



Clancy Group Holdings Limited

# ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS »

For the period ended 3 April 2022

Delivering smarter, greener infrastructure

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# Performance highlights

Revenue growth of

**14.8%**

year-on-year

**Recognised  
for excellence**

in capital projects  
and smart metering  
at the Utility Week  
awards

Low accident  
frequency rate of

**0.1 per  
100,000**

hours worked

**£10.6m**

pre-tax profit

**£43m**

invested over two  
years in new plant  
and equipment

Net cash inflow of

**6.3m**

**£1bn**

secured order book

**£100,000**

donated through the  
Clancy Foundation







# 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 »

Through the 2021-22 financial year we have delivered growth and investment in line with our business strategy. As the UK invests in infrastructure, we continue to see opportunities to create value through our independent, family-owned and direct-delivery model.

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 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 with minimal external 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.

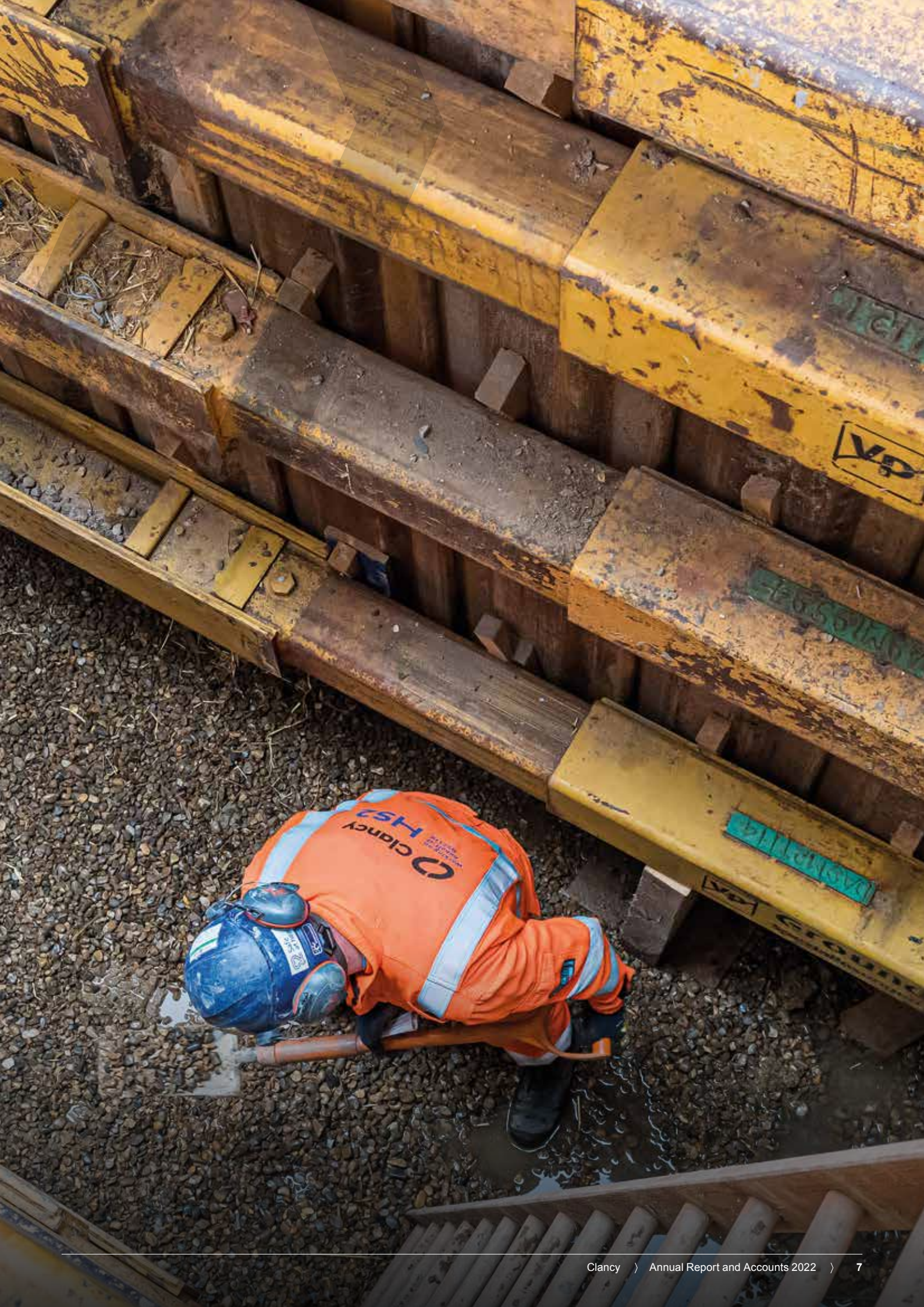


**We do what we say**, acting with integrity in everything we do.



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

# STRATEGIC REPORT »





» Paving the way for HS2 at London Euston.

# Chairman's statement



Reflecting on another successful year for Clancy I am delighted with our performance. We have delivered a strong set of financial results across the group for the 53 weeks to the 3rd April 2022. As we have emerged from the Covid-19 pandemic the exemplary work of our people has made sure that we are well-placed to continue to support our clients in the coming period.



**Kevin Clancy**  
Chairman

## Investing for the future

We are maintaining momentum on a long-term plan that has been nearly half a decade in the making. In that time we have worked hard to lay foundations that will ensure the success of our family-run and independent operating model. We do this by focusing on leadership and investment in our people, systems and plant.

The fundamental strength of our business plan lies in the results we deliver for clients within a rapidly changing infrastructure environment. Our core work remains within the water and energy sectors, where regulators and network operators are pressing ahead with major capital expenditure programmes. In the water sector in particular, the challenges we have seen over the past year to address drought and wastewater capacity are significant. It will require the water companies to work closely with Government, Ofwat and environmental agencies to deliver a water and wastewater industry fit for the future.

For our part, we will continue to invest in the resources we need to shape a strong network.

