



Clancy Group Holdings Limited

# ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS »

For the period ended 28 March 2021

Trusted to deliver smarter, greener infrastructure – brilliantly

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# Performance highlights

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**£11.1m** pre-tax profit

Strong financial performance and operating cash flow – enabling investment in skills, tools and systems for the future.

**£1bn** secured order book

Financially resilient and well-positioned for growth by pursuing new opportunities within our core sectors of water and energy.

**25%**

reduction in utility strike rates, achieved through the use of technology and training.

**£20m**

investment in systems and plant including £0.5m in fully electric vehicles.

**Achieving Utility Week's Supply Chain Excellence Award**

for Anglian Water's ground-breaking smart metering programme.

**17%**

reduction in energy consumption and CO<sub>2</sub> emissions, on track with our ambition to reduce emissions by 50% from 2020 to 2025.

**18,000**

training records managed through our bespoke learning management system.





# What we do



We build and maintain smarter, greener infrastructure networks that are fit for the future.



We work across major frameworks and alliances in water and energy, as well as supporting ground-breaking infrastructure programmes.



We are one of the UK's largest privately owned, independent contractors – directly employing, training and supporting 2,200 people across our network of eight UK offices.



With a 60-year track record in technical expertise and innovation, we are committed to continual investment in better tools and ways of working – making lives better for growing families up and down the UK.

# Our business plan »

At the start of 2020 we set out our business strategy for the next five years. Having celebrated our 63rd year in business, we are looking to the future. We are confident that our independent, family-owned model aligns with the opportunities facing infrastructure delivery in the UK, making us well-positioned for growth.

Our strategy is based around four core objectives:

1 »

**To be the employer of choice within infrastructure** – maintaining our direct employment model as a central pillar of our strategy to sustain a highly-trained, stable and committed workforce. We want to do this by engaging and empowering our people, developing their skills so that they can thrive as individuals and within their communities, and being inclusive to attract and retain the best talent.

2 »

**To re-imagine delivery** – innovating and adopting new ways of working to help us be smarter, safer and more productive. This includes a commitment to zero harm – to our team and the communities we work in – and to delivering brilliant customer service.

3 »

**To harness greener technology for the good of the planet** – promoting zero waste, reducing our carbon footprint as a business by 50% by 2025 and becoming fully digital in our operations within that same period.

4 »

**To be smart investors** – our model is one of financial resilience, operating without borrowings and generating robust cash reserves that we can re-invest in the future. Our aim is to be more efficient every year.

# The Clancy Way »

Achieving these objectives relies on shaping a positive culture. The Clancy Way explains our goals as a business and the way in which we work for our people, clients and communities. It's what makes us special and successful and it guides everything we do.



## Our mission

We are here to **make life better** for everyone's growing families.



## Our vision

Every day we want to be **trusted to deliver smarter, greener infrastructure – brilliantly.**



## Our values



**We are ambitious** for ourselves and our clients.



**We are innovative** in how we think and how we work.



**We are easy to do business with** – available and willing to help.



**We do what we say**, acting with integrity in everything we do.



**We care** about people and the planet.

# STRATEGIC REPORT »





# Chairman's statement »

Following an extremely challenging and unprecedented 12 months I am delighted to be able to report a positive set of results for the Group. They ensure Clancy is well-placed to pursue further proactive growth as the UK looks to build back better from the pandemic.

**Kevin Clancy**  
Chairman

This report is testament to the hard work and adaptability of our team up and down the UK - reflected in strong performance both financially in terms of our profitability and cash generation, and also against our wider goals around safety, environmental action and social value.

The progress made and reported is not just a result of what has been achieved during the 52 weeks but really reflects the steps we have made as an organisation over a longer period of three-to-four years. The work we have done over this period to strengthen our financial position has helped us navigate the pandemic.

In line with our five year strategy to 2025, that same resilience and secure footing puts us in a positive position to invest for the future, and be ambitious in targeting new work that leverages our expertise in water and energy engineering.

## **Resilience during the COVID-19 pandemic**

We began our financial period with the UK locked down as a result of the COVID-19 pandemic and with huge levels of uncertainty around what impact, both short and long term, the pandemic would have on our ability to operate successfully. During the first quarter we saw our revenues reduce dramatically due to circumstances beyond our control as sites up and down the UK were closed in response to Government advice.

We were grateful to the Government for the support provided to protect jobs and guard against this uncertainty through the Coronavirus Jobs Retention Scheme (CJRS). This support was essential in enabling us to avoid significant redundancies and while at the peak of the pandemic around 500 of our workforce were furloughed, the vast majority have returned to work successfully. This would not have been possible without the CJRS.

Our business has a long track-record of innovation and the advent of the pandemic forced the business to operate differently throughout the period. I am hugely proud of how quickly we were able to adapt and overcome the challenges faced and amend our traditional methods of operation. While the pace of change was driven by the unique circumstances of the pandemic, the use of technology to communicate effectively supports our ambitions to digitise and increase efficiency in how we work. There are many aspects of our current method of operation that we will want to retain as life starts to return to normal.

With our work predominately coming from the utility sector, after an initial period of uncertainty in March 2020 the majority of our workforce were rightly recognised as key workers that provide an essential service to our communities. Throughout the period our teams have worked tirelessly to ensure the safe provision of water services and energy to customers. We have worked collaboratively with our clients and strengthened relationships as we have successfully addressed the challenges that we have collectively faced.

### Planning for the long-term

Beyond the challenges of the pandemic, we have continued to focus on our future as a well-run and responsible business – understanding our commitments to act sustainably in a way that supports the environment and which builds social value.

In the period under review, we have taken steps to strengthen our governance structures to support a successful multi-generational family business that is focused on the long term. To that end we have consolidated our ownership structure through creation of Clancy Group Holdings Limited. This step is key in simplifying the overall shareholding of the business, after over 60 years of operation, and ensures we have an appropriate structure in place as ownership of the organisation begins to transfer to the third generation.

Alongside this structural change, we have continued to strengthen our executive team. We have built on the changes made previously and despite the challenges of lockdown have made a number of external appointments as well as some significant internal promotions. These changes ensure that we have an exceptional leadership team in place to drive further improvements in our operations and capitalise on the opportunities we see on the horizon.

From a personal point of view, I am particularly pleased that one of these key internal promotions is that of my nephew, Ronan Clancy. Ronan is the son of my brother and former joint Chairman Dermot who sadly passed away at the end of 2019. On 1st April 2021 Ronan joined the boards of The Clancy Group Ltd and Clancy Docwra Ltd as Executive Director responsible for Strategy and Business Development. He has worked in a variety of roles at Clancy for the last 12 years and joins the operating board at an exciting time for the business.

### Supporting our communities

As a family we have always recognised that we have a responsibility to give back to our communities and support others wherever possible, and we are proud to do so. In absolute alignment with this principle we launched the Clancy Charitable Foundation which will provide greater structure and direction to our work in this area in the years ahead. The foundation is chaired by my sister, Mary Clancy, and has three trustees from the third generation of the family.

Looking to the future, I believe the work we have done through 2020-2021 and in the years immediately preceding it has ensured that as an organisation we have solid foundations in place. This stability and improved performance, alongside our existing orderbook and the heightened levels of infrastructure investment that we are starting to see, means that the Clancy business is well placed to capitalise on these opportunities. I expect the business to continue making further significant progress and growth.

# CEO's review



It is difficult to start any review of the period to March 2021 without immediately citing what an extraordinarily challenging period it has been. Nonetheless, the efforts of our fantastic team, combined with the long-term work we have done to shape a resilient business, means that I am able to report a very positive set of results.

**Matt Cannon**  
Chief Executive Officer

Over the period under review we have operated against the backdrop of the global COVID-19 pandemic and have had to continually adapt our business operations during the period to ensure our ongoing success. Our teams up and down the UK, the majority of whom were identified as key workers, have worked incredibly hard, reacted quickly to constantly evolving circumstances and shown huge dedication to the business during a period of major uncertainty.

The pandemic has had a significant impact, but it has also highlighted the fundamental strength of our business. As we move forward we are eager to use this position to support our clients in energy and water to deliver much-needed operational and capital investment in their networks, while also identifying opportunities to grow and build on our core expertise in adjacent infrastructure markets.

## Our performance

Financially, we have maintained momentum in our long-term plan to build a resilient platform through which to invest in our future.

Turnover was £255.2 million, a reduction of £40.0 million (14%). While this fall is due in part to the pandemic it also needs to be understood in the context of our multi-year strategy to reduce exposure to loss-making contracts.

The success of this strategy is evidenced by growing profitability. In the period under review, pre-tax profits increased from £3.5 million to £11.1 million, reflecting the longer trajectory that we have delivered over several years. Going forward, our focus will continue to be on contracts where we have the ability to leverage our unique expertise and resource to be successful.

## Supporting our strategy

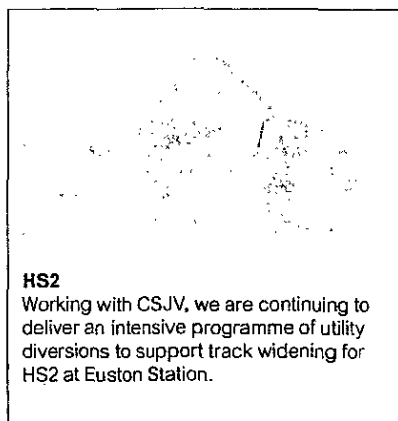
The financial performance, however, needs to be viewed in the context of our wider business objectives and achievements that we continue to make across all areas of our business plan.

During the previous financial period we worked hard, both as an executive team and as a board, to develop a new five-year plan that provided clear alignment and direction for the business on our future ambitions as we look to build on our successful 60-year history. **The Clancy Way** focuses on the delivery of our vision of **being trusted to deliver smarter, greener infrastructure brilliantly** through reimagining the ways in which we work with our clients to support the building of a more efficient, resilient and environmentally sustainable infrastructure sector.

A key feature of the five-year plan is the rebranding of the organisation as Clancy. This step simplifies the overall business both for employees and clients and has allowed us to unify all of our operations to think and act as one.

The change has been well received both internally and externally and we are excited about the potential that the simplifying of our brand presents.

Unfortunately, the advent of the pandemic delayed the wider launch and full promotion of the plan to the business until December 2020. In particular, we recognise the need to maintain our investment and focus on our work to understand our impact on the environment and our contribution to social value – which will be priorities for 2021/22. Nonetheless, I am pleased to report that this has not prevented significant strides being made. The plan identifies four key areas of focus: **to reimagine delivery, to become the employer of choice within infrastructure, to harness greener technology and to act as smart investors.**



## HS2

Working with CSJV, we are continuing to deliver an intensive programme of utility diversions to support track widening for HS2 at Euston Station.

## Reimagining delivery

During the period the need to adapt to rapidly changing circumstances forced the business to fundamentally re-think its operational approach and I am delighted to say that we have seen huge change for good come from the pandemic. At the centre of this change was the need to ensure we were able to continue operating safely whilst maintaining utility supplies across the UK.

Safe systems of work were constantly reviewed and improved, and we worked closely with key supply chain partners and our clients to ensure appropriate PPE was constantly available. With the challenge of operating within a COVID-secure environment the focus could easily have shifted away from other key risks but I am pleased to highlight our continuing improved performance in avoiding underground utilities. During the period under review we saw a 25% reduction in the number of utility strikes incurred meaning that over the last two years we have reduced strikes by more than 40%.

The adoption of technology has been a key feature as we sought to overcome the challenges presented. In many ways our communication is now better than it has ever been, with more frequent, faster engagements. This has not simply been a management change but has been adopted throughout the business, including virtual toolbox talks and corporate updates serving to enhance connectedness across the group.

We have continued to strive for operational excellence across our various delivery routes and have worked in close collaboration with our clients to ensure our approach to delivery is aligned with their strategic goals and the expectations of their customers. It has been particularly pleasing to see our continued adoption of suction excavation across the business and we were also delighted to win the Supply Chain Excellence Award at the Utility Week Awards.

### Becoming the employer of choice within infrastructure

We know and recognise that it is our employees that make us stand out from the competition and I am delighted that we have continued to focus on ensuring that people at all levels across the Clancy business are able to develop and progress to fulfil their career ambitions.

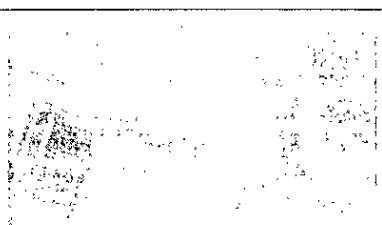
Our model of direct employment is a differentiator for us at a time when the construction industry as a whole faces significant challenges over the availability of experienced resource. The impact of a diminishing international workforce following the UK's exit from the European Union, combined with increased infrastructure investment, is set to exacerbate a longer-term capacity crunch within the sector as a whole. It is therefore essential that we put forward an attractive and competitive proposition so that we can attract the talent that we need. This has been a major driver behind investment in our direct recruitment as well as continued efforts to bring in new talents through our apprenticeship programme and our support for initiatives including the Armed Forces Covenant.

Despite the restrictions COVID-19 enforced upon us we are extremely proud that we have delivered over 4,000 training interventions directly through our Clancy Academy. While we have been limited in our ability to deliver some elements of in-person training in recent months, we remain committed to doing so and have invested in new classroom facilities at our Harefield head office. Going forward we anticipate a surge of new requirements in line with a rigorous regime of health, safety and environmental quality, not least to support the transition to net zero.

We have ensured that effective communication with our workforce has become a strategic imperative. In December 2020 we rolled out The Clancy Way via a series of live virtual, interactive briefings that were a huge success.

### The Clancy Way

Despite the limitations of social distancing, we were able to bring our entire Clancy team together to launch the Clancy Way via a series of virtual events in December 2020.



### Leicester Square

Our work at Leicester Square with UK Power Networks will replace three 123kv transformers located beneath one of the capital's best-known public spaces.

This has been complemented by the establishment of local updates which take place live on a monthly basis and corporate updates every quarter.

During the final quarter, I was thrilled to launch Celebrating Clancy, our first ever annual awards programme that is designed to recognise the extraordinary things our team deliver every single day, and perhaps more importantly the behaviours our people demonstrate in the way in which they are delivered. The awards are peer nominated and I was privileged and proud to read the nominations submitted as part of the local awards programme and am looking forward to hosting the national awards in the autumn of 2021.

### Harnessing greener technology for the good of the planet

Throughout the period we have continued to focus on reducing our impact on the environment and are pleased that as part of our investment programme over £0.5 million has now been spent on 100% electric plant and vehicles. This is just the start of our investment in this space as we have committed to over 20% of company cars being fully electric by the end of 2022. We are also working closely with a number of manufacturers to ensure we are well poised to invest in the most environmentally friendly commercial fleet as the vehicles available become increasingly suitable for our type of operations in the years ahead.

For us the key contributor to our carbon emissions is the utilisation of diesel and I am pleased to report that our level of diesel use has reduced during the period by 17%. Undoubtedly the pandemic and increased levels of working at home has played some part in this achievement but we are fully committed to ensuring the trend continues as we invest in enhanced digital field management tools alongside our increasingly modern and efficient fleet.

### Acting as smart investors

The first quarter was a particularly challenging period as works in many key areas stopped while we, like many others, assessed our ability to continue operating safely. During this time, it became clear that a significant amount of our customer facing activity would simply not be able to continue as normal.

The most significant impact of the pandemic was felt through April – June, where turnover fell by approximately 20%. We were grateful at this point for the support provided by government through the Coronavirus Jobs Retention Scheme (CJRS) when there was huge uncertainty about what the future held. During the first quarter around 500 of our team were placed on furlough which enabled us to keep these roles open during a temporary drop in activity. The overwhelming majority have now returned to work successfully.

