognised in the statement of comprehensive income:		
Actual return on scheme assets less interest on scheme assets	27,897	(1,138)
Actuarial movement due to changes in assumptions on scheme obligations	(23,993)	6,214
Actuarial movement	3,904	5,076
Movement in the net scheme surplus during the year:		
Net scheme surplus brought forward	19,335	9,692
Current and past service costs	(45)	(64)
Running costs	(1)	—
Employer contributions	4,310	4,323
Past service costs and settlements	(4,000)	—
Net pension interest	570	308
Actuarial movement	3,904	5,076
Net scheme surplus carried forward	24,073	19,335

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The impact of additional liabilities amounted to £4,000,000 (2018: £Nil) for the Lovell Pension Scheme and is disclosed as past service costs and settlements.

S Subsidiary undertakings

Renew Holdings plc acts as the holding company of the Group. The principal activity of the Group during the year was as contractors in Engineering Services and Specialist Building. The subsidiary undertakings and joint ventures are listed below.

Subsidiary undertakings and joint ventures		Incorporation & principal place of business	Proportion of Ordinary Shares held by the Company
Amco Group Holdings Ltd	Owned by Renew Holdings plc	England and Wales	100%
Britannia Group Ltd	Owned by Renew Holdings plc	England and Wales	100%
Clarke Telecom Ltd	Owned by Renew Holdings plc	England and Wales	100%
Inhoco 3520 Ltd	Owned by Renew Holdings plc	England and Wales	100%
Lewis Civil Engineering Ltd	Owned by Renew Holdings plc	England and Wales	100%
QTS Group Ltd	Owned by Renew Holdings plc	Scotland	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%
VHE Land Projects Ltd	Owned by Renew Holdings plc	England and Wales	100%
YJL Homes 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 Giffen Ltd (formerly Amco Group Trustees Ltd)	Owned by subsidiary	England and Wales	100%
Amco Rail Engineering Ltd	Owned by subsidiary	England and Wales	100%
Amco Rail Ltd	Owned by subsidiary	England and Wales	100%
Britannia Construction Ltd	Owned by subsidiary	England and Wales	100%
David Lewis Civil Engineering Ltd	Owned by subsidiary	England and Wales	100%
Geodur UK Ltd	Owned by subsidiary	England and Wales	100%
Giffen Holdings Ltd	Owned by subsidiary	England and Wales	100%
Giffen Group Ltd	Owned by subsidiary	England and Wales	100%
'Hire One' Ltd	Owned by subsidiary	England and Wales	100%
Knex Pipelines & Cables Ltd	Owned by subsidiary	England and Wales	100%
Mothersill Engineering Ltd	Owned by subsidiary	England and Wales	100%
Nuclear Decontamination Services Ltd	Owned by subsidiary	England and Wales	100%
P.P.S. Electrical Ltd	Owned by subsidiary	England and Wales	100%
QTS Rail Ltd	Owned by subsidiary	Scotland	100%
QTS Specialist Plant Services Ltd	Owned by subsidiary	Scotland	100%
QTS Training Ltd	Owned by subsidiary	Scotland	100%
Renew Civil Engineering Ltd	Owned by subsidiary	England and Wales	100%
Renew Construction Ltd	Owned by subsidiary	England and Wales	100%
Renew Specialist Services Ltd	Owned by subsidiary	England and Wales	100%
Seymour (Civil Engineering Contractors) Ltd	Owned by subsidiary	England and Wales	100%
VHE (Civil Engineering) Ltd	Owned by subsidiary	England and Wales	100%
VHE Equipment Services Ltd	Owned by subsidiary	England and Wales	100%
VHE Technology Ltd	Owned by subsidiary	England and Wales	100%
Walter Lilly & Co Ltd	Owned by subsidiary	England and Wales	100%
West Cumberland Engineering Ltd	Owned by subsidiary	England and Wales	100%
YJL Construction Ltd	Owned by subsidiary	England and Wales	100%
YJL Infrastructure Ltd	Owned by subsidiary	England and Wales	100%
YJL London Ltd	Owned by subsidiary	England and Wales	100%
Switchgear & Substation Alliance Ltd	Owned by subsidiary	England and Wales	33.3%
Inject-O-Matic Guarantee Ltd	Owned by subsidiary	England and Wales	28.9%

The registered office of Amalgamated Construction (Scotland) Ltd is 5 Carradale Crescent, Glasgow, G68 9LE.

The registered office of Lovell America Inc, is 9200 Rumsey Road, Columbia, Maryland, MD 21045, USA.

The registered office of Switchgear & Substation Alliance Ltd is Hamilton Office Park, 31 High View Close, Leicester, LE4 9LJ.

The registered office of QTS Group Ltd and its subsidiaries is Rench Farm, Dromclog, Strathaven, Lanarkshire, ML10 6QJ.

The registered office of all other subsidiary undertakings is 3175 Century Way, Thorpe Park, Leeds, LS15 8ZB.

Directors

D M Forbes	(Non-executive Chairman)
P Scott	(Chief Executive Officer)
S Wyndham-Quin CA	(Chief Financial Officer)
S Dasani	(Independent non-executive)
D A Brown	(Independent non-executive)
A Liebenberg	(Executive Director)

Registrars

Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Auditor

KPMG LLP
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

Financial PR

Walbrook PR Ltd
4 Lombard Street
London
EC3V 9HD

Nominated advisor and broker

Numis Securities Limited
London Stock Exchange Building
10 Paternoster Square
London
EC4M 7LT

Company Secretary

S Wyndham-Quin CA

Company number

650447

Registered address

3175 Century Way
Thorpe Park
Leeds
LS15 8ZB

Website address

www.renewholdings.com

Annual General Meeting	29 January 2020
Results	Announcement of interim results – May 2020
	Preliminary announcement of full year results – November 2020

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.signalshares.com.

Dividend Re-investment Plan

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

Donate your shares to charity

If you have only a small number of shares which are uneconomical to sell you may wish to donate them to charity free of charge through ShareGift (Registered Charity 1052686). Find out more at www.sharegift.org or by telephoning 020 7930 3737.

Share fraud warning

Share fraud includes scams where investors are called out of the blue and offered shares that often turn out to be worthless or non-existent, or an inflated price for shares they own. These calls typically come from fraudsters operating in "boiler rooms" that are mostly based abroad. If you are offered unsolicited investment advice you should:

- Check the Financial Services Register at www.fca.org.uk to ensure they are authorised.
- Call the FCA Consumer Helpline on 0800 111 6768 or use the share fraud reporting form at www.fca.org.uk/scams.

If you use an unauthorised firm you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme ("FSCS").

Link's customer support centre

By phone +44 (0)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@linkgroup.co.uk.

OUR SUBSIDIARY BUSINESSES

Engineering services

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

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

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

QTS
Rench Farm
Drumclog
Strathaven
South Lanarkshire
ML10 6QJ
Tel: 01357 440 222

Seymour Civil Engineering
Seymour House
Harbour Walk
Hartlepool
TS24 0UX
Tel: 01429 233 521

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

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

Specialist building

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

Renew Holdings plc
3175 Century Way
Thorpe Park
Leeds
LS15 8ZB
tel: 0113 281 4200
fax: 0113 281 4210
web: www.renewholdings.com

Company Number: 650447
Registered in England & Wales