New markets are also opening up as we see increased demand for broadband capacity, now considered a vital utility alongside energy and water. As this demand grows we are exploring new partnerships with telecommunications providers where there is an opportunity to showcase our established skillsets. This is just one area where we have been building new client relationships through the year that we expect to bear fruit in the coming months.

The expansion of our work in capital delivery for existing clients has continued through the year, including for UK Power Networks and Thames Water, while we are also engaging with new market entrants. The transferability of our skillsets and expertise in civil engineering is also opening up new markets. In major transport infrastructure our work on utility diversions for HS2 is growing, with the potential to expand to other major infrastructure programmes.



### Anticipating headwinds

These opportunities are balanced by significant challenges that our clients face in the coming months, especially those within the water sector that I have mentioned already. In energy, short and medium-term crises around energy security are set against a backdrop of a long-term shift to net zero which will require huge investment in existing and new networks.

Across infrastructure the shadow of inflation is looming large. Following the pandemic, pent-up investment is creating stiff competition for materials and labour across our industry and this trend is now being made worse by the tragic war taking place in Ukraine. We are being challenged to deliver more with less both in maintenance and repair work and in capital programmes.

We are far from complacent about these risks and we anticipate further pressures in the coming year as we face the prospect of a wider economic downturn. The fact that the vast majority of our work is in essential infrastructure services gives us confidence despite the prospect of recession. Likewise we believe that our ability and appetite to invest in new tools and processes – as we have through the last twelve months – will enable further efficiency gains and allow us to deliver an affordable service for our customers.

### Our Clancy family

Together with innovation and technology, our 2,300-strong directly-employed team remains a critical strength for our business and a differentiator in the market. I have been proud to see examples of individual and team-wide excellence every single day in our work for clients and our support for each other. Work on major projects such as that at Leicester Square for UK Power Networks stand out to me as examples where our engineering and operational expertise come together to great effect. However, it is also the day-to-day examples of excellence that characterise our business. Over the year we have been able to recognise many of these efforts through our Celebrating Clancy awards programme, which continues to go from strength to strength. Our people have always been our greatest asset and we will continue to invest in them.