The strong foundations and continued profitability have enabled the business to invest significantly in its longer-term success and the largest ever capital investment programme was undertaken during the year. Over £20 million was invested in plant, equipment and technology over the period and we expect to see similar levels of investment continue.

Alongside our capital investment programme we have also invested heavily in strengthening our executive team through a number of key external hires as well as internal promotions. I believe that the work done in this space will ensure that we are well positioned both to successfully deliver our business plan and capitalise on the opportunities we see ahead of us across the infrastructure sector both with existing and potential new clients.

Looking forward, whilst the COVID-19 pandemic is not fully behind us, we believe great strides have been made in the UK, supported by the success of the vaccination programme, and I am hopeful that in the coming months we will continue to see restrictions ease and life start to return to near normality.

At Clancy we believe we have every reason to be positive about the future as we look to continue delivering further improvements across our organisation. With a current order book of over £1 billion we have the security needed to continue investing in our long-term success and we are optimistic about the future.

» Smart metering  
with Anglian Water

## Operational review »

We began the period having successfully extended or renewed our long-standing framework contracts in England within water and energy. The contribution *that these contracts make to our robust £1 billion order book ensures we have the visibility to invest in the skills, tools and materials that we need.*

Going forward, this strong pipeline will support a strategy of targeted diversification grounded in our specialisms within energy and water. We see continued opportunities for our expertise in utility connections to support the capital investment within infrastructure being seen across the UK. This includes investment in water and green energy, but also adjacent sectors such as rail.

### Water and wastewater

Water remains our core sector, consistently accounting for over 75% of our activity, and the majority of our work in this area is secured until the end of Ofwat's Asset Management Period in 2025. It was also the first year of our new contract with South East Water, and we have been working closely with the client to deliver to its revised expectations.

We have been particularly delighted to learn that we have been successful in winning a new contract with Scottish Water with the potential to run for the next 12 years. It will see us deliver water and wastewater services across the country. The renewed framework effectively doubles the size of our business in Scotland.

We will adopt a new operational model of regionally-based teams that helps deliver greater efficiency and economic resilience, while embedding carbon neutrality to ensure Scottish Water reaches net zero by 2030

The pandemic meant that certain workstreams were temporarily suspended, especially those involving customer visits and those in sensitive geographies, but the majority of our work was deemed essential and therefore able to continue once suitably adapted.

### South East Water

April 2021 marked the successful completion of our first year working in a renewed partnership with South East Water.

### Smart metering, Anglian Water

Delivering one of the world's most ambitious metering programmes

» Four-year programme to transform water management

» Replacing 1,000 meters per day

Working as part of Anglian Water's metering and developer services alliance, we are delivering one of the largest and most ambitious smart metering programmes in the world across the East of England. Over the next four years we are due to exchange over 877,000 water meters for smart meters – a programme that will help reduce bills for customers and save water as the region faces increased water scarcity due to climate change.

The programme is being delivered jointly with Kier and has been inspired by Formula 1's pitstop model – identifying small changes to the planning, logistics and installation process to achieve a daily meter target of 1,000. This investment has seen successes both in efficiency and quality, saving £1 million per year and sending the rate of input errors plummeting down by 72%.

» The new pipeline at  
Chesterton Farm

#### **Chesterton Farm, Thames Water** Critical infrastructure to support new homes

- » £8.5m contract value
- » 3.8km of gravity sewer and a new  
pumping station
- » Innovative excavation and pipehandling

Working with our joint-venture partner Kier as KCD, Clancy is delivering a major new wastewater pipeline for Thames Water to support the development of new homes at Cirencester in Gloucestershire.

With a 16 month-build programme, the scale of the project – over 3.8 kilometres of mainly agricultural land – has provided the opportunity to invest in trialling a series of new tools to drive both efficiency and safety on the project. This includes the innovative PipeMac system, developed by Delantor Enterprises which lays pipework in an open trench using a combination of laser guided handling and automated compacting.

This ability to collaborate and innovate with the supply chain has enabled the project to continue through the COVID-19 pandemic without jeopardising the programme. It is due to complete in Autumn 2021, ahead of schedule.

While the focus of many of our core frameworks includes maintaining essential infrastructure, we continue to demonstrate our expertise to deliver major civil engineering projects across the network, most notably as part of our KCD Joint Venture within the Thames Water Infrastructure Alliance. In May we also announced that we had secured a position on Thames Water's framework for capital programmes and have invested in our team in readiness for significant packages of work.

#### **Energy**

Our work in energy sees us support two of the UK's District Network Operators as they maintain, expand and adapt their assets to meet the demands facing a modern network.

In the North East working for Northern Powergrid we secured the renewal of our main framework contract for an initial period of two years until June 2022 and are now working alongside the client to extend this relationship further in preparation for the new price control period from 2023, with the option to carry the existing framework forward until 2024. We have also picked up a wider range of services for the client, including work on the overhead network. Our success in the region follows the changing strategy we adopted in 2019 to engage in a more collaborative contracting relationship – one that sees us drive greater efficiency benefits for Northern Powergrid and its customers, together with improved margins.

In London and the South East we have maintained momentum on UK Power Networks' ambitious £2 billion capital investment programme within the EDISON contracting alliance, securing an extension to the framework until March 2024. Within the alliance we have established Clancy as the supplier of choice for complex heavy civil engineering projects – from major connections to support HS2, to a challenging sub-station renewal programme in the heart of the capital's Leicester Square.

#### **Atlas Road, UK Power Networks** Supporting HS2

- » Successfully delivered a new  
substation in West London to drive  
HS2 tunnel boring machines
- » Navigating existing infrastructure  
assets with a 450 metre horizontal bore

The need to generate additional capacity in the London network is being driven not only by housing and commercial development, but also to support major infrastructure investment. At Old Oak Common, we have been working hard to deliver a new electricity feed that will drive the tunnel boring machines for HS2.

The project includes a full new substation build with a switch house and three new transformers – delivering a total capacity of up to 22mva. The location of the substation alongside the Grand Union Canal as well as network rail assets has required a complex 450 metre bore to carry the cabling, achieved through directional drilling. The project exemplifies the range of our engineering expertise, including to deliver the structural steelwork for the substation build, together with the use of low carbon concrete within the structure.

» The new glasshouses

### Low Carbon Farming

Powering up food production

- » 7km of multi-utility pipework to power 72 acres of modern greenhouse
- » Interface between investor Greencoat Capital and Anglian Water
- » Building expertise in green energy from wastewater

Deploying our expertise in utility engineering, 2020 saw us deliver a major programme of works to support two state-of-the-art glasshouses in East Anglia.

The project, backed by investor Greencoat Capital, captures excess energy from Anglian Water's wastewater network to provide heat for growing vegetables within the two giant structures.

Clancy's role has been to execute the complex connections between the heat exchange building and the greenhouses – a total of 7km multi-utility pipework that saw us use drone technology and suction excavation to map and build across challenging terrain.

Completed over 12 months, the glasshouses went into commission in 2021. In total the low carbon fuel source provides 95% of the heat required to produce 12% of the UK's tomatoes.

### Civil engineering

Clancy has its roots in civil engineering, and we continue to see significant opportunities to deploy our expertise within utilities to support major investment in UK infrastructure with the high-quality network connections needed to make these schemes a success.

Our enabling work for HS2 has continued at pace, focused around moving utilities to allow the main works to proceed unimpeded. Our recognised expertise at complex schemes in congested areas means we are now working for two of the delivery joint ventures – CSJV (Costain Skanska) and SCS JV (Skanska Costain Strabag) with works for EKFB (Eiffage, Kier, Ferrovial Construction and Barn Nuttall) having started.

Within the private sector, we successfully completed the innovative Low Carbon Farming scheme, expanding our scope to work as Principal Contractor due to the consistently high standard of our delivery. These exciting schemes are now commissioned and performing ahead of expectations, and we are optimistic around opportunities to leverage the extensive technical expertise that we hold in the future.

### Plant

Clancy Plant was originally established to supply high-quality equipment to our contracting and engineering business in a way that is safe and efficient, and that remains its role today. We believe that having best-in-class equipment in a consistent and distinctive livery sets our business apart. It brings us oversight and control over safe working practices, and it presents a professional image to our clients and their customers.

To underpin this, we have invested a record amount in equipment, both renewing and expanding our fleet.

Owning our own plant also allows us to be more innovative as a business. We actively seek out new and more efficient ways of working, many of which are enabled by technology. A good example of this is our continued investment in suction excavators, which allow our teams to work more efficiently and safely. The other significant event has been our investment in green technology; in line with this, we now own and operate a growing fleet of electric vans and cars to help our commitment and those of our clients to work towards a zero carbon future.

### Clancy Plant

Investing in innovation

For several years we have been focused on how new plant technology can deliver greater productivity on site. Over the last 12 months we have continued our investment in suction excavation, with eight owned machines now in place across our contracts. This commitment reduces waste, allows greater precision in excavation to minimise the risk of a utility strike, and dramatically improves safety when working.

We have also continued to invest in our reinstatement processes and tools, rolling out a fleet of asphalt hot boxes. These trailered devices allow us to deliver hot asphalt directly to sites as part of main excavation works – minimising the need for a separate team to visit the site, thereby reducing the time and disruption associated with reinstatement.



## Traffic management

Our traffic management business has continued to grow. We previously reported that we had won two significant external frameworks, which we expected to mobilise fully at the end of lockdown. That process continues, and in the meantime, we are seeing strong further growth opportunity.

It is a competitive market, but we believe that we have a unique offer: our electronic works management system provides quality assurance, we have an in-house Variable Messaging Sign offering, and we have access to the financial resources of Clancy to invest in the best equipment available.

## Discontinued business

In line with our strategy we have continued our progress to exit non-core business.

### Multi Utility

We reported previously that we were progressing with our exit from this sector, and hoped to complete the process by September 2020. The process of novating contracts took longer than anticipated, but we are pleased to report the exercise is now concluded.

### Residential Development

We previously reported that we had completed construction and would aim to dispose of all remaining residential units in the period under review. In the event, the lockdown slowed the market and we finished with 14 remaining properties. At the time of reporting, interest is strong due to the extension of the stamp duty holiday.

## Key performance indicators

The group has consistently measured its safety, operational and financial performance. Highlights from our performance in the 52 week period ended 28 March 2021 include:

## Safety Performance

### 1. Service strikes.

Damaging buried or overhead electricity, gas, water and telecoms services is a key risk in our activities, as it can cause serious injury or worse to our workforce or members of the public, as well as causing disruption. In the period under review we achieved a reduction of 25% (89) on the previous period (261 v 350). 33% (85) of the service strikes relate to gas mains which are often difficult to detect and trace. Whilst our performance has improved consistently over a number of years, we will continue to run Service Avoidance Campaigns to reduce the number further.

### 2. Lost time incidents ('LTIs')

These are any work-related incident that results in a worker being absent due to sustaining an injury. The number of LTIs has increased by 1 from 10 in 2019/20 to 11 in 2020/21. Whilst the majority of injuries have been minor, we believe all injuries are avoidable and we continue to hold Executive Board Panel reviews for every significant incident to ensure that any lessons are learned and shared.

## tCO<sub>2</sub>e ('equivalent tonnes of CO<sub>2</sub>') reduction:

We are pleased to report a reduction of 17% in our energy consumption and CO<sub>2</sub> emissions versus the prior period, on a like for like basis. Whilst some of the improvement will be due to the pandemic, with lower activity levels and less travel, we nonetheless achieved an improvement in the intensity ratio, which takes account of turnover, of more than 6% (75.19 tCO<sub>2</sub>e per million pounds of turnover for 2020 – 2021, compared to 80.41 tCO<sub>2</sub>e per million pounds of turnover for 2019 – 2020). More detail can be found in our Streamlined Energy & Carbon ('SECR') report on page 68-69.

## Auto-Green traffic signals, Balfour Beatty / Anglian Water

Keeping customers moving

» Improving safety, reducing waste and maximising efficiency by investment in smart signalling

» Ongoing investment in new technology to deliver better customer journeys

Working with Balfour Beatty delivering a major network upgrade for Anglian Water, Clancy Traffic provided a bespoke solution to managing vehicle flows at Scotter Road in Scunthorpe during the Autumn of 2020.

The crucial element of the scheme required two-way temporary traffic lights to be in place for six weeks over a 300 metre stretch of busy highway. To help increase efficiency and mitigate disruption to drivers, the team deployed innovative Auto-Green lights, which can be programmed to automatically respond to traffic conditions to optimise vehicle flows.

As well as increasing traffic flows by up to 24%, the use of the lights enabled the team to make the case to the local highways authority to reduce personnel levels on site by 50% from two to one – bringing down costs for the project and benefitting the management of health and safety.

The investment in Auto-Green lights and our approach to traffic management were significant in securing a positive response from the local community to the management of the works – contributing to Anglian Water's overall customer measure of experience (C-Mex) score for customer satisfaction.

» A toolbox talk at Euston for HS2

# Our impact



The activity we undertake as a business gives us a responsibility and an opportunity to positively impact individual lives, communities and the environment. This has been especially clear to us during the pandemic, when our team has been delivering essential services to communities in a time of crisis.

Throughout the period under review, we have continued to dedicate resource, time and funds to developing our culture of safety, our investment in people, and our wider efforts to deliver social value to growing families both within and beyond our business.

One area where we recognise we can and will do more is around quantifying this value and the impact that our work has. Our employment model is designed to bring job security to families in the communities in which we work. The work that we deliver on utility networks – which extends to every kilometre of the UK – means that we are in a unique position to deliver economic benefits as directly as possible into communities, while also maximising contributions through the tax base via PAYE because we are a direct employer. At the same time, we recognise that the activity we support on essential services has a wider social value. As we maintain momentum on our future strategy, we are taking steps to increase our understanding of this contribution and how it can be extended.

## Safety

The health, safety and wellbeing of our teams and the communities we work in is of paramount importance to us. Driven at executive board level, we have continued our work to sustain and develop the health, safety and wellbeing agenda through all levels of the business.

Our focus on safety has continued to deliver results, as demonstrated by our key statistics. Our number of service incidents reduced by 25% over the previous period. This is the second successive year of improvement in this area. We have also maintained our Accident Frequency Rate of 1.4, which is significantly below the construction industry average.

In the period under review the number of Lost Time Incidents stood at 11 – a 10% increase on the previous period. Although we are disappointed by this, the overall movement over the longer term is a significant reduction. Returning to this trajectory will be a focus going forward. We are seeing a significant improvement in the level of near miss reporting which is encouraging in our efforts to improve our standards and put preventative measures in place.

In line with our commitment, we have strengthened our Health and Safety team. We have created a new role of Director of Health, Safety, Environment and Quality (HSEQ) which reports directly to the Chief Executive Officer as well as being a member of the Executive Team. The Director of HSEQ attends Board meetings to report on our safety performance and future strategy.

We are proud of how our whole business has adapted to the new challenges presented by COVID-19, and our HSEQ team has worked closely with our clients and operational teams to develop COVID-secure procedures that comply with Public Health England guidelines and the Construction Leadership Council Site Operating Procedures.

Our approach was, and continues to be, to provide a safe working environment by minimising the risk of spreading the virus, both within our workforce and to the general public, and to enable our frontline workers to continue to provide essential services safely through different tiers of lockdown.

This has been made possible by innovating, allowing briefings, toolbox talks, safety stand-downs and incident reviews to continue in an adapted format. We have also continued to provide safety-critical training, and have taken steps to further protect our workers from occupational health risks by increasing our level of health surveillance to all staff.

## Our people

### Making life better for growing families

Our objective is for Clancy to be an employer of choice. Through our direct employment model we want to engage and empower our people to deliver smarter, greener infrastructure – brilliantly.

The launch of the Clancy Way in December 2020 is a central part of this strategy, establishing a clear vision and mission for our business that our people can understand, support and drive through our values.

### A diverse and inclusive business

Our 2,200 strong team already brings together a huge range of experiences and backgrounds. However, we recognise that as a business and a sector as a whole, we can build greater strength and resilience by attracting and welcoming a wide pool of talent.

In line with the diversity and inclusion pathway we established in 2018, we established a new Diversity and Inclusion Council. The council will play a pivotal role in promoting and fostering a culture that values diversity, equality and inclusion at Clancy, as well as in the communities we serve – reflecting our mission to make lives better for growing families.

An important early focus for the council has been on education, including training to tackle unconscious bias and wider communication of the diversity and inclusion agenda through our Clancy Cares programme – a calendar of activities to celebrate diversity within our business.

### Attracting new talents

We have invested in a complete overhaul of our recruitment strategy – ensuring we are in a strong position to attract new talent.

This has seen us move from almost 100% reliance on agencies outside of local site recruitment to a centralised model. Approximately 95% of all roles are now directly hired, supported by our newly implemented applicant tracking system (ATS) via the bespoke Clancy Careers portal.

This operational shift is supported by a cultural change. By taking direct control of recruitment, we are able to professionally communicate the unique opportunities that our business provides, positioning new roles in the context of employee stories and case studies.

This in turn supports and is supported by the connections we hold with third parties to expand our network of candidates – including the Career Transitions Network, Disability Confident, Women in Utilities and EU Jobs.

We continue to maintain our apprenticeship programme, with 12 members of a new cohort joining the business at the start of 2021 – up from three in 2020 which was a temporary reduction as a consequence of COVID-19. Since 2015, we have brought a total of 111 apprentices through our business, as well as supporting 26 people with their development journeys through upskilling apprenticeships.

### Evolving our skills strategy

We have invested in a new learning management system (LMS), which is now fully operational. The LMS gives us complete visibility across around 18,000 training records, allowing us to assess competencies across the team and identify both requirements and opportunities for additional skills development.

New training programmes can now be designed 6-12 months in advance, reducing reactive training requests by over 80% in two years. The system automates renewals for 319 certification routes, making sure that key qualifications do not lapse. The system has allowed us to centralise and drive efficiency in our skills strategy, creating access by management, supervisor and health and safety teams. It also removes barriers to employees looking to take up additional training, by enabling them to book-on to courses 24/7.

Throughout the disruption we have worked hard to maintain critical accreditations required by our team, as well as sustaining our long-term training programme to support upskilling and career progression. In total this has seen us deliver 4,000 training interventions through a combination of e-learning and hands-on training in a COVID-secure way

### The Learning Management System

Customer experience is a critical area of focus for us and our clients, and the importance of good communication to explain and reassure members of the public about our work has been even more critical through the pandemic. Through the LMS our in-house team designed a tailored e-learning programme for South East Water covering the new customer measure of experience (C-MeX) and developer services measure of experience (D-MeX). The programme has already been rolled out to 60% of our target cohort, and will now be extended further across our wider team.

### Celebrating Clancy

In March 2021 we celebrated our first company-wide award programme. Individuals and teams from across the business were nominated against a range of categories, with accolades awarded across each client contract and service team within the Clancy business. Winners will be shortlisted and put forward for a Group Award, with an event due to be held at our head office in the autumn of 2021.

## Our values



We are ambitious



We are innovative



We are easy to do business with



We do what we say



We care

» An electric excavator working with Scottish Water

### Supporting our team

The construction sector as a whole is facing a significant capacity challenge. Infrastructure investment backed by Government to stimulate the economic recovery is coinciding with long-term skills shortages within the industry. The sector is also adapting to the departure of elements of an international workforce post the UK's exit from the European Union.

Against this backdrop it is essential that we continue to retain talent within our business and to leverage our direct employment model to offer an attractive and competitive proposition to our employees. While employee churn did fall during the period, we recognise that the pandemic will have played a role in this. We expanded our Employee Assistance Programme which includes a series of measures to support our team, including providing a free counselling service. Promoting and raising further awareness of this programme is a priority for us going forward, and we will also continue to review our wider package of benefits – including our voluntary benefits platform – Clancy Xtras – and the provision of critical illness cover.

Celebrating success is another essential part of our programme. We introduced a new cross-business awards programme, Celebrating Clancy, to recognise exceptional individuals and teams who reflect our core business values.

During the period we have recognised the extraordinary impact that the pandemic has had on the lives of our team and their families. Early on we took steps to establish rapidly available and accessible employee hardship loans to support those in challenging circumstances – including those who were on furlough, or where wider household income beyond our employment had been affected by the pandemic.

### Environmental sustainability

Acting sustainably is fundamental to our business and as part of our future planning, we have made a series of commitments to reduce the impact of our work and shift our focus to environmental betterment. These include reducing direct emissions and embodied carbon, as well as preserving biodiversity and protecting habitats.

We recognise that we have a pivotal role to play both as an employer and a supply chain partner – and that we must work collaboratively with our value chain to deliver construction activities sustainably. For this reason our sustainability agenda is informed both by the future vision of the organisation and by operational assessments of where our action will deliver the biggest benefits to the environment.

At a contract level, we are making headway in the development of operationally led Environment and Sustainability Management Plans which align our ambitions to those of our clients. Already in place for some of our major frameworks in water and energy, these plans set out a continuous improvement pathway as we transition to a more environmentally sustainable society

### Tackling emissions

Much of our core client base within energy and water utilities shares a common target of reducing greenhouse gas emissions to net zero by 2030. We are committed to achieving this goal 20 years ahead of the UK national target and have also backed our own interim objective to reduce operational carbon emissions by 50% by 2025.

We have maintained momentum on this target, with our measured, absolute emissions across our organisation falling from 23,652.8 tCO<sub>2</sub>e in 2019-20 down to 19,298.1 tCO<sub>2</sub>e in 2020-21. Measuring emissions in relation to turnover over the same two periods we also show a reduction, from 80.4 to 75.2 tCO<sub>2</sub>e per million pounds of turnover.

This performance has been driven through a focus on reducing and replacing the most significant contributor to our emissions footprint – fuels for transport. Over the period we have reduced our consumption by targeting intelligent journey planning. New technology platforms including our Associated Management System (AMS) in traffic management, and our Jobflow works management system have been instrumental.

We will continue to invest in new tools and are trialling new platforms such as that provided through Techfinity to ensure our systems maintain pace with new developments. These platforms also support our move to go fully digital as a business by 2025, removing paperwork and efficiently improving the way we work.

We will also continue to address our fuel consumption through our fleet replacement programme, targeting the electrification of our vehicles. Over the next 12 months we estimate that 20% of our vehicles will need to be replaced, providing the opportunity to identify more sustainable options.

### Harnessing greener technology

These efficiency-driven reductions in emissions are supported by longer-term steps to look at how we can decarbonise our work, based on a carbon reduction hierarchy of build nothing; build less; build clever; build efficiently.

In this, we are reliant on new technology and products and have initiated investment in electric vehicles where these can meet the strength and durability requirements of our work. This includes a £0.5 million investment in our new electricity-powered car and van fleet, as well as the roll-out of electric charging points across our depots.

### Managing waste risks and opportunities

An additional major focus for Clancy is on managing materials that we excavate from sites in a way that complies with regulations, while also taking the opportunity to recycle.

### Directional drilling, Thames Water

Minimising environmental impacts

We recognise that early application of the carbon reduction hierarchy will result in delivering the best possible reductions at the end of our projects. During design and pre-construction we evaluate differing construction methodologies to limit our interaction with the environment.

Often, as a result of this process, we will adopt Hydraulic Directional Drilling (HDD) in preference to traditional open cut methodologies. Drilling offers significant benefits to the environment:

- Less disturbance to surroundings, allowing infrastructure such as roads and rail to continue to operate;
- Less disturbance to ground, reducing trenches across important landscapes and can be used to avoid hedgerows and woodlands;
- Less waste generated, adopting the waste hierarchy of avoidance and reduction;
- Less backfill aggregate required, reducing our dependency on natural resources, and reducing the number of deliveries to site.

All these benefits were gained on one of Clancy's recent projects through working within the KCD joint venture and our supply chain. The project, at Bearwood Lakes Golf Course in Berkshire, laying 1,175 metres of 125mm potable water main, delivered the following real-world reductions by adopting HDD:

- 85% less excavation waste and backfill material;
- 71% reduction in tarmac for reinstatement;
- 86% reduction of lorry movements.

To navigate restrictions on our waste supply chain during the first national lockdown in 2020, we took an innovative approach to creating our own aggregate material at our depots. As well as providing security of supply, it also enables us to put in place a more efficient process to manage waste, reduce carbon emissions and avoid double handling of waste arisings.

While these steps were initially borne of necessity, we aim to now build on this model to tackle the challenges around material waste in a way that aligns with more stringent classification measures being introduced by the Environment Agency. We will continue to work with Street Works UK to develop a new low cost, sustainable and risk appropriate solution to the classification of waste.

### Supporting communities

Clancy has a long history of lending support to causes that are important to our local communities and our own team. We launched the Clancy Foundation which will support community projects and organisations. The Foundation is part of our commitment to support good causes, in line with our mission as a business.

The Foundation was established with initial funding of £200,000, a significant proportion of which has been allocated to the Lighthouse Club, which provides emotional, physical and financial wellbeing support to construction workers and their families. As we move forward the Foundation's focus will be on food poverty, youth unemployment and mental health – all of which resonate especially due to the impact of the pandemic over the last twelve months.

Alongside the Foundation, we continue to support smaller initiatives and were pleased to be able to donate plant and equipment to create a new Healing Garden at Harefield Hospital, which is located close to our head office. The specialist nature of this heart and lung hospital means that patients will often spend extended periods of time at the hospital and the garden will now provide easily accessible outside space for patients and their visitors to spend time in as they undergo treatment and recovery.

### River Test, Southern Water

A sensitive approach to flood management

At Clancy we can support a variety of wider development projects through activities enabled within our utilities divisions. An example of this includes a project in 2020 where the business delivered a potable water mains diversion to support an Environment Agency Flood Alleviation Scheme (FAS) in Romsey, working with Southern Water

The Romsey FAS was designed to address flooding issues in the town of Romsey. Romsey was significantly impacted during the flooding of winter 2013/14 with up to 30 properties flooded internally from various sources. The majority of the fluvial flood risk lies to the west of the town as it follows the main River Test channel.

This technically challenging project, enabling the update of flood control structures, involved a 300mm potable water mains diversion across approximately 600 metres of a flood plain and over the River Test by attaching a pipe bridge to a flood control structure.

To add to the engineering complexities the solution was laid within a designated European protected site (Site of Special Scientific Interest), requiring archaeological supervision and mitigation to protect important native UK wildlife. The project is now complete and is a leading example of how to manage projects within environmentally complex and sensitive sites.

## Our values



We are ambitious



We are innovative



We are easy to do business with



We do what we say



We care

# CFO's review



Despite the significant uncertainty around the COVID-19 pandemic, our resilience as a business and focus on essential services saw us maintain the positive financial trajectory that we have seen delivered over the previous period – delivering higher profitability that is supporting our long-term investment in the business.

**Nick Blaber**  
Chief Financial Officer

## Financial headlines

### Revenue and profit

Turnover for the period under review was £255.2 million, which was down by £40.0 million (14%) on the prior period. Approximately half of this reduction was as a consequence of our successful exit from loss-making business over the period, with the pandemic also playing a significant role during the first quarter when turnover fell by around 20%.

Work volumes returned in the second quarter and over the year we estimate that COVID-19 was the cause of a 5% drop in revenue. Pre-tax profits increased from £3.5 million to £11.1 million, reflecting our efforts over the past three financial periods to focus on contracts where we can be successful and improve our delivery.

	Continued operations	Discontinued operations	2021	Continued operations	Discontinued operations	2020
Revenue	£249.5m	£5.8m	£255.2m	£274.7m	£20.9m	£295.6m
Gross profit/(loss)	£26.2m	(£1.8m)	£24.5m	£27.1m	(£5.5m)	£21.6m
Profit/(loss) before tax	£12.8m	(£1.8m)	£11.1m	£9.1m	(£5.5m)	£3.5m

### Cash position

We continued our strong EBITDA\* to cash conversion, albeit we invested the majority of our cash flow in a significant capital expenditure programme. This was largely carried out without borrowings.

We also made an exceptional contribution of £2.0 million to the defined benefit pension scheme. This has enabled us to reduce the deficit of that scheme and ensure it is on a sustainable footing to support former Clancy employees. More detail on this can be seen in note 28 to the financial statements.

	2021	2020
Net cash inflow from operating activities	£22.6m	£20.1m
Net cash (used in)/generated from investing activities	(£15.0m)	£1.8m
Net cash used in financing activities	(£7.5m)	(£5.8m)
Cash and cash equivalents at the end of the period	£21.9m	£21.9m

### Assets

Net assets for the Group at 28 March were £39.4 million, versus a prior period comparative of £41.8 million.

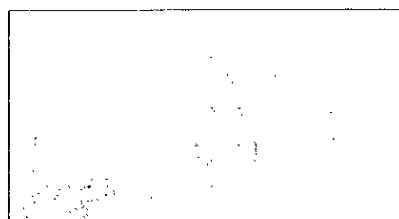
The movement is made up of the profit for the period, movements in the defined benefit pension scheme, dividends paid and changes to the capital structure.

	2021	2020
Net current assets	£9.0m	£14.3m
Net assets	£39.4m	£41.8m

\*Earnings Before Interest Taxes Depreciation and Amortization.

## Capital investment

The Group invested a record £19.9 million in tangible fixed assets in the period under review, the majority being in plant and machinery. This includes a growing spend on increasing our zero carbon fleet. In line with our five-year plan, we are also overhauling our business systems to support further improvements in our operational delivery.



**Work management software**

We are investing in our technology platforms to ensure we offer best-in-class tools for our team while retaining the ability to interface with our clients' systems. On our Northern Powergrid contract we have been trialling new software from a partner Techfinity that will speed up the pace at which we can identify, delegate and close jobs – improving customer experience, removing paper-based systems from our processes and providing greater visibility for our reporting.

## Financing

Our approach to financing continues to be to operate without debt but with available facilities to cover any short-term working capital needs. Our continued high conversion of EBITDA to operating cash flow has allowed us to reduce bank facilities during the year, now consisting solely of a £5.0 million overdraft facility, which was undrawn throughout the period. We took the opportunity to repay our bank loan ahead of time. Our strong cash flow has allowed us to re-align our capital base by issuing £10.4 million of non-redeemable preference shares and we expect this to further reduce any reliance on external funding.

The majority of our capital expenditure has been from cash reserves, reducing our borrowings. However, even after this increased investment, our continued strong operational cash flow allowed us to record a modest cash inflow.

## Pension scheme

As mentioned above and consistent with our ambition to be the employer of choice, we have taken a further step towards eliminating our final salary pension scheme deficit by making an exceptional contribution of £2.0 million in addition to our agreed deficit recovery plan. Combined with improved investment returns, this has reduced our balance sheet deficit from £3.6 million to £1.7 million.

## Tax

Our improving financial performance has returned us to paying corporation tax, with a charge for the period of £2.1 million. Perhaps of more significance is our total tax contribution of £60.7 million, which is enhanced by our strategy of being, wherever possible, a direct employer.

At the start of the COVID-19 lockdown in March 2020, the Group took advantage of the Government offer to defer the payment of the VAT due in March for twelve months to safeguard working capital.

Once it became clear in September that we could operate without this facility, we paid the balance in full. The support received separately under the Coronavirus Job Retention Scheme (CJRS) is disclosed in note 4.