Sharing the benefits of experience and best-practice training is essential. These are areas in which we've continued to deliver significant progress through the year through the establishment of new reporting platforms and within our Clancy Academy. It also relies on embedding a strong culture of recognition and reward. We want every individual within our business to feel that they are part of our family and have the opportunity to build their career with us.

### Acting safely, responsibly and sustainably

In this context, maintaining continuous improvement in safety performance remains our greatest priority, reflecting our commitment to the highest possible standard for our people, clients and the public. Through the year we've continued to invest in driving culture of zero harm, giving us and our team the confidence and security to deliver great work.

As our industry and economy as a whole work towards net zero carbon emissions to secure the future of our planet, we have taken steps through the year in preparation for us achieving this goal within our own business by 2030 – in line with commitments from our core client base. Again, our investment model and strong financial position give us confidence in our goal, but we also acknowledge our reliance on the wider manufacturing supply chain to achieve it.

Recognising the social value of our work and that of our industry is another key priority for us and we are pleased to have been able to set up a new partnership with Social Value Portal during the year – enabling us to measure the impact of our activity on communities across the country, and take steps to maximise the value of our model for more families through the UK.

### Strengthening our team

We remain focused on the delivery of our long-term plan: great results for clients that give us a strong financial base to allow future investment. Guaranteeing this success depends on leadership and governance. Through the year we have benefitted from consistency in our Board which brings together skills and expertise from both within the Clancy family and outside it, as well as the support of our executive team.

In turn, this group is supported by specialist expertise from our excellent framework directors and the lead directors for our cross-business functions. Key appointments to this team during the year have included our new Director of Health, Safety, Quality and Environment, with our new Head of Sustainability joining at the start of the new financial year.

Backed by this expertise together with our strong financial position and secure forward order book, I am confident that our business can continue to achieve brilliant results over the coming period as we deliver smarter, greener infrastructure at a time when there has never been a greater need.

# CEO's review



After the dramatic and sudden onset of Covid-19 in 2020, the 2021-2022 year has been characterised by a steady transition back to a degree of pre-pandemic normality. At Clancy, our keyworkers have remained active and kept communities connected throughout the period – showing outstanding commitment and delivering brilliant work.



**Matt Cannon**  
Chief Executive Officer

## Performance

The last twelve months have seen us deliver strong results for our clients across the infrastructure sector, from building the resilience of our water and energy networks, to enabling the delivery of major programmes such as HS2. These successes in turn ensure that we have the financial strength and firepower to invest for the future, and to be remain strong in the face of the global and domestic headwinds. Over the year we have maintained momentum on the four core pillars of our business plan: **to reimagine delivery, to become the employer of choice within infrastructure, to harness greener technology and to act as smart investors.**

## Our strategy

### 1. Reimagining delivery

We want to challenge the status quo when it comes to delivery – being smarter and greener in the way that we work for our clients. This includes the technology that we use in our tools and our systems. In the year we successfully completed a two-year programme of investment in our sector-leading plant; our capital investment in the year of £9.6m, plus a further £14.2m of new assets acquired under operating leases, brings our renewal over two years to over £43m.

The programme has renewed our existing fleet and expanded our use of modern equipment that delivers greater efficiency and sustainability. Our use of no-dig and trenchless technology has continued to grow over the year, with our use of suction excavators more than doubling over the period.

This supports our drive to improve productivity, but also our overriding priority to work safely. Having strengthened our team with a new Director of Health, Safety, Quality and Environment, we are focused on continuing to drive ever-better performance in all aspects of safety, physical and mental wellbeing.

Common to the wider infrastructure sector, through the year we and our clients have faced rising cost pressures for materials and resources. This is primarily due to a combination of pent-up investment and supply chain disruption on the back of the pandemic and the war in Ukraine. However, we recognise this trend is set to continue over the coming period – requiring us to deliver ever-greater efficiency in our work.

Sharing best practice is critical to these efforts to innovate and challenge the status quo. It is a key pillar of our One Clancy programme. Over the year we established our Operational Excellence function, which brings together expertise from across the business to improve processes and share resources. We are also pleased to report the completion of a £4m overhaul of our IT and reporting systems, replacing complex legacy platforms and ensuring we can easily identify further areas where efficiency can benefit our clients.

### 2. Becoming the employer of choice within infrastructure

Competition for talent is extremely high across the infrastructure sector and we remain committed to our direct employment model which remains a key differentiator. Making sure we attract and retain the best people is essential to delivering the high standards of training and therefore delivery that our clients expect from us. We have continued to invest in both recruitment and skills development through the year, establishing clear pathways that support the career progression and development of our team.

A critical part of this programme lies in recognition and reward for the excellent work that our team delivers. Now in its second year, we have expanded our Celebrating Clancy programme of internal awards and have been delighted to receive over 3,000 nominations from across the business for the latest round. This is just one part of our wider development of our Clancy Way programme to embed our vision and values in the business.



### Doing the heavy lifting at Leicester Square

The year saw us move towards completion of the major renewal of UK Power Network's substation in London's Leicester Square. The project, which is set to complete later in 2022, has seen the installation of three new 100-tonne transformers beneath one of the capital's most famous public spaces – requiring careful and constant engagement with businesses and residents in the city of Westminster.

Paying a fair wage in the context of rising inflation is important to ensure we and our sector as a whole remains attractive. While recognising that the rate of general inflation is substantial, over the year we initiated a cross-business minimum increase in pay for all employees of 4%. This follows a minimum 2% increase in the previous year and comes in addition to performance-related recognition for individual employees as they progress in their careers with us.

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

The need to decarbonise our industry has become ever clearer in a year that saw world leaders gather in Glasgow for the COP26 climate conference. Through our business plan we have committed to achieving net zero emissions by 2030. This aligns with our clients in water and energy in being twenty years ahead of the national UK target of 2050.

The 2020-21 pandemic year saw an exceptional fall in overall emissions and for 2021-22 we have seen a slight rebound. While still below those of 2019-20 when normalised for turnover, we recognise the challenges in accelerating decarbonisation to meet our targets. Reflecting the need for leadership and accountability as we drive this agenda, we have appointed a new role of Head of Sustainability – reporting to the Board – who will take the lead on delivering a comprehensive and measurable route-map to net zero.

The most significant area of focus for us remains the electrification of our vehicle fleet, which makes the greatest contribution to our direct carbon footprint. This has included a renewal programme for our company cars to switch those at the end of their lease cycle for new electric vehicles, with over 70 cars on order as of year-end. Disappointingly, our objective to have 20% of our cars fully electric by the close of 2022 is being challenged by global supply chain delays, but we remain committed to our overall aim and to this end have installed EV charging points across our office portfolio.

Making the switch to commercial EVs is more challenging because of the power and range requirements for our light and heavy goods vehicles (LGVs and HGVs). We have a similar challenge with our specialised plant. We are working with leading manufacturers within the sector on trialling new equipment including for battery electric vehicles (BEVs) and hydrogen fuel cells, with the expectation that we can be an early adopter of new LGV, HGV and plant technology as it comes forward. The results of these partnerships are already bearing fruit, with several 100% electric light vehicles delivered since year end and increasingly widespread use of hydrogenated vegetable oil (HVO) as an alternative to diesel on key contracts for HS2 and Anglian Water.

While these areas rely on cooperation and product development within the supply chain there are others where we are able to take direct action on carbon emissions. On vehicle movements this includes focusing on operational efficiency to optimise driver patterns and work scheduling, significantly cutting back on non-essential travel and we are also investing in our office portfolio. In the year we successfully completed the refurbishment of our Harefield and Dartford offices, including the installation of a new air-to-air heat pump system at Harefield which will contribute to a significant reduction in our gas usage.