## Going concern

The Directors have considered the appropriateness of preparing financial statements on a going concern basis, and have concluded that this treatment is appropriate as they are confident that the business is a going concern. In making this assessment, the directors considered financial projections for the period to March 2023. In reaching this conclusion, the directors considered:

- Liquidity: The business has started 2021/22 with cash balances of £21.9 million and no net debt.
- The existence of further cash the business expects to unlock from specific contracts which have high receivables balances, which the directors consider are collectable.
- Credit facilities: Having generated significant cash over the past 24 months, the business is now free of debt, has not used its overdraft, or revolving credit facility in this period, and is not dependent on renewing these facilities when they expire. The Company asked its bank not to renew the RCF at the end of October.
- The nature of our contracts and customer base, which provides a relatively predictable baseline revenue level even during the recent lockdowns. In addition, we are seeing strong demand for infrastructure investment and expect to have opportunities to take on additional work in the coming months, both from existing and new clients.
- The low bad debt exposure resulting from working mainly for regulated utility providers.

This Strategic Report was approved by the Board of Directors

K Y Clancy  
Director

Date: 17 September 2021

# GOVERNANCE REPORT »





# Our governance



Dear Shareholder,

I am pleased to introduce the Group's corporate governance report. One of my key responsibilities is to ensure the Group maintains high standards of corporate governance and to review the corporate governance structures, including the various Board committees, to ensure they continue to be appropriate to the size and complexity of the Group as the business evolves.

As Chairman, I lead the Board of Directors and have primary responsibility to provide the necessary leadership, input and guidance to the Company and the Board in restoring the business to a level of sustainable profitability that creates long-term shareholder value. I also have responsibility for steering the Board agenda to ensure it focuses on the important operational and financial matters.

The current Board has the appropriate blend of skills, capabilities and experience to deal with the challenges faced by the business.

Industry knowledge, supported by financial experience, is particularly important for the Group at this time of continued uncertainty regarding Brexit and the coronavirus pandemic and the Board has a depth of experience in these areas.

The Board is in turn supported by significant expertise within our wider leadership team, including a series of new appointments and internal promotions to enervise our future strategy.

The Board has adopted The Wates Corporate Governance Principles. As a Board we believe that by complying with those principles the Group has an appropriate level of governance for its current stage of development, as well as providing a suitable framework in the medium to long term. The Wates Principles supports the Group's approach to managing risks and transparent communications with stakeholders. Where appropriate, this corporate governance statement and report have been prepared to comment on the application of The Wates Principles and to address the disclosure requirements recommended by it.

In keeping the corporate governance structures under review, during the period we have continued to recognise the importance of the Audit and Risk, Remuneration and Nomination Committees and reviewed the terms of reference for the Audit and Risk Committee. We have also reviewed the list of matters specifically reserved for decision by the full Board.

Overall, this structure will ensure proper independent scrutiny and challenge and support the delivery of the growth strategy.

During the period, the Group's corporate governance arrangements were unchanged with the structure and members of the Board and committees remaining the same.

Kevin Clancy  
Chairman

# Governance Report



Dear Shareholder,

The Board is responsible for ensuring the highest standards of corporate governance and for promoting Clancy's long-term success.

## The Board

The roles of the Chairman and Chief Executive Officer are separate with each having clearly defined duties and responsibilities.

The Chairman provides leadership to the Board. He is responsible for chairing the Board meetings and for setting the agenda for the Board meetings (in consultation with the Chief Executive Officer) and ensuring that the Board has sufficient time to discuss issues on the agenda, especially those relating to strategy.

The Chairman is also responsible for ensuring that the Directors receive all the necessary information and reports.

He is also responsible, along with the Chief Executive Officer, for ensuring that the appropriate standards of corporate governance are effectively communicated and adhered to throughout the business.

The Chief Executive Officer is responsible for leadership of the Clancy management and its employees on a day-to-day basis. In conjunction with the Operating Board, the Chief Executive Officer is responsible for the implementation of Board decisions.

During the financial period, the composition of the Board has been unchanged. As of the date of this Annual Report, the Board comprised the Chairman (Kevin Clancy), two Executive Directors (Matthew Cannon and Nick Blaber) and two Non-Executive Directors (Ian Gray and Mary Clancy).

Details of each Director's background and experience can be found on pages 26-27.

The Board's mix of skills and business experience is important to the Company at this stage of its development and ensures an informed review and debate of performance and strategy. Each Director is responsible for keeping their skills up to date and relevant to being a director of a listed company.

## Role of the Board

The Board meets regularly, and directors are supplied with a comprehensive Board pack before all Board meetings, which includes the agenda, previous minutes, detailed financial information and all other supporting papers necessary to have a fully informed discussion. The Board ensures that the necessary changes are being effected and investment is made to achieve Clancy's strategic priorities.

Day-to-day operational and financial management is delegated to Clancy's Operating Board, which meets monthly.

## Operation of the Board

The Board meets regularly and there were 12 scheduled Board meetings during the period.

Any specific actions arising during meetings agreed by the Board are followed up and reviewed at subsequent Board meetings to ensure their completion. The Board also keeps in close contact between formal meetings and will conduct ad hoc meetings as required. If a director is unable to attend a Board meeting, the Chairman will canvass his or her views in advance and ensure that the director is promptly advised of the outcome of the matters under discussion.

All directors act in what they consider to be the best interests of the Company consistent with their statutory duties.

The business at each scheduled Board meeting includes regular reports from the Chief Executive Officer and the Chief Financial Officer covering business performance, markets and competition, health and safety, as well as progress against strategic objectives and capital expenditure projects. The Board also considers reports from functional heads from across the group.

## Board Committees

The Board has delegated certain responsibilities to the Audit and Risk Committee, the Remuneration Committee, and the Nomination Committee. Each Committee operates according to its own terms of reference.

### Audit and Risk Committee

The Audit and Risk Committee has primary responsibility for monitoring the quality of internal controls, ensuring that the financial performance of Clancy is properly measured, ensuring the integrity of the financial statements, and reporting and reviewing reports from Clancy's auditor relating to Clancy accounting and internal controls, in all cases having due regard to the interests of shareholders. Further information on the Committee is set out in the relevant report on page 28.

### Remuneration Committee

The Remuneration Committee determines remuneration for the Executive Directors and senior managers in the Group. Further information on the work of the Committee is set out in the Directors' Remuneration Report on page 29.

### Nomination Committee

The Nomination Committee recommends the appointment of Directors and Senior Executives and is responsible for succession planning. Further information on the work of the Committee is set out in the Directors' Nomination Report on page 29.

### Internal controls and risk management

Clancy has in place a system of internal financial controls commensurate with its current size and activities.

The Board has overall responsibility for Clancy's system of internal control to safeguard the Group's assets and shareholders' interests. The risk management process and systems of internal controls are designed to identify the main risks that the Group faces in delivering its strategy and growth plan and ensure that appropriate policies and procedures are in place to minimise these risks to the Group, including the establishment of appropriate business continuity planning arrangements. The Group maintains a risk management register which is reviewed and discussed every six months with the Operating Board and the Chairman of the Audit and Risk Committee.

The Board has reviewed the effectiveness of the system of internal control for the period ended 28 March 2021 and up to the date of the signing of the Annual Report and Accounts. The Board will continue to develop and implement internal control procedures appropriate to Clancy's activities and scale.

The Board recognises that an essential part of its responsibility is the effective safeguarding of assets, the proper recognition of liabilities and the accurate reporting of results. The Group has a comprehensive system for regular reporting to the Board. This includes monthly management accounts, functional reports and an annual planning and budgeting process. Financial reporting compares results against budget and against the prior year, and the Board reviews its forecasts on a regular basis.

The Board has established a formal policy of authorisation setting out matters which require its approval, and certain authorities which are delegated to the Executive Directors and members of the Operating Board.

## Strategy

A description of the Group's strategy can be found in the section on strategic objectives on page 4.

Kevin Clancy  
Chairman

Attendance	Board meetings	Audit & Risk Committee	Remuneration Committee	Nomination Committee
Kevin Clancy	20 / 20	5 / 5	13 / 13	5 / 5
Matthew Cannon	20 / 20			
Nick Blaber	18 / 20			
Ian Gray	17 / 20	5 / 5	12 / 13	5 / 5
Mary Clancy	20 / 20	5 / 5	12 / 13	5 / 5

# Our team



## Clancy Group Holdings Board

### Kevin Clancy Chairman

Kevin has worked at the business founded by his father MJ Clancy since 1968, assuming leadership as joint managing director with his brother Dermot in 1984. Since then, with Dermot and Mary, Kevin has led the company's growth to become one of the largest privately owned construction businesses in the UK. Kevin and Dermot became Joint Chairmen in 2012 until Dermot's death in late 2019, since which Kevin has continued to lead the business and the company's Board.

### Matt Cannon Chief Executive Officer

Matt assumed the role of Chief Executive at Clancy in early 2019 following a 15-year career in the business founded by his grandfather Michael. Since then, he has overseen the establishment of a new leadership team, and led the creation of our refreshed vision and strategy.

### Nick Blaber Chief Financial Officer

Nick joined Clancy in 2017 after moving from senior roles within one of the business' longstanding clients Thames Water. Working with the executive team as part of the Board, he has been instrumental in delivering the business' strategy of financial resilience and investment for the future.

### Mary Clancy Non-Executive Director

Mary joined her brothers Dermot and Kevin in the family business in 1974 and is a non-executive director. She also chairs the Clancy Foundation, established during the period.

### Ian Gray Non-Executive Director

Ian was appointed Clancy's first independent non-executive director in 2018 as part of the transition to a new generation of family ownership. Since then he has worked with the Board to establish the new group structure and sits as chair of the Audit and Risk, Remuneration and Nomination Committees. Outside Clancy, Ian is a non-executive director at leading logistics business DX Group Plc and has experience advising companies within distribution, retail and food production.

### David Pegg Company Secretary

David joined Clancy in 1996 and has acted as Company Secretary for all companies within the Group since 2004. He also has overall responsibility for insurance, payroll, facilities, security and corporate governance.

## Executive directors

**Matt Bailey**  
Executive Director

Matt's 25-year career at Clancy has seen him progress from operational roles to overseeing the performance of a portfolio of water and civil engineering contracts across the South. His clients include Thames Water, Southern Water, SES Water and South East Water.

**Jim Davey**  
Executive Director

Jim works alongside Matt Bailey and oversees the performance of our water, energy and civil engineering business in London, East Anglia and the North of England. His portfolio of clients includes Anglian Water, UK Power Networks, HS2 and Northern Powergrid.

**Ronan Clancy**  
Executive Director

Ronan was appointed to Clancy's executive Board in April 2021 to head up the business' focus on new market opportunities within water and energy. The move also supports Clancy's ongoing transition to a third generation of family leadership.

# Audit and Risk Committee Report »

Dear Shareholder,

This report provides an overview of how the Committee operated, an insight into the Committee's activities and its role in ensuring the integrity of the Group's published financial information and ensuring the effectiveness of its risk management, controls and related processes.

## Committee structure

The membership of the Committee, which remained unchanged during the period under review, comprises three non-executive directors: Ian Gray as Chairman, Kevin Clancy, and Mary Clancy. The Committee has been selected with the aim of providing the range of financial and commercial expertise necessary to meet its responsibilities. The Board is confident that the collective experience of the Audit and Risk Committee members enables them to act as an effective Committee.

## Meetings

The Committee had five meetings during the period under review. I report to the Board, as a separate agenda item, on the activity of the Committee and matters of relevance and the Board receives copies of the Committee minutes. Attendance at meetings of the Committee by non-members is by invitation and at the discretion of the Committee. The Chief Financial Officer and the external auditor are invited to attend some meetings of the Audit Committee. The Committee also regularly meets separately with the Chief Financial Officer.

## Roles and responsibilities

The main duties of the Audit and Risk Committee are set out in its terms of reference, which have been agreed with the Board.

In the period under review Committee discussions included the following key items:

- Review of 2020 Annual Report and Accounts
- Financial reporting (including treatment of leases and Making Tax Digital)
- Whistleblowing Policy
- Anti-Corruption & Bribery policy
- Anti-Slavery & Human Trafficking policy
- Modern Slavery Statement
- Anti-facilitation of Tax Evasion policy
- Health & Safety Policy Statement
- Environment & Sustainability policy
- Customer & Quality Policy
- Privacy Policy
- Treasury Process and Controls
- Supplier Payment Terms
- Cyber Security
- Review of the Group risk register
- Committee governance
- Health and safety
- External audit plan and strategy for 2021 Annual Report and Accounts.

## Whistleblowing

The Company's Whistleblowing Policy, approved in 2020, encourages and protects legitimate whistleblowing. An independent third-party whistleblowing helpline, secure web portal and mobile app, allows employees to report concerns about individuals who have acted improperly. All contacts are treated confidentially and anonymously if preferred. A small number of matters were considered by the Committee, none of which required any external legal advice.

## Non-audit services

In December 2019, the Financial Reporting Council (FRC) published a new independence standard which governs the work that audit firms can undertake for companies that they audit (the 'Revised Ethical Standard (2019)'). The standard permits the use of a Company's audit firm to only provide a very narrow list of permitted audit or assurance services.

Consequently, the Committee decided last year to separate the provision of external audit and annual tax compliance services.

## External auditor

To ensure the auditor's independence and objectivity, the Committee annually reviews the Group's relationship with the auditor. Following the review in 2020, we concluded that it has an objective and professional relationship with RSM UK Audit LLP and that there are sufficient controls and processes in place to ensure the required level of independence. In addition, the auditor is required to review and confirm its independence to the Audit and Risk Committee on a regular basis.

The Company's policy on auditor rotation is to ensure that at least once every ten years the audit services contract is put out to tender to enable the Audit and Risk Committee to compare the quality and effectiveness of the services provided by the incumbent auditor with those of other audit firms; and in respect of such tender oversee the selection process and ensure that all tendering firms have such access as is necessary to information and individuals during the duration of the tendering process.

## Audit process

RSM UK Audit LLP prepares an audit plan which sets out the scope of and approach to the audit, significant risks and other areas to be targeted. This plan is reviewed and agreed in advance by the Audit and Risk Committee. Following their review, the auditor presents its findings to the Audit and Risk Committee for discussion.

Ian Gray

On behalf of the Audit and Risk Committee

# Remuneration Committee Report »

Dear Shareholder,

Our approach to remuneration aligns the interests of the Executive Directors and Senior Management Team to the shareholders. Our approach is to attract and retain the best possible people who have the capacity and drive to meet the Group's strategic and financial objectives. To attract and retain this team we offer them a basic salary and pension contribution that is fair, reasonable and affordable for the Group. They are incentivised to deliver growth of the business by way of a discretionary annual bonus scheme, which rewards them based on achieving targets and longer-term incentives to create and protect long-term shareholder value.

## Committee structure

The membership of the Committee, which remained unchanged during the period, comprises three non-executive directors: Ian Gray as Chairman, Kevin Clancy, and Mary Clancy.

## Meetings

The Committee had thirteen meetings during the period under review. The Remuneration Committee determines the remuneration packages for the Executive Directors and senior managers, and any major remuneration plans or policies for the Group.

The Committee's role is to ensure that the principles of the Group's Remuneration Policy are aligned with the business strategy and promote long-term shareholder value.

## Roles and responsibilities

The main duties of the Remuneration Committee are set out in its terms of reference, which have been agreed with the Board.

The main items of business considered by the Remuneration Committee during the period under review included:

- Review of remuneration strategy and policy.
- Salary and annual bonus for Executive Directors and other senior managers.
- Awards to senior managers under the Long Term Incentive Plan.