#### 4. Acting as smart investors

During the year our turnover returned to levels equivalent to those seen prior to the pandemic, with a year-on-year growth of 14.8% to £293.0m. Our profitability has remained strong, with a pre-tax profit of £10.6m (2020-21 £11.1m).

While the overall trajectory in profitability over a number of years remains positive, the slight fall over the year reflects specific challenges within one of our water contracts. We are pleased to report that since year end we have successfully realigned our activity on this framework to make it sustainable going forward. In line with our collaborative approach, we are now delivering positive results for both parties.

The third critical financial measure for us is maintaining our strong cash position. Here we have continued to perform well through the twelve months, achieving an operating cash inflow of over £6m that allows us to continue operating with minimal external borrowings against a backdrop of interest rate rises.

We face a complex economic environment and while the majority of our contracts provide a degree of protection against rising costs, we are alive to the risks associated with a high level of sustained inflation. These risks are common across our sector, but we believe our strong financial position together with our reputation for delivery, a dedicated workforce and a secured forward order book in excess of £1bn means that we remain well-positioned for the coming period. I am confident that this secure financial base and our ability to act independently will allow us to achieve further success both in our core business and new commercial opportunities through 2022-23.

#### Supporting growing families – driving social value

These four pillars support our mission to make life better for growing families across the UK. Beyond our direct impact on the families that work within our business, our activity affects communities up and down the country. Our job is to ensure the performance of infrastructure networks that keep families connected, through new investment, proactive repair and essential maintenance. We also forge strong partnerships with local supply chains that contribute in turn to the wellbeing of households and communities. Within the year we have begun a partnership with Social Value Portal to understand this activity in a more comprehensive way, allowing us to shape our business for the future.

Alongside these operational impacts, we have continued to actively find ways to give back to local communities that are significant for us as a business and for our team. Now in its second year, we are proud to have been able to provide £100,000 in support through the Clancy Foundation for a range of charitable causes within the year.



#### Supporting the Lighthouse Club

During the year we have been proud to support a wide range of important charities and causes through the Clancy Foundation. We partnered with industry charity the Lighthouse Club, which provides emotional, physical and financial support to those working in the construction sector. A major highlight of the partnership has been as lead sponsor for the Club's Four Peaks Challenge which saw over 40 individuals take on four of the UK's highest mountain summits within 48 hours to raise funds for the charity. Our sponsorship helped raise a total £52,000 for this important cause.



#### Goal 17

While the Foundation reflects a major investment from Clancy, it is just one part of our wider contribution to communities in the form of donated funds as well as time. Working with the London Irish Foundation, which is the charitable arm of the London Irish Rugby Club, 11 members of our team have been trained as mentors through the Goal 17 initiative. The programme provides support for young people who show talent in rugby but need guidance in other areas of their lives.



#### Celebrating Clancy

Now in its second year we have seen our Celebrating Clancy awards programme go from strength to strength over the twelve months. With categories open to all employees across our 2,300-strong team the award categories recognise excellence in line with our five values: to be ambitious, to be innovative, to be easy to do business with, to do what we say, and to care about people and planet. Having established the programme in 2020 we brought winners from individual teams together for a 'best of the best' ceremony at our head office in Harefield during October.



# Operational review

The year has seen continued success from our teams across the country, supporting clients as they seek to deliver energy and water networks that are resilient, effective and fit for the future.

Through our long-term frameworks, we continue to benefit from clear visibility of work programmes in line with national regulatory periods. The English Water Asset Management Period (AMP 7) is now in full flow, running until 2025, and plans are underway to transition our framework activities in energy into the new distribution network management period ED2 from 2023 until 2028.

At the same time, we are acting on our strategy to diversify and leverage our expertise in capital projects. Through the year this has seen us continue to build on our work with key clients across energy, rail and wastewater while also increasingly engaging with new sectors including the renewable power and telecommunications. We are optimistic that a number of these engagements will come to fruition in the coming year.

Our strength as a business has been recognised in a series of awards during the year, including being shortlisted for the Construction News awards as contractor of the year, and Anglian Water's own awards for our work across its alliances. Reflecting our experience in pipeline projects, we secured the Utility Week award for Capital Project of the Year with our ground breaking new wastewater scheme in Cirencester for Thames Water. We were also named Team of the Year for the work we carried out alongside Kier on Anglian Water's smart metering programme.

## Energy

Within the energy sector the transition towards net zero and greater energy security for the UK is driving investment within the transmission and distribution networks.

Throughout the year our longstanding partnership with UK Power Networks across the south east has continued to see us act as lead partner on major capital programmes, delivering approximately £35m annually through projects such as the flagship renewal of substation capacity in London's Leicester Square in addition to greater volumes of activity in the home counties south of the capital.



### Excellence in capital delivery – success at Utility Week awards

We were delighted to be recognised at the industry-leading Utility Week awards – securing the award for Capital Project of the Year for our work with Thames Water at Chesterton Farm in Cirencester. The ground-breaking wastewater project has seen us deploy innovative plant and trenchless techniques to deliver 3.8km of gravity sewer that is supporting a new pumping station – ultimately enabling delivery of new homes across the district.



### Preparing for an electric future – new substations for East Ham

Our work with UK Power Networks' ED1SON Alliance is continuing apace in London to deliver a rolling programme of £8.5bn of upgrade and renewal works that will support the capital's long-term growth. At East Ham, our work to build a new substation with three 132kv transformers is enabling the development of new homes and preparing for the roll-out of electric vehicle charging points as the UK heads towards net zero.



» New substation construction in east London.



» Working with EKFB joint venture in Wendover.

In the north east we have seen expansion of our work with Northern Powergrid ahead of ED2. At the end of the calendar year we announced that we had been successful in securing a new three year extension to 2024 for our contract delivering cable engineering services, with the addition of a new remit for a 24-hour faults service for asset restoration and repair across Northern Powergrid's Northeast Licence Area.

The expansion of our role is testament to continual improvement in service delivery and has seen us bring on 28 new team members to support the renewed framework, with flexibility to redistribute resources across the different scopes of activity as necessary.

Looking ahead, the industry is gearing up for a wholesale recalibration of existing infrastructure in response to the growth of renewable power inputs at both a national and local level, and the requirement for greater electrification of transport networks. With credentials to support major power connections up to 132kv, we see significant opportunities to support clients in meeting the challenge, bringing the benefit of our independent operating model and diversified skillsets across utilities and capital works to deliver the substation, cable connections and electric charging infrastructure needed.



#### **In the front line against Storm Arwen**

Alongside Northern Powergrid, our north east team worked around the clock to restore power to homes and businesses in the north east following the major disruption caused by Storm Arwen in November 2021.

## **Water and wastewater**

The water and wastewater sectors face significant challenges to deliver critical investment into the network. These range from resource management to mitigate the effects of drought, to protecting sensitive ecosystems. Our long-term secured repair and maintenance frameworks mean that we are well placed to provide the skills and resource to support these objectives.

In the year we mobilised our major new partnership with Scottish Water for the SR21 regulatory period. With the prospect to run until 2032, we have successfully transitioned to a new working relationship across a joint maintenance and repair model for both water and wastewater across the country, including successfully bringing new employees into our Scottish business. Going forward we are working with the client to understand where we can use our national coverage and localist delivery model to support other workstreams.

These moves repeat the success of our long-term delivery models in England, where we have now finished the second year of the current AMP7 regulatory period with the majority of contracts secured through to 2025. As the impacts of climate change are felt in the UK through drought, flashflooding and pressure on wastewater networks, we are responding to growing volumes of capital investment coming forward. A notable example of this has been securing our first works package under Thames Water's capital infrastructure framework, which has mobilised following the year end.

Alongside greater prioritisation of capital investment, there is a fundamental need to deliver efficiency gains within maintenance and repair activity. A good example of this is our growing use of no-dig technologies with Anglian Water on wastewater leakage. As the industry begins to respond to Ofwat's new price review process – PR24 – we anticipate that ever-greater priority will be given to environmental sustainability in the coming period, and are preparing accordingly.