## Executive Directors' service contracts and termination policy

Executive Directors hold a service agreement with an indefinite term and a fixed maximum termination period of 12 months for the Chief Executive Officer, and six months for the Chief Financial Officer. Any payments in respect of termination reflect base salary only and do not include an annual bonus.

The Group's policy on the setting of notice periods under the Executive Directors' service agreements is in line with external market trends and is reviewed by role to protect the Group's knowledge and operations. Only the Remuneration Committee can authorise executive termination payments.

Each of the Executive Directors is eligible to participate in a discretionary annual bonus scheme, should one be put in place for any given period. Any bonus payments are at the discretion of the Board and subject to such conditions, including Profit After Tax, as the Board may determine.

Pay for all other employees is based upon external market rates, job role, internal comparators and business impact. Both Clancy's financial and operational performance and each person's personal performance are also considered when setting salaries.

Ian Gray  
On behalf of the Remuneration Committee

# Nomination Committee Report »

Dear Shareholder,

This report provides an overview of how the Committee operated and an insight into the Committee's activities. The Committee is responsible for reviewing the composition of the Boards and the Senior Leadership Team. It also considers succession planning and training.

## Committee structure

The membership of the Committee, which remained unchanged during the period under review, comprises three non-executive directors: Ian Gray as Chairman, Kevin Clancy, and Mary Clancy.

## Meetings

The Committee had five meetings during the period under review. Attendance at meetings of the Committee by non-members is by invitation and at the discretion of the Committee.

## Roles and responsibilities

The main duties of the Nomination Committee are set out in its terms of reference, which have been agreed with the Board. We monitor and regularly review the structure, size, and composition (including the skills, knowledge, experience and diversity) of the Senior Leadership Team and make recommendations for changes. We consider succession planning for Directors and other Senior Executives and the skills and expertise needed in the future.

In the period under review the Committee discussions included the following key items:

- Group Organisation Structure
- Spans and Layers
- Approval of new roles, such as Strategy and Business Development Director, Systems Transformation Director, Heads of Treasury and Financial Planning and Analysis.

Ian Gray  
On behalf of the Nomination Committee

# S172 Statement



## Statement of directors' duties to stakeholders

In accordance with Section 172 of the Companies Act 2006, the directors report that they have discharged their responsibilities in the following areas:

### Long term consequences of actions

As a family-owned business operating mainly under long-term contracts, and even longer-term relationships, Clancy Group Holdings is run in the interests of long-term resilience and success.

The directors always consider the possible long-term consequences of any proposed course of action, including safety and financial impacts and reputation with all stakeholders. The directors believe strongly that the long-term relationship that we have with the majority of our clients, and the experience of much of the leadership team, enabled the business to survive the unprecedented COVID-19 lockdown in good shape.

### The interests of the company's employees

Clancy takes a long-term approach to employment, with many long-serving employees and employees from the same family.

2020-21 was an exceptional year and it tested our employees in many new ways. We have been delighted by the positive way in which our team has responded to the challenges, and the level of engagement they have demonstrated.

In the second half of the period under review we have made two key interventions, both of which have received very favourable feedback from the workforce:

- A series of live presentations by the executive team and senior managers, via Zoom, to the entire workforce to introduce our revised vision and strategy and what it would mean for them. We surveyed attendees afterwards and were delighted with the approval level.

- Launching the Celebrating Clancy awards throughout the business, to give recognition to those demonstrating the behaviours and values expected. Each business area nominates and chooses its winners, who then progress to a Group stage where overall winners are chosen. We have seen a very good response to this initiative also.

Both initiatives have necessarily been carried out remotely. The Board is hopeful that we will be able to hold the Group Celebrating Clancy awards live at our headquarters during the autumn of 2021 and return to being visible more frequently in person around the business.

### Relationships with suppliers and customers

The Group specialises in working with regulated utilities, where contracts typically run for at least five years and relationships often far longer. The Group enjoys constructive relationships with its customers based largely on the values that, although only recently written down, have long been part of who we are. We aim to have multiple points of contact with each client to ensure that we remain aligned with their expectations. Our independence as a business allows us to prioritise senior relationship-building, making sure that we are accessible, and committed to doing what we say.

Our supplier base is wide and includes frameworks negotiated by our clients as well as ourselves. As with our customers, many relationships are long-standing, and we recognise the importance of our supply chain to the success of the business. We aim to treat all suppliers equally, and most importantly to pay them in line with contractual terms. In this respect, our published Payment Practices and Performance reports show that for the six months to September 2020, the average time to pay suppliers from unrelated companies fell further to 41 days and that 83% were paid within terms.

### Impact on the community and the environment

Community impact is of increasing importance to our utility clients, and we would not be successful in this area if we were not contributing positively to their performance. We continue to focus on:

- Providing exemplary levels of service to our clients' customers and the wider community
- Minimising the impact of our works (which can by their nature be inherently disruptive)
- Providing the operational response to keep our clients' customers in supply at any time and in any conditions
- Reducing the number of environmental incidents.

In addition, we launched the Clancy Charitable Foundation, with the aim of investing more directly in the communities where we operate.

Our strategy has environmental impact at the heart, and we are investing heavily in techniques and technologies that will reduce the amount of waste in our operations – from spoil sent to landfill to the carbon impact of unnecessary journeys. We have started the journey towards our stated aim of reducing carbon dioxide emissions by 50% by 2025.

### Business conduct

As outlined in the statements above, the shareholders and directors of Clancy Group Holdings place a high value on the reputation of the business – which is primarily influenced by the conduct of its officers.

This is best summed up by the value 'we do what we say', and this is the standard that the directors apply to themselves and to others in the organisation to judge what is appropriate. Within contracting, there will always be a tension over how contracts are won, interpreted and applied, and the tight margins of the sector mean that we need to be commercially robust. However, we believe that the length of our client (and supplier) relationships best demonstrates that we usually strike the right balance.



## Acting fairly between members

The shareholders of Clancy Group Holdings are all members of the Clancy family, but have differing levels of involvement in the running of the business. To ensure fair and equal treatment, the following mechanisms are in place:

- A Shareholders Agreement for Clancy Group Holdings has recently been established, along with the new Memorandum and Articles
- A designated Family NED sits on the Board, and is the independent conduit for family questions or concerns
- The Annual General Meeting includes an update from the directors to members or their representatives on the performance and plans of the business, and allows them to question management
- A Family Assembly takes place annually, attended by all family members (shareholders or not) and the Board. This meeting receives a presentation from management on company performance, and again invites questions.

The Nomination and Remuneration Committees, composed of two family and one independent NED, adjudicates any appointments and amendments of terms for family members who are employed in the Group.

## Principal risks

The business operates in a contracting environment that carries certain inherent risks, and global events over the recent period have been a reminder that not all risks can be predicted. The Company however maintains a register of known likely risks and reviews its responses periodically to ensure that it is operating within its risk appetite. This process is overseen twice annually by the Audit and Risk Committee.

The Directors considered the principal risks facing the business at March 2021 were:

### Safety

The Group's activities by their nature can be hazardous and the Group continuously monitors its health, safety and environmental performance through regular audits and data analytics. Failure to manage these risks adequately would expose the group to both reputational damage and financial liability.

At all board, executive and operational meetings, health and safety is the first item on the agenda. The board focuses on our safety culture, with zero tolerance of unsafe behaviour, and ensuring that our workforce is trained to undertake our work safely.

### Contract risk

The Group has both long-term and short-term contracts which expose the group to a range of risks. Failure to manage these could expose the business to financial loss or reputational damage.

The Group's largest client group is the regulated water sector, which works to five-year business plans defined by regulatory price controls and typically aligns its contracting arrangements with these periods. We maintain a long forward order book, with the majority of our work secured for the next five years, although those term contracts typically have no guaranteed revenue levels. The length of the contracts allows us to develop mature client and contractor relationships. This allows us to deal with contractual issues as they arise, and this was amply demonstrated by the collaborative approach we achieved with many of our clients through the lockdowns in the financial year.

Contracts in progress are reviewed cumulatively and end life forecasts maintained to identify potential overruns or losses. Where identified, any projected loss is recognised in full.

### People

The Group depends on its executive team, management and its highly skilled and motivated workforce. We operate in an environment where rising investment in infrastructure is creating an increasingly competitive market for talent. The Group measures staff turnover and reviews ways to retain and attract talent. We continue to develop and promote talented people within the organisation, as well as sourcing skills externally.

### Cyber

All sectors are experiencing a sharp increase in cyber attacks. Our business has invested considerable effort in a response plan, with an emphasis on awareness and training along with strengthening our IT defences, and we will continue to monitor and respond to changing threats.

### Process compliance

Failure to comply with documented process can lead to several unwanted outcomes, including injury, financial loss and loss of accreditation. The company is increasing its investment in systems, processes, and training to ensure that the risk of lack of process awareness is minimised. This is being backed up by a system of audit to provide assurance that processes are being followed, and to highlight areas where we need to do better.

### Pandemic

The period to March 2021 displayed a unique set of circumstances that could hardly have been foreseen. We have been pleased overall by how the organisation has been able to respond to the challenges, but there is no room for complacency, and we are aware of the need to remain vigilant and to continue to challenge our ways of working to ensure they remain as safe as can be practically achieved.

During the period under review, clients have suspended contracts or workstreams for different specific COVID-related reasons and we used the furlough scheme to protect jobs until the work could recommence. Future lockdowns with no furlough support could pose a significant threat to the business and could force unwanted redundancies which would be detrimental to all interests.

# **DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**





# Directors' Report



The directors present their annual report and financial statements for the 52-week period ended 28 March 2021.

In June 2020, Clancy Group Holdings Ltd ('CGH') acquired the entire share capital of The Clancy Group Ltd for 100,000 shares in CGH, in a 1:1 share exchange. It subsequently acquired the entire share capital of Clancy Plant Limited ('CPL') for 30,000 shares in CGH.

In March 2020, Clancy Group Holdings Ltd issued 10,400,000 preference shares of £1 to the shareholders, taking the form of a non-cash distribution. The shares accrue a fixed preferential dividend of 3%, payable annually on 31 March.

## Principal activities

The principal activities of the company and group during the financial year were civil engineering, construction, utilities contracting and residential development.

## Directors

The directors who held office during the 52-week period and up to the date of signature of the financial statements were as follows:

N J Blaber	(appointed 30 June 2020)
M S Cannon	(appointed 30 June 2020)
K T Clancy	
M P Clancy	(appointed 30 June 2020)
I A Gray	(appointed 30 June 2020)
D Pegg	(company secretary)

## Results and dividends

The results for the 52 week period are set out on page 38. Further commentary is provided in the Strategic Report on pages 8-21.

Ordinary dividends of £612,000 were paid in the period. The directors do not recommend payment of a further dividend.

## Qualifying third party indemnity provisions

The Group has made qualifying third party indemnity provisions for the benefit of the directors of all entities in the Group during the 52 week period. These provisions remain in force at the reporting date.

## Financial instruments

The Group's principal financial instruments comprise mainly of short term borrowing facilities, other than hire purchase and leasing liabilities which are due after one year.

The Group also has a facility whereby it can draw down payment of sales invoices early from one customer, see note 22 for further details. The main purpose of these instruments is to finance the group's operations.

Credit and cash flow risk from trade receivables and amounts recoverable on contracts are managed through policies on payment terms, and regular reviews of the balance and age of amounts outstanding.

Liquidity risk in respect of trade payables is managed by ensuring sufficient funds are available to meet amounts falling due.

# Company information



## Directors

N J Blaber  
M S Cannon  
K T Clancy  
M P Clancy  
I A Gray

## Secretary

D Pegg

## Company number

12500720

## Registered office

Clare House  
Coppermill Lane  
Harefield  
Uxbridge  
Middlesex  
UB9 6HZ

## Auditor

RSM UK Audit LLP  
Chartered Accountants  
3rd Floor, Portland  
25 High Street  
Crawley  
West Sussex  
RH10 1BG

## Bankers

Allied Irish Bank  
Ealing Cross  
85 Uxbridge Road  
London  
W5 5TH

### Disabled persons

The company gives every consideration to applications for employment from disabled persons where the requirements of the job may be adequately fulfilled by a disabled person. Where existing employees become disabled it is the Group's policy, wherever practicable, to provide continuing employment under normal terms and conditions and to provide training, career development and promotion where appropriate.

### Strategic Report

The Company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's Strategic Report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' Report. It has done so in respect of principle risks and uncertainties.

### Post reporting date events

No material events have taken place since balance sheet date, and the business has continued to trade in line with expectations.

### Future developments

The healthy financial position of the business leaves the Board able to focus on the future, and the direction is best summarised by the Strategic Priorities set out on page 4.

### Auditor

In accordance with the Company's articles, a resolution proposing that RSM UK Audit LLP be reappointed as auditor of the Group will be put at a General Meeting.

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

### Directors' responsibilities


The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board



K T Clancy  
Director

Date: 17 September 2021

# Auditor's Report



## Independent auditor's report to the members of Clancy Group Holdings Limited

### Opinion

We have audited the financial statements of Clancy Group Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 28 March 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 28 March 2021 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included a review of management's forecasts used in their assessment of the group as a going concern including underlying assumptions. Sensitivity analysis was performed on these forecasts to the extent necessary to ascertain the impact variations may have on performance and subsequently the going concern status of the group and parent company.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our Auditor's Report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

## Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 35, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the 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 the directors 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 for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are: United Kingdom Generally Accepted Accounting Practice (FRS 102); the Companies Act 2006; tax compliance legislation; and the Coronavirus Job Retention Scheme (CJRS) legislation. We performed audit procedures to detect non-compliance which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and reviewing management's process for administering and calculating CJRS claims.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety. We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these law and regulations and inspected correspondence with regulatory authorities.

The group audit engagement team identified the risk of management override of controls and the risk of revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included, but were not limited to, testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant or unusual transactions, transactions entered into outside the normal course of business, considering the stage of completion of contracts, agreeing contract revenue to tender values and variations, reviewing expected costs compared to forecasts and reviewing post year end results for potential cut off issues.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our Auditor's Report.

## Use of our report

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.

**RSM UK Audit LLP**

William Farren FCA (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP,  
Statutory Auditor  
Chartered Accountants  
Portland, 25 High Street  
Crawley  
West Sussex  
RH10 1BG

21 September 2021

# Consolidated financial statements »

## Consolidated statement of comprehensive income

For the period ended 28 March 2021

	NOTES	Continuing operations £'000	Discontinued operations £'000	Period ended 28 March 2021 £'000	Continuing operations £'000	Discontinued operations £'000	Period ended 29 March 2020 £'000
Revenue	3	249,462	5,754	255,216	274,744	20,900	295,644
Cost of sales		(223,217)	(7,529)	(230,746)	(247,643)	(26,434)	(274,077)
<b>Gross profit/(loss)</b>		<b>26,245</b>	<b>(1,775)</b>	<b>24,470</b>	<b>27,101</b>	<b>(5,534)</b>	<b>21,567</b>
Administrative expenses		(17,170)	-	(17,170)	(18,145)	-	(18,145)
Other operating income	4	4,237	-	4,237	791	-	791
<b>Operating profit/(loss)</b>	7	<b>13,312</b>	<b>(1,775)</b>	<b>11,537</b>	<b>9,747</b>	<b>(5,534)</b>	<b>4,213</b>
Investment income	9	24	-	24	29	-	29
Finance costs	10	(493)	-	(493)	(707)	-	(707)
Other losses	11	-	-	-	(5)	-	(5)
<b>Profit/(loss) before taxation</b>		<b>12,843</b>	<b>(1,775)</b>	<b>11,068</b>	<b>9,064</b>	<b>(5,534)</b>	<b>3,530</b>
Tax on profit/loss	12	(2,432)	337	(2,095)	(1,104)	1,051	(53)
<b>Profit/(loss) for the financial period</b>		<b>10,411</b>	<b>(1,438)</b>	<b>8,973</b>	<b>7,960</b>	<b>(4,483)</b>	<b>3,477</b>
<b>Other comprehensive Income net of taxation</b>							
Actuarial loss on defined benefit pension scheme				(480)			(262)
Tax relating to other comprehensive income				91			45
<b>Total comprehensive income for the financial period</b>				<b>8,584</b>			<b>3,260</b>

Profit and total comprehensive income for the financial period is all attributable to the owners of the Group. More information on the discontinued operations can be found in note 13




## Consolidated statement of financial position


As at 28 March 2021

	NOTES	28 March 2021 £'000	29 March 2020 £'000
<b>Non-current assets</b>			
Intangible assets	16	-	-
Property, plant and equipment	17	49,027	40,432
Investments	18	5	113
		<u>49,032</u>	<u>40,545</u>
<b>Current assets</b>			
Inventories	21	9,678	13,555
Trade and other receivables – deferred tax	22	1,334	1,984
Trade and other receivables – other	22	42,630	47,174
Cash and cash equivalents		21,935	21,857
		<u>75,577</u>	<u>84,570</u>
<b>Current liabilities</b>	23	(66,614)	(70,292)
<b>Net current assets</b>		<u>8,963</u>	<u>14,278</u>
<b>Total assets less current liabilities</b>		<u>57,995</u>	<u>54,823</u>
<b>Non-current liabilities</b>	24	(16,894)	(9,457)
<b>Net assets excluding pension liabilities</b>		<u>41,101</u>	<u>45,366</u>
<b>Defined benefit pension liability</b>	28	(1,718)	(3,555)
<b>Net assets</b>		<u>39,383</u>	<u>41,811</u>
<b>Equity</b>			
Called up share capital	29	130	130
Merger reserve	30	9,373	9,373
Retained earnings	30	29,880	32,308
<b>Total equity attributable to the owners of the Group</b>		<u>39,383</u>	<u>41,811</u>

The financial statements were approved by the board of directors and authorised for issue on

17 September 2021 and are signed on its behalf by:

  
 M S Cannon  
 Director

  
 R T Clancy  
 Director

## Company statement of financial position

As at 28 March 2021

	NOTES	2021 £'000
<b>Non-current assets</b>		
Property, plant and equipment	17	10,511
Investments	18	130
		<hr/> 10,641
<b>Current assets</b>		
Trade and other receivables	22	15,255
<b>Current liabilities</b>	23	(10,159)
		<hr/>
<b>Net current assets</b>		5,096
		<hr/>
<b>Total assets less current liabilities</b>		15,737
		<hr/>
<b>Non-current liabilities</b>	24	(10,614)
		<hr/>
<b>Net assets</b>		5,123
		<hr/>
<b>Equity</b>		
Called up share capital	29	130
Retained earnings	30	4,993
		<hr/>
<b>Total equity attributable to the owners of the Company</b>		5,123
		<hr/>

As permitted by s408 Companies Act 2006, the Company has not presented its own income statement and related notes as it prepares group financial statements. The Company's profit and total comprehensive income for the financial period was £16,005,000.

The financial statements were approved by the board of directors and authorised for issue on 17 September 2021 and are signed on its behalf by:



M S Cannon  
Director

K T Clancy  
Director

## Consolidated statement of changes in equity

For the period ended 28 March 2021

	NOTES	Share capital £'000	Merger reserve £'000	Retained earnings £'000	Total £'000
<b>Balance at 31 March 2019</b>		130	9,373	29,248	38,751
<b>Period ended 29 March 2020:</b>					
Profit for the financial period		-	-	3,477	3,477
Other comprehensive income net of tax:					
Actuarial loss on defined benefit plans		-	-	(262)	(262)
Tax relating to other comprehensive income		-	-	45	45
Total comprehensive income for the financial period attributable to the owners of the Group		-	-	3,260	3,260
Dividends	14	-	-	(200)	(200)
<b>Balance at 29 March 2020</b>		130	9,373	32,308	41,811
<b>Period ended 28 March 2021:</b>					
Profit for the financial period		-	-	8,973	8,973
Other comprehensive income net of tax:					
Actuarial loss on defined benefit plans		-	-	(480)	(480)
Tax relating to other comprehensive income		-	-	91	91
Total comprehensive income for the financial period attributable to the owners of the Group		-	-	8,584	8,584
Dividends	14	-	-	(612)	(612)
Non cash distribution – issue of preference shares	14	-	-	(10,400)	(10,400)
<b>Balance at 28 March 2021</b>		130	9,373	29,880	39,383

## Company statement of changes in equity

For the period ended 28 March 2021

	NOTES	Share capital £'000	Retained earnings £'000	Total £'000
<b>Balance at 5 March 2020</b>		-	-	-
<b>Period ended 28 March 2021:</b>				
Profit for the financial period		-	16,005	16,005
Total comprehensive income for the financial period attributable to the owners of the Company		-	16,005	16,005
Dividends	14	-	(612)	(612)
Non cash distribution – issue of preference shares	14	-	(10,400)	(10,400)
Issue of shares		130	-	130
<b>Balance at 28 March 2021</b>		130	4,993	5,123

## Consolidated statement of cash flows

For the period ended 28 March 2021

	NOTES	2021 £'000	2020 £'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	31	23,533	20,336
Interest paid		(416)	(625)
Income taxes (paid)/refunded		(520)	398
<b>Net cash inflow from operating activities</b>		<b>22,597</b>	<b>20,109</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment		(18,743)	(1,735)
Proceeds on disposal of property, plant and equipment		3,733	3,544
Interest received		23	27
Dividends received		1	2
<b>Net cash (used in)/generated from investing activities</b>		<b>(14,986)</b>	<b>1,838</b>
<b>Financing activities</b>			
Issue of preference shares		-	1,272
Repayment of preference shares		(1,058)	-
Repayment of bank loans		(2,250)	(750)
Payment of finance lease obligations		(3,613)	(6,116)
Dividends paid to equity shareholders		(612)	(200)
<b>Net cash used in financing activities</b>		<b>(7,533)</b>	<b>(5,794)</b>
<b>Net increase in cash and cash equivalents</b>		<b>78</b>	<b>16,153</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>21,857</b>	<b>5,704</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>21,935</b>	<b>21,857</b>
<b>Relating to:</b>			
Cash at bank and in hand		21,935	21,857

# Notes to the financial statements

For the period ended 28 March 2021

## 1. Accounting policies

### Company Information

Clancy Group Holdings Limited ("the Company") is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Clare House, Coppermill Lane, Harefield, Uxbridge, Middlesex, UB9 6HZ.

The Group consists of Clancy Group Holdings Limited and all of its subsidiaries.

The Company's and the Group's principal activities and nature of its operations are disclosed in the Directors' Report.

### Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements are prepared in Sterling, which is the functional currency of the Company and Group. Monetary amounts in these financial statements are rounded to the nearest £1,000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

### Reduced disclosures

The Company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group. The Company has therefore taken advantage of the exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for financial instruments not measured at fair value, basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income; and

- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

### Company statement of comprehensive income

As permitted by Section 408 Companies Act 2006, the Company has not presented its own statement of Comprehensive Income as it prepares group accounts and the consolidated Statement of Financial Position shows the Company's profit or loss for the financial period.

### Basis of consolidation

The consolidated financial statements incorporate those of Clancy Group Holdings Limited and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

In June 2020, the Group undertook a corporate re-organisation in order to rationalise the group structure.

As part of this re-organisation, on 17 June, the Company acquired the entire share capital of The Clancy Group Ltd by way of a share for share exchange transaction. This acquisition met the conditions to qualify for the use of the merger accounting methodology set out in Section 19 of FRS 102, and the directors have accordingly applied this approach.

To complete the re-organisation, on 30 June 2020, the Company acquired Clancy Plant Limited. Both combining companies were wholly-owned by the Clancy family; there was no substantive change to their relative rights as a result of the business combination and no payment of fair value consideration was made, therefore the transaction has been regarded by the directors as a group reconstruction in substance, and the merger accounting methodology set out in Section 19 of FRS 102 has been applied.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

In relation to joint arrangements, the Group accounts directly for its share of the assets, liabilities and cash flows arising from those joint arrangements in accordance with FRS 102 Section 15.

### Business combinations

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination.

The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably and is adjusted for changes in contingent consideration after the acquisition date. Contingent consideration is discounted, if material.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

The merger method of accounting is applied to group reconstructions as if the entities has always been combined. The total comprehensive income, assets and liabilities of the entities are amended, where necessary to align the accounting policies. The carrying values of the entities' assets and liabilities are not adjusted to fair value. Any difference between the nominal value of shares issued plus the fair value of other consideration and the nominal value of shares received is taken to other reserves in equity.

### Going concern

The directors have considered the appropriateness of preparing financial statements on a going concern basis, and have concluded that this treatment is appropriate as they are confident that the business is a going concern. In reaching this conclusion, the directors considered:

- Liquidity. The business started the 2021/22 financial year with cash balances in excess of £21m and no net debt.
- The existence of further cash the business expects to unlock from specific contracts which have high receivables balances, which the directors consider are collectable.
- The credit facilities that we operate. Having generated significant cash over the past two financial years, the business is now free of debt, has not used its overdraft or revolving credit facility for the majority of the previous financial year or at all in the most recent year, and is not dependent on renewing these facilities when they expire. The Company asked its bank, AIB, not to renew the RCF at the end of October as it was no longer needed.

- The nature of our contracts and customer base, which provides a relatively predictable baseload revenue level even during the recent lockdowns. In addition, we are seeing strong demand for infrastructure investment and expect to have opportunities to take on additional work in the coming months, both from existing and new clients.
- The low bad debt exposure resulting from working mainly for regulated utility providers.

The directors have considered these factors, the likely performance of the business and possible alternative outcomes, the financing facilities available to the Company and Group and the possible actions able to be taken should new facilities not be available in the future.

Having taken all of these factors into account, at the time of approving the financial statements, the directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. Therefore the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### Reporting period

The Company was incorporated on 5 March 2020. The Company financial statements have been prepared from the date of incorporation to 28 March 2021.

The reporting period of all the subsidiary undertakings of the Group is for the 52 week period from 30 March 2020 to 28 March 2021. The previous financial period was for the 52 week period from 1 April to 29 March 2020.

As explained in note 20, these financial statements have been prepared under merger accounting and the Group financial statements have been presented as if the Company and the subsidiary undertakings had always been combined.

#### Revenue

*i) Civil engineering and utilities contracting*  
Revenue represents the value of work done during the financial period net of value added tax. The value of work done is calculated as the certified work, plus the amount anticipated to be certified, adjusted for over and under measure. Where appropriate to the nature of the contract, revenue and costs are recognised by reference to the stage of completion, where it can be reliably measured.

#### *ii) Residential development*

Revenue from residential development represents the amounts receivable from the sale of properties and other income directly associated with property development.

Properties are treated as sold at the point control of the unit is passed to the customer, which has been determined as the point of legal completion.

#### *iii) Hire of plant*

Revenue from hire of plant is recognised on an accruals basis over the hire period, when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### *iv) The service of traffic management*

Revenue from traffic management is recognised when the outcome of the transaction can be recognised reliably, on completion of each project undertaken.

#### Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	not depreciated
Leasehold land and buildings	not depreciated
Furniture, fittings, plant and equipment	16.67% – 50% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

The Group maintains its leasehold properties in such a state of repair that in the opinion of the directors their residual values at the date of acquisition and subsequent improvements will always be at least equal to their carrying values at such dates. Any depreciation would be immaterial and consequently no depreciation is provided on such property.

The Group's freehold buildings are non-specialised and in view of the Group's policy on the maintenance of this property, the directors do not expect its residual value to fall below its carrying value in the foreseeable future.

#### Non-current investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a realisable measure of fair value becomes available.

In the parent Company financial statements, investments in subsidiaries and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Entities in which the Group has a long-term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

#### Impairment of non-current assets

At each reporting period end date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

# Notes to the financial statements (continued)

For the period ended 28 March 2021

## Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Inventory items are held for consumption in the process of delivering construction contracts. At each reporting date, an assessment is made for impairment, any impairment provisions made or reversed are recognised in the profit or loss at that time.

Cost is arrived at on the following bases:

### i) Estate development

Work in progress comprises the cost of development land, which represents the acquisition costs of that land including incidental expenses, and the cost of work in progress which represents the costs of direct materials, labour, plant hire and the overheads relating to each contract in progress. Provision is made for losses, in full, on all projects in the financial period in which they are first foreseen.

### ii) Raw materials and consumables

Cost of raw materials is determined on the first in first out basis. Net realisable value is the price at which the stock can be realised in the normal course of business.

### iii) Bulk fuels and spare parts

Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of inventories over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

## Utility and related contracts

Where the outcome of a utility and related contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting end date. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately and a provision for losses on contracts is recognised as a component of creditors.

Where the outcome of a utility and related contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When costs incurred in securing a contract are recognised as an expense in the period in which they are incurred, they are not included in contract costs if the contract is obtained in a subsequent period.

The value of work done is calculated as the certified work, plus the amount anticipated to be certified, allowing for over and under measure. This is then used to determine the appropriate amount to recognise as income in a given period. The stage of completion is also measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs.

Amounts due from contract customers (amounts recoverable on contracts) at the period end are included in debtors and are calculated at the estimated value of work done at the balance sheet date that has not been invoiced.

## Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

## Financial instruments

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the Group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

## Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

## Other financial assets

Other financial assets, including trade investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

## Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

## Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.



### Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

### Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

### Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the Group's contractual obligations are discharged, cancelled, or they expire.

### Equity instruments

Equity instruments issued by the Group are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Group.

### Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

### Current tax

Current tax is based on taxable profit for the financial period. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

### Deferred tax

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income and expenses from subsidiaries and interests in jointly controlled entities, that will be assessed to or allow for tax in a future period except where the Group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

### Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

### Retirements benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the financial period. Differences between contributions payable in the financial period and contributions actually paid are shown as either accruals or prepayments.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the financial period is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The Group also operates an employees' defined benefit scheme, the details of which are outlined below. The scheme is closed to new entrants and no further contributions will be made to the scheme, apart from contributions to meet the shortfall in funding as a result of the deficiency of assets.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using the AA corporate bond rate), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

### Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

## Notes to the financial statements (continued)

For the period ended 28 March 2021

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

### Government grants

Government grants are recognised at the fair value of the assets receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify conditions, it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied as a liability.

### 2. Judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

### Assessing indicators of impairment

In assessing whether there have been any indicators of impairment of assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. In respect of the current period, impairments of bad and doubtful trade debtor balances and unlisted investments have been recognised in the financial statements.

In the prior period, there was an impairment to freehold and leasehold land and buildings. In assessing the indicators of the impairment to freehold and leasehold land and buildings, the directors reviewed the values of the properties using internal knowledge of the property market and obtaining third party opinions where needed.

### Stock and work in progress

Management estimates the expected realisable value of stock and work in progress by considering both external and internal sources of information such as historic performance of similar properties and market conditions. In respect of the current year an impairment of stock has been recognised in the financial statements.

### Leases

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the Group as lessee.

### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

### Revenue recognition in respect of amounts recoverable on contracts

The Group uses estimation techniques based on the stage of completion of amounts recoverable on contracts at the period end. This requires the directors to estimate the value of work completed on projects at the period end in order to recognise the revenue attributable to this in the correct period.

### Recoverability of receivables

The Group establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability the directors consider factors such as the ageing of the receivables and past experience of recoverability.

### Estimating value in use

Where an indication of impairment exists, the directors will carry out an impairment review to determine the recoverable amount, which is the higher of fair value less cost to sell and value in use. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the asset or the cash generating unit and a suitable discount rate in order to calculate present value.