#### **Sustainable site set-up at Wendover**

As part of the world-leading HS2 supply chain we have invested in sustainability across our site operations. At our Wendover site, working with EKFB, solar pods provide electricity for our equipment, while our plant is powered by hydrogenated vegetable oil.



» Supporting the smooth running of COP26



## Civil engineering

The year has seen us expand our activity to support major civil engineering and development programmes, leveraging our own civils expertise alongside specialist utility skillsets.

Over the course of the twelve months we have broken yet more ground in support of HS2 as the largest infrastructure project in Europe continues apace. Our work on the project sees us support three joint ventures as part of a sophisticated UK supply chain.

Working at London Euston, we successfully completed our long-term programme of enabling works with Costain Skanska (CSJV) in October. We continue to work in the capital supporting SCS JV (Skanska Costain Strabag) both around the main terminus and in west London. Having established ourselves as the supply chain partner of choice for SCS JV, this programme is seeing us deliver preconstruction and design work alongside our contracting teams across a complex series of utility diversions and asset strengthening around the railway route.

The year has also seen us begin ground activity with the EKFB joint venture (Eiffage, Kier, Ferrovial Construction and Bam Nuttall) as the route passes Aylesbury, as well as in the Chiltern hills, where we are delivering a growing programme of utility diversions to allow the main works to proceed.

Across our major infrastructure works team we have demonstrated our ability to mobilise and build teams through our direct employment model and a network of specialist partners. Having established strong relationships we are well-positioned to support the future investment that is planned and committed within the UK rail and road network, as well as for new developer-focused partnerships.



## Protecting waterways in West Sussex

The year under review has seen our Southern Water team deliver two new wastewater pipelines in West Sussex as part of a major overhaul of treatment infrastructure around Horsham.

The 12-month project will support higher water quality in line with the goals of the National Environment Programme by intercepting outflows from two wastewater treatment works at Faygate and at Warnham – passing discharged water to a larger modernised works. Our role in the project has been to build 6.25km of cross-country pipeline, while navigating a number of significant infrastructure and environmental features in the landscape.

Deploying our expertise in trenchless technology, we were instrumental in redesigning a critical under track crossing beneath the mainline railway line. Our team put forward and delivered a plan to increase pipeline depth beneath the railway to 5 metres from 3.4 metres – minimising the risk of disruption for Network Rail and ensuring Southern Water's programme remained on track.

## Improving outcomes for clients and their customers

During the year we have established our cross-business operational excellence programme – working with teams across our sectors to champion and roll-out learnings that benefit both our clients and their stakeholders.

The programme leverages our scale and broad experience as a 2,300-strong business, putting our values of being ambitious and innovative at the heart of our work. The function spans all areas of our activity – from health, safety and wellbeing, to value for money and customer experience.

A major highlight from the programme has been to deliver a 139 per cent increase in our use of suction excavation for clients across the UK. Rising to the challenge of current cost base pressures and the need to achieve ever-greater efficiency, our 7-strong fleet of suction excavators enables us to undertake jobs more quickly, reduce the footprint of our site set-up and securely and safely manage arisings from groundworks.



» A suction excavator on site at London Euston

## Traffic management

Our traffic management division has continued to grow over the twelve months, and we have invested in the talent we need to continue ongoing expansion of our work both by client sector and geographically. Having historically been focused on services for our long-term utility frameworks, we have successfully secured standalone framework wins as well as supporting the wider contracting industry.

Continued investment in our Associated Management System (AMS) has supported this growth, providing our field teams and by extension our clients with visibility over asset performance which is delivering greater performance across the network. This emphasis on efficiency has been a key factor in ensuring the success of high-profile projects over the year, including our work at the COP26 conference in Glasgow.