### Determining residual values and useful economic life of non-current assets (property, plant and equipment)

The Group depreciates tangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programs.

Judgement is applied by management when determining the residual values for tangible fixed assets. When determining the residual value management aim to assess the amount that the Group would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life. Where possible this is done with reference to external market prices.

### Deferred tax

Deferred tax assets are recognised for all timing differences to the extent that it is probable they will be recoverable against the reversal of a deferred tax asset at the rate of taxation expected at that date. At the reporting end date there were no indicators the deferred tax asset was not recoverable.

### Onerous contracts

Management produce detailed contract budgets and end of life forecasts in order to assess the total costs to complete open contracts and assess the final forecast contract margin. Where these forecasts suggest an overall loss will be recorded on the contract, a full provision for the loss expected on the onerous contract is recorded. There is a degree of management estimation in determining the level of total estimated costs for a project.

### Defined benefit pension scheme

In measuring the estimated defined benefit pension obligation, management uses a set of assumptions. This set of assumptions is derived with the involvement of a qualified third party actuary and requires significant judgement in considering whether they are appropriate. Given the sensitive nature of these assumptions, the resulting impact on the obligation recognised at the period end and future periods may change. The assumptions selected and additional information are provided in note 28.

### 3. Revenue

	2021 £'000	2020 £'000
<b>Revenue analysed by class of business</b>		
Civil engineering utilities contracting	248,056	290,584
Residential property development	3,002	2,094
Plant hire	2,495	1,377
Traffic management	1,663	1,589
	<u>255,216</u>	<u>295,644</u>

The Group's revenue is generated solely from its activities in the United Kingdom.

### 4. Other income

	2021 £'000	2020 £'000
Other income	<u>4,237</u>	<u>791</u>

Included within other income are government grants of £3,733,826 (2020: £Nil) received in relation to COVID-19 support and £9,000 (2020: £Nil) in relation to other government grants.

### 5. Employees

The average monthly number of persons (including directors) employed by the Group and Company during the period was:

	Group 2021 No.	Group 2020 No.	Company 2021 No.
Directors and management	196	216	5
Supervisory staff	119	134	-
Operatives	1,914	2,130	-
	<u>2,229</u>	<u>2,480</u>	<u>5</u>

Their aggregate remuneration comprised:

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000
Wages and salaries	88,211	100,300	-
Social security costs	8,874	9,928	-
Pension costs	2,350	2,503	-
	<u>99,435</u>	<u>112,731</u>	<u>-</u>

## Notes to the financial statements (continued)

For the period ended 28 March 2021

### 6. Directors' remuneration

	2021 £'000	2020 £'000
<b>Group</b>		
Remuneration for qualifying services	2,099	1,888
Company pension contributions to defined contribution schemes	132	123
	<u>2,231</u>	<u>2,011</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2021 £'000	2020 £'000
Remuneration for qualifying services	475	268
Company pension contributions to defined contribution schemes	4	10
	<u>479</u>	<u>278</u>

The number of Directors for whom retirement benefits are accruing under defined pension contribution schemes amounted to 6 (2020: 6).

### 7. Operating profit/(loss)

	2021 £'000	2020 £'000
Operating profit/(loss) for the financial period is stated after charging/(crediting):		
Depreciation of property, plant and equipment in relation to:		
▪ owned assets	7,416	6,681
▪ assets held under finance leases	2,355	2,878
Impairment of owned property, plant and equipment	-	1,000
Impairment of unlisted investments	108	-
Profit on disposal of property, plant and equipment	(2,169)	(1,472)
Inventories impairment losses recognised	-	26
Operating lease charges	134	142
	<u>7,744</u>	<u>9,055</u>

### 8. Auditor's remuneration

	2021 £'000	2020 £'000
Fees payable to the Company's auditor and its associates:		
<b>For audit services</b>		
Audit of the financial statements of the Group and Company	17	18
Audit of the financial statements of the Company's subsidiaries	87	65
	<u>104</u>	<u>83</u>
<b>For other services</b>		
Taxation compliance services	2	2
Other taxation services	8	15
All other non-audit services	25	11
	<u>35</u>	<u>28</u>

## 9. Investment income

	2021 £'000	2020 £'000
<b>Interest income</b>		
Interest on bank deposits	7	20
Interest receivable from group companies	-	1
Other interest income	16	6
Total interest revenue	23	27
<b>Other income from investments</b>		
Dividends received	1	2
Total income	24	29

## 10. Finance costs

	2021 £'000	2020 £'000
Interest on bank overdrafts and loans	67	247
Dividends on preference shares not classified as equity	16	6
Interest on finance leases and hire purchase contracts	333	372
Net interest on the net defined benefit liability	77	82
Total finance costs	493	707

## 11. Other losses

	2021 £'000	2020 £'000
Amounts written off financial assets held at cost	-	5

## 12. Taxation

	2021 £'000	2020 £'000
<b>Current tax</b>		
UK corporation tax on profits for the period	1,440	800
Adjustments in respect of prior periods	(86)	(50)
Other taxes	-	(284)
Total current tax	1,354	466
<b>Deferred tax</b>		
Origination and reversal of timing differences	741	(233)
Changes in tax rates	-	(180)
Total deferred tax	741	(413)
Total tax charge	2,095	53

## Notes to the financial statements (continued)

For the period ended 28 March 2021

### 12. Taxation continued

The total tax charge for the period included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2021 £'000	2020 £'000
Profit before taxation	11,068	3,530
Expected tax charge based on the standard rate of corporation tax in the UK of 19% (2020: 19%)	2,103	671
Tax effect of expenses that are not deductible in determining taxable profit	230	30
Tax effect of income not taxable in determining taxable profit	(1)	(3)
Change in unrecognised deferred tax assets	(151)	(248)
Adjustments in respect of prior periods	(86)	(50)
Effect of change in corporation tax rate	-	(233)
Research and development tax credit	-	(284)
Other permanent differences	-	(20)
Other tax adjustments	-	190
Taxation charge/(credit)	2,095	53

In addition to the amount charged to profit or loss, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2021 £'000	2020 £'000
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive income	(91)	(45)

In March 2020, the Finance Bill 2020 was enacted and included legislation to hold the main rate of corporation tax at 19% with effect from 1 April 2020, an increase from 17% as announced in the 2015 Finance Act. As this change was substantively enacted at the balance sheet date, deferred tax is recognised at 19% in the current period (2020: 19%).

In the March 2021 Budget, it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the Group's future tax charge.

### 13. Discontinued operations

In the prior period, the subsidiary, Clancy Docwra Limited, discontinued its contract with Scottish Power Energy Networks, as planned. The financial results for the Scottish Power contract are disclosed in the discontinued operations column in the Consolidated Statement of Comprehensive Income in 2020.

In the current period, the subsidiary, Clancy Docwra Limited, discontinued its Multi Utility business in England as planned. The financial results for its Multi Utility business are disclosed in the discontinued operations column in the Consolidated Statement of Comprehensive Income in 2021 and 2020.

### 14. Dividends

	NOTES	2021 £'000	2020 £'000
Interim paid – £0.47 (2020: £1.54) per Ordinary share		612	200
Non cash distribution – issue of preference shares	25	10,400	-
		11,012	200

## 15. Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	2021 £'000	2020 £'000
In respect of:		
Property, plant and equipment	-	1,000
Unlisted investments	108	-
Recognised in:		
Administrative expenses	108	1,000

The impairment losses in respect of financial assets are recognised in administrative expenses in the income statement. The impairments have been calculated following a review of the recoverable values of the Group's freehold and leasehold land and buildings performed by the directors in the prior period.

## 16. Intangible assets

Group	Goodwill £'000
<b>Cost</b>	
At 30 March 2020 and 28 March 2021	74
<b>Amortisation and impairment</b>	
At 30 March 2020 and 28 March 2021	74
<b>Carrying amount</b>	
At 29 March 2020 and 28 March 2021	-

The Company had no intangible fixed assets at 28 March 2021 or 30 March 2020.

The goodwill arose on the acquisition of Clancy Docwra Parkover Limited in 2005 and has now been fully amortised.

# Notes to the financial statements (continued)

For the period ended 28 March 2021

## 17. Property, plant and equipment

Group	Freehold land and buildings £'000	Leasehold land and buildings £'000	Furniture, fittings, plant and equipment £'000	Total £'000
<b>Cost</b>				
At 30 March 2020	14,408	1,000	67,511	82,919
Additions	-	-	19,930	19,930
Disposals	-	-	(17,605)	(17,605)
At 28 March 2021	14,408	1,000	69,836	85,244
<b>Depreciation and impairment</b>				
At 30 March 2020	665	360	41,462	42,487
Charge for the period	-	-	9,771	9,771
Eliminated in respect of disposals	-	-	(16,041)	(16,041)
At 28 March 2021	665	360	35,192	36,217
<b>Carrying amount</b>				
At 28 March 2021	13,743	640	34,644	49,027
At 29 March 2020	13,743	640	26,049	40,432
<b>Company</b>				<b>Freehold land and buildings £'000</b>
<b>Cost</b>				
At 5 March 2020				-
Group transfer				10,511
At 28 March 2021				10,511
<b>Depreciation and impairment</b>				
At 5 March 2020 and 28 March 2021				-
<b>Carrying amount</b>				
At 28 March 2021				10,511

As part of the Group reorganisation (see note 20), freehold land and buildings of £10,511,000 were transferred from subsidiary undertakings to the parent Company.

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

Group	2021 £'000	2020 £'000
Furniture, fittings, plant and equipment	9,949	11,840



## 18. Investments

	NOTES	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000
Investments in subsidiaries	19	-	-	130
Listed investments		5	5	-
Unlisted investments		-	108	-
		<u>5</u>	<u>113</u>	<u>130</u>
Listed investments carrying amount		5	5	-
Market value if different from carrying amount		26	27	-
		<u>26</u>	<u>27</u>	<u>-</u>

### Movements in non-current investments

#### Group

##### Cost or valuation

At 30 March 2020 and 28 March 2021

113

##### Impairment

At 30 March 2020

-

Impairment losses

108

At 28 March 2021

108

##### Carrying amount

At 28 March 2021

5

At 29 March 2020

113

### Movements in non-current investments

#### Company

##### Cost

At 5 March 2020

-

Additions

130

At 28 March 2021

130

##### Carrying amount

At 28 March 2021

130

## Notes to the financial statements (continued)

For the period ended 28 March 2021

### 19. Subsidiaries

Details of the Company's subsidiaries at 28 March 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held
The Clancy Group Ltd	As below	A holding and property management company	Ordinary	100
Clancy Plant Limited	As below	Hiring plant and the service provision of traffic management	Ordinary	100
Clancy Developments Limited*	As below	Residential development	Ordinary	100
Clancy Docwra Limited*	As below	Civil engineering, construction and utilities contracting	Ordinary	100
Clancy Docwra Parkover Limited*	As below	Dormant	Ordinary	100
Clancy Docwra/VWS (UK) JV Limited*	As below	Dormant	Ordinary	100
Clancy Investments Limited*	As below	Dormant	Ordinary	100
EEC Linings Limited*	As below	Dormant	Ordinary	100
Heritage (Breakspear) Limited*	As below	Dormant	Ordinary	100
M.J.Clancy & Sons Limited*	As below	Dormant	Ordinary	100
Misbourne House Limited*	As below	Dormant	Ordinary	100
Rees Pipeline Services Limited*	As below	Dormant	Ordinary	100
Westwick Construction Limited*	As below	Dormant	Ordinary	100
Breakspears Management Company Limited*	As below	Dormant	Ordinary	100

\*Indirectly held

The above companies' registered office is Clare House, Coppermill Lane, Harefield, Middlesex, UB9 6HZ.

Clancy Developments Limited, Clancy Docwra Limited, Clancy Docwra Parkover Limited, Clancy Investments Limited, EEC Linings Limited and Misbourne House Limited are 100% owned by The Clancy Group Ltd.

Clancy Docwra/VWS (UK) JV Limited, M.J.Clancy & Sons Limited, Rees Pipeline Services Limited and Westwick Construction Limited are 100% owned by Clancy Docwra Limited.

Heritage (Breakspear) Limited is 100% owned by Clancy Developments Limited.

Breakspears Management Company Limited is 100% owned by Heritage (Breakspear) Limited.

In order for the subsidiary entities Clancy Docwra Parkover Limited, Clancy Docwra/VWS (UK) JV Limited, Clancy Investments Limited, EEC Linings Limited, Heritage (Breakspear) Limited, M.J.Clancy & Sons Limited, Misbourne House Limited, Rees Pipeline Services Limited, Westwick Construction Limited and Breakspears Management Company Limited to take the audit exemption in section 479A of the Companies Act 2006, the company has guaranteed all outstanding liabilities of those subsidiary entities.

All of the subsidiaries above have been consolidated in the financial statements.

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## 19. Subsidiaries continued

### Joint Arrangements

#### Optimise (Water) LLP

Clancy Docwra Limited is in a joint venture with J Murphy & Sons Limited, Barhale Construction Plc and MWH UK Limited, who together formed Optimise (Water) LLP, a limited liability partnership registered in England and Wales. The principal activity of the joint arrangement is that of utilities contracting.

The structure has the appearance of a joint venture, but it is used only as a means for each participant to carry on its own business. Therefore, in order to reflect the substance of its operations, Clancy Docwra Limited has accounted directly for its share of the assets, liabilities and cash flows arising in the entity in accordance with FRS102 Section 15.

The group recognises the profit or losses attributable to it from the joint arrangement in its profit and loss account where the outcome of the venture is reasonably certain.

#### KCD Joint Venture

Clancy Docwra Limited is in a joint arrangement with Kier MG Limited where an agreement has been made to collaborate as an integrated unincorporated joint venture. The principal activity of the joint venture is that of utilities contracting.

The structure of the joint venture is similar to Optimise (Water) LLP and, therefore, the Group financial statements directly for its share of the assets, liabilities and cash flows arising from the joint arrangement with Kier MG Limited in accordance with FRS102 Section 15.

The Group recognises the profit or losses attributable to it from the joint arrangement in its profit and loss account where the outcome of the venture is reasonably certain. During the financial period, the Group recognised a profit of £22,000 (2020: £100,000) in respect of Optimise (Water) LLP and a profit of £2,078,000 (2020: £2,731,000) in respect of KCD Joint Venture.

## 20. Group reorganisation

In June 2020, the Group undertook a corporate re-organisation in order to rationalise the group structure.

As part of this re-organisation, on 17 June, the Company acquired the entire share capital of The Clancy Group Ltd by way of a share for share exchange transaction. This acquisition met the conditions to qualify for the use of the merger accounting methodology set out in Section 19 of FRS 102, and the Directors have accordingly applied this approach.

To complete the re-organisation, on 30 June 2020, the Company acquired Clancy Plant Limited. Both combining companies were wholly-owned by the Clancy family; there was no substantive change to their relative rights as a result of the business combination and no payment of fair value consideration was made, therefore the transaction has been regarded by the Directors as a group reconstruction in substance, and the merger accounting methodology set out in Section 19 of FRS 102 has been applied.

## Notes to the financial statements (continued)

For the period ended 28 March 2021

### 21. Inventories

Group	2021 £'000	2020 £'000
Raw materials and consumables	3,508	3,676
Work in progress	5,817	9,417
Bulk fuels	6	21
Spare parts	347	441
	<u>9,678</u>	<u>13,555</u>

Following management's review of assets for impairment, work in progress above is stated net of a provision of £1,384,000 (2020: £734,000) which has been charged to the income statement and is included within cost of sales.