### Keeping Glasgow moving through COP26

In November 2021 world leaders met in Glasgow to agree binding targets to curtail CO2 emissions. Our fleet of solar-powered variable message signage (VMS) was waiting for them. Glasgow's main expressway was closed to accommodate the event, so our signage was there to ensure that delegates and residents alike could plan ahead and move through the city easily.

## Plant

Demand for modern, industry-leading plant and equipment has continued to rise through the year as clients seek solutions that are more cost-efficient, reduce disruption for customers and meet growing expectations around sustainability on the road to net zero. The twelve months saw us complete a major two-year programme to upgrade our plant and vehicle fleet, with £43m of new assets put into use.

Important areas of focus have been in suction excavation and the latest reinstatement equipment to enable our teams to work more safely and more quickly, minimising disruption for customers.

Looking ahead, we are maintaining our investment in a more sustainable fleet in reflection of our and our clients' commitments to reduce carbon. Over the year we have installed electric vehicle charging points across our depots to service our growing fleet of smaller vans, cars and electric excavators. We have continued to trial the use of hydrogenated vegetable oil as an alternative to diesel, and are successfully now using this within plant on key contracts for HS2 and Anglian Water.

Adapting larger heavy goods vehicles safety and with appropriate power capabilities is a greater challenge for the industry as a whole. We have established partnerships with both existing leaders and emerging players in these technologies with the ambition to help them develop and trial next generation vehicles.



### Electrifying our fleet

The year has seen us invest in electric vehicles, with over 70 vehicles on order at year end.



### Wastewater diversions to keep HS2 going full speed ahead

Working at London Euston we've maintained momentum through the year on a complex programme of key utility diversions needed to enable the new railway to be built. At Harrington Street this has included exposing and reconfiguring the Victorian sewer system to manage a new orientation in wastewater flows through the neighbourhood.

Within the extremely constrained urban environment of homes and businesses, we identified an opportunity to speed up delivery of the works by removing a complex series of concrete pours that had been initially proposed to create the new sewer chamber, working with alternative materials and construction methods to reduce time required at site.



# Our impact



Our business model ensures that we are always thinking about the future and the long-term impact that our work has on our people, the communities we serve and the environment. Through the year this has seen us continue to invest in our teams through training, systems and above all in a culture shaped by our values.

## Safety

Keeping people safe is our highest priority and over the twelve months we have seen ongoing improvements in our performance across the board. This is being driven through a combination of senior sponsorship, supervision and operational training.

In April 2021 we appointed a Director of Health, Safety, Quality and Environment. Reporting to the Chief Executive Officer and presenting to Board meetings, the role has been instrumental in reinforcing our One Clancy standard for our activity across these areas, developing new strategies and ensuring a clear chain of responsibility and oversight from the Board to individual team members at all levels of the business.

Through a culture of continuous improvement this structure allows us to closely monitor and target performance across risk areas within our work.

As part of our continuous improvement programme we have reviewed our safety KPIs and included RIDDOR incidents as a key performance indicator in this year's review alongside service strikes [below, page 21]. Focusing on RIDDOR events aligns with industry standards, reflecting the significance of these incidents as well aligning with what is reportable to the Health and Safety Executive, which we refer details of all RIDDORs to.

RIDDOR occurrences remained low over the twelve months showing an accident frequency rate of 0.1 per 100,000 hours worked. This shows a marginal increase in rate compared to 0.09 in 2020/21. In real terms this reflects seven incidents compared to five in 2020/21. While the overall rate remains significantly below the industry average, driving further improvement through training and a culture of zero harm remains a critical priority.

Service strikes, where damaging buried or overhead services creates significant risks to our people, supply chain and members of the public, has remained a key focus. In the period under review we have continued to demonstrate progress while still recognising the need for constant improvement.

Our service strike rate fell from 10.23 per £10m of turnover in 2020/21 to 9.93 in 2022/23. Whilst the in-year decrease was modest, it shows a continuation of the downward trajectory from 11.84 in 2019/20. We will continue to operate an intensive care process with additional oversight for any business areas not showing the expected improvements – enabling us to continue to