### 22. Trade and other receivables

	NOTES	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000
Trade receivables		12,719	14,998	-
Gross amounts due from customers for contract work		26,983	29,404	-
Amounts owed by group undertakings		-	-	15,255
Other receivables		445	821	-
Prepayments and accrued income		2,483	1,951	-
		<u>42,630</u>	<u>47,174</u>	<u>15,255</u>
Deferred tax asset	27	1,334	1,984	-
		<u>43,964</u>	<u>49,158</u>	<u>15,255</u>

Following management's review of assets for impairment, trade receivables above are stated net of a provision of £424,000 (2020: £1,369,000) against bad debts.

The Group has a facility whereby it can draw down payment of sales invoices early from one customer. At 28 March 2021, £Nil (2020: £5,483,000) net and £Nil (2020: £6,434,000) gross had been drawn down.

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

## 23. Current liabilities

	NOTES	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000
Bank loans and overdrafts	25	-	2,250	-
Obligations under finance leases	26	2,740	4,448	-
Trade payables		15,464	22,690	-
Gross amounts owed to contract customers		2,457	-	-
Amounts owed to group undertakings		-	-	8,747
Corporation tax payable		1,325	491	1,192
Other taxation and social security		6,367	8,822	-
Other payables		5,565	6,041	-
Accruals and deferred income		32,696	25,550	220
		<u>66,614</u>	<u>70,292</u>	<u>10,159</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

## 24. Non-current liabilities

	NOTES	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000
Other borrowings	25	10,614	1,272	10,614
Obligations under finance leases	26	6,280	8,185	-
		<u>16,894</u>	<u>9,457</u>	<u>10,614</u>

## 25. Borrowings

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000
Bank loans	-	2,250	-
Redeemable preference shares	214	1,272	214
Non-redeemable preference shares	10,400	-	10,400
	<u>10,614</u>	<u>3,522</u>	<u>10,614</u>
Payable within one year	-	2,250	-
Payable after one year	10,614	1,272	10,614

The bank loan, which was secured by Group cross guarantee and incurred interest at 3.5%, was repaid in full during the period.

The Group's bank holds a fixed and floating charge over the assets of the Company and also specific fixed charges over one of the Group's properties.

In the prior period, redeemable preference shares of £1,272,000 were issued to the shareholders at an issue price of £1 per share. £1,058,000 of the principal was repaid in the current period. The remaining £214,000 redeemable preference shares accrue a fixed cumulative preferential dividend of 3% payable annually from 31 March 2021. The principal amount is repayable on 31 March 2025.

On 5 March 2021, non-redeemable preference shares of £10,400,000 were issued to the shareholders at an issue price of £1 per share financed by a dividend from the Company. The shares accrue a fixed cumulative preferential dividend of 3%, payable annually from 31 March 2021.

None of the preference shares above carry any equity component and they are classified as financial liabilities in their entirety.

## Notes to the financial statements (continued)

For the period ended 28 March 2021

**26. Finance lease obligations**

Group	2021 £'000	2020 £'000
Future minimum lease payments due under finance leases:		
Less than one year	2,740	4,448
Between one and five years	6,280	8,185
	<u>9,020</u>	<u>12,633</u>

Finance lease payments represent rentals payable by the Group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. Finance lease liabilities are secured on the assets being leased.

**27. Deferred taxation**

The major deferred tax assets recognised by the Group and Company are:

Group	Assets 2021 £'000	Assets 2020 £'000
(Decelerated)/accelerated capital allowances	(6)	7
Retirement benefit obligations	599	750
Short term timing differences	17	8
Fixed asset timing differences	710	1,219
Tax losses carried forward	14	-
	<u>1,334</u>	<u>1,984</u>
<b>Group</b>		<b>2021</b>
<b>Movements in the 52 week period:</b>		<b>£'000</b>
Asset at 30 March 2020		(1,984)
Charge to profit or loss		741
Credit to other comprehensive income		(91)
Asset at 28 March 2021		<u>(1,334)</u>

The Company has no deferred tax assets or liabilities at 28 March 2021.

The deferred tax asset set out above is expected to reverse in the foreseeable future. The deferred tax asset relates to the value of depreciation charges in these financial statements exceeding the value allowed for tax purposes through capital allowances, and it also relates to the Group's retirement benefit obligations for the Group's defined benefit scheme.

## 28. Retirement benefit schemes

	2021 £'000	2020 £'000
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	2,350	2,503

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the Company and Group and independently administered through Standard Life.

At the balance sheet date, contributions amounting to £494,000 (2020: £323,000) had not been paid to the fund and are included within other creditors.

### Defined benefit schemes

The Group is a member of a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Group, being invested with insurance companies. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with companies within the Group headed by Clancy Group Holdings Ltd. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 14 March 2019.

Details of the main actuarial assumptions are given below. At 28 March 2021, there were no contributions payable to the fund to be included in creditors (2020: £Nil).

The most recent actuarial valuation showed that the market value of the scheme's assets was £20,048,000 and that the actuarial value of those assets represents 91% of the benefits that had accrued to members, after allowing for expected increases in earnings. There will be no further contributions to this scheme as the scheme was closed on 31 March 2010, apart from funding for the accrued pensions to date.

### Contributions and charges

£2,394,000 (2020: £382,000) was paid into the defined benefit scheme to further fund pensions accrued to date.

As indicated above, the Company operates a defined benefit scheme. A full actuarial valuation was carried out at 14 March 2019 and updated to 28 March 2021 by a qualified independent actuary. The principal assumptions used by the actuary are outlined below.

	2021 %	2020 %
<b>Key assumptions</b>		
Discount rate	1.9	2.3
Expected rate of increase of pensions in payment	3.6	3.3
Retail price inflation	3.5	2.9
Consumer price inflation	3.1	2.4
Deferred pension revaluation	3.1	2.4

# Notes to the financial statements (continued)

For the period ended 28 March 2021

## 28. Retirement benefit schemes (continued)

	2021 Years	2020 Years
<i>Mortality assumptions</i>		
Assumed life expectations on retirement at age 65:		
▪ Males	22.7	21.8
▪ Females	24.5	23.7
Retiring in 20 years		
▪ Males	24.7	23.1
▪ Females	26.6	25.2

### Mortality assumptions

Mortality follows the standard table known as SIPA, using 97% (2020: 100%) of the base table with CMI\_2015 mortality projections with a long term rate of improvement of 1.75% (2020: 1.25%).

	2021 £'000	2020 £'000
<i>Amounts recognised in the income statement</i>		
Net interest on defined benefit liability/(asset)	77	82
<i>Amounts taken to other comprehensive income</i>		
	2021 £'000	2020 £'000
Actual return on scheme assets	(2,455)	1,023
Less: calculated interest element	359	412
Returns on scheme assets excluding interest income	(2,096)	1,435
Actuarial changes related to obligations	2,576	(1,173)
Total costs	480	262

The amounts included in the statement of financial position arising from the Group's obligations in respect of defined benefit plans are as follows:

	2021 £'000	2020 £'000
Present value of defined benefit obligations	21,766	19,458
Fair value of plan assets	(20,048)	(15,903)
Deficit in scheme	1,718	3,555

### Movements in the present value of defined benefit obligations

	£'000
Liabilities at 30 March 2020	19,458
Benefits paid	(704)
Actuarial losses	2,576
Interest cost	436
At 28 March 2021	21,766



## 28. Retirement benefit schemes (continued)

<i>The defined benefit obligations arise from plans funded as follows:</i>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Wholly or partly funded obligations	21,766	19,458
<i>Movements in the fair value of plan assets</i>		<b>£'000</b>
Fair value of assets at 30 March 2020		15,903
Interest income		359
Return on plan assets (excluding amounts included in net interest)		2,096
Benefits paid		(704)
Contributions by scheme members		2,394
At 28 March 2021		20,048

The actual return on plan assets was a gain of £2,455,000 (2020: £1,023,000 expense).

<i>The analysis of the scheme assets at the reporting date were as follows:</i>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Invested assets	20,048	15,903

## 29. Share capital

<b>Group and company</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
1,300,000 Ordinary shares of £0.10 each	130	130

On incorporation on 5 March 2020, the Company issued 2 ordinary shares with a nominal value of £1 each.

On 17 June 2020, the Company issued 99,998 shares of £1 each in consideration for the entire issued share capital of The Clancy Group Ltd.

On 30 June 2020, the Company issued 30,000 shares of £1 each in consideration for the share capital of Clancy Plant Limited.

On 19 September 2020, the Company subdivided its 130,000 ordinary shares with a nominal value of £1 each into 1,300,000 ordinary shares of £0.10 each.

The Company's ordinary shares each carry the right to one vote at general meetings of the Company and rank pari passu in all respects.

# Notes to the financial statements (continued)

For the period ended 28 March 2021

## 30. Reserves

### Merger reserve

The merger reserve represents reserves arising as a result of a group reconstruction (see note 20).

### Retained earnings

Retained earnings represent cumulative profit and loss, net of distributions to owners.

## 31. Cash generated from operations

	2021 £'000	2020 £'000
Profit for the period after tax	8,973	3,477
Adjustments for:		
▪ Taxation charge	2,095	53
▪ Finance costs	493	707
▪ Investment income	(24)	(29)
▪ Profit on disposal of property, plant and equipment	(2,169)	(1,471)
▪ Depreciation and impairment of property, plant and equipment	9,771	11,326
▪ Other losses	108	5
▪ Pension scheme non-cash movement	(2,394)	(382)
Movements in working capital:		
▪ Decrease in inventories	3,877	1,868
▪ Decrease in trade and other receivables	4,544	8,808
▪ Decrease in trade and other payables	(1,741)	(4,026)
<b>Cash generated from operations</b>	<b>23,533</b>	<b>20,336</b>

## 32. Analysis of changes in net funds - group

	29 March 2020 £'000	Cash flows £'000	28 March 2021 £'000
Cash at bank and in hand	21,857	78	21,935
Bank loans	21,857	78	21,935
Preference shares	(2,250)	2,250	-
Obligations under finance leases	(1,272)	(9,342)	(10,614)
	(12,633)	3,613	(9,020)
<b>Net cash</b>	<b>5,702</b>	<b>(3,401)</b>	<b>2,301</b>

# Notes to the financial statements (continued)

For the period ended 28 March 2021

## 37. Related party transactions

### Remuneration of key management personnel

The Company has taken advantage of the exemption not to disclose key management personnel compensation because the only key management personnel are the directors, and there is a legal requirement to disclose directors' remuneration.

### Transactions with related parties

During the 52 week period, the Group entered into the following transactions with related parties:

	Sales 2021 £'000	Sales 2020 £'000
<b>Group</b>		
Other related parties	35,654	40,725
	Purchases 2021 £'000	Purchases 2020 £'000
<b>Group</b>		
Other related parties	77	281

The following amounts were outstanding at the reporting end date:

	2021 £'000	2020 £'000
<b>Amounts due to related parties</b>		
<b>Group</b>		
Key management personnel	263	155

No guarantees have been given or received. All the amounts are interest free and repayable on demand.

## 38. Directors' transactions

Dividends totalling £312,000 (2020: £172,000) were paid in the period in respect of shares held by the Company's Directors.

During the period, preference shares of £5,700,000 were issued to the Company's Directors and no interest on these fell due in the period. Interest of £6,000 was paid on redeemable preference shares held by Directors.

## 39. Controlling party

There is no overall controlling party.

Clancy Group Holdings Limited is the parent of the smallest and largest group for which consolidated financial statements are prepared and of which the Company is a member.

# Streamlined energy and carbon reporting statement



## Corporate and Social Responsibility Performance

tCO<sub>2</sub>e (\*equivalent tonnes of CO<sub>2</sub>\*) reduction.

Clancy Group Holdings limited 2020 - 2021 report	Unit of Measurement	Emissions Scope	2020/2021 UK (no offshore energy use)	2019/2020 UK (no offshore energy use)
Emissions from gas / combustion of gas	tCO <sub>2</sub> e	1	1,581.18	1,968.57
Emissions from combustion of fuel for transport purposes	tCO <sub>2</sub> e	1	17,284.59	20,983.19
<b>Total Scope 1:</b>			<b>18,865.77</b>	<b>22,951.76</b>
Emissions from purchased electricity	tCO <sub>2</sub> e	2	208.90	301.74
<b>Total Scope 2:</b>			<b>208.90</b>	<b>301.74</b>
Emissions from business travel in rental cars or employee-owned vehicles & one-off purchases of fuel – where the company is responsible for purchasing the fuel	tCO <sub>2</sub> e	3	222.35	375.72
Emissions from business travel using commercial flight (UK and Global)	tCO <sub>2</sub> e	3	1.09	23.54
<b>Total Scope 3:</b>			<b>223.44</b>	<b>399.26</b>
Total Energy consumption	Mwh		<b>79,418.86</b>	<b>95,738.34</b>
Total Gross emissions based on the above	tCO <sub>2</sub> e		<b>19,298.11</b>	<b>23,652.76</b>
Intensity Ratio	tCO <sub>2</sub> e per £million turnover		<b>75.19</b>	<b>80.41</b>

### Methodology

The provided data has been assessed using the below methodologies calculating energy consumption and emissions using the .gov "Greenhouse Gas reporting: conversion factors 2020":

- Scope 1 combustion of gas data (litres) has been downloaded from the Group procurement system IFS, taking the bulk volumes purchased from each transaction for assessment. Transactions cover: red diesel, kerosene and petrol.
- Scope 1 combustion of gas data (litres) has taken petrol volumes reported on from the group data reporting process.
- Scope 1 emissions from gas includes loss of HCFC through refrigerant systems across the organisation. Calculated by required top-up volumes of HCFC for the specified period. Consignment Notes for transfer of the waste confirm volumes removed.
- Scope 1 white diesel data (for transportation – measured in litres) has been downloaded from the fuel management system offered as part of a service agreement with the Group fuel provider. All data is accurate in accordance with station forecourt transactions.
- Scope 2 emissions from purchased electricity was calculated from values invoiced by the organisation's suppliers; invoices are retained on our procurement system IFS. Due to limitations with the readiness of data for the reporting period, calculations have been used to estimate missing invoices. In total 65% of the data is accurate.
- Scope 3 emissions, from employee owned vehicles (and claimed purchases of fuel), is collated by the business through the expenses process. Claimed expenses (£'s) are used to estimate the number of litres of fuel purchased (using an average £ per litre over the specified period). This is then used to calculate emissions by applying the GHG conversion factors.
- Scope 3 emissions from flights are collated by the business during the expenses process; flight distances (km) are used to calculate the footprint.

## Corporate and Social Responsibility Performance (continued)

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### Clarifications

Due to changes with the organisation structure at the start of 2020/2021 the declared performance data now covers all businesses under the financial control of Clancy Group Holdings Limited. This differs to the previous year report where one of the subsidiaries, Clancy Plant, was exempt from reporting. As such the figures provided for 2019/2020 have been recalculated using the current year's scope.

### Energy efficiency action

In 2020 Clancy Group Holdings Limited launched its new vision aligned with delivering sustainable infrastructure and through this supporting the UK net-zero emissions agenda. The company journey towards this is communicated as a measurement against two important milestones: reducing emissions by 50% by 2025 and achieving net-zero emissions by 2030.

In working towards these milestones the business has designed future action to address areas that are material to the total emissions. This particularly relates to the business' reliance on white diesel which for the past four years equates to approximately 90% of energy the business consumes. Key actions to address this includes a continuation of plans to introduce electric vehicles into the company fleet and incorporating renewable energy as a common source of power for plant, equipment, and vehicles. The success of this initiative will be evidenced through how Clancy Group Holding Limited, and its subsidiaries, decouple economic growth from a reliance on fossil fuels.

In addition to this, we are investigating and building-in circular economies to our everyday business activities. This includes targeting waste as a resource and adopting a comprehensive approach to the sustainable management of natural resources.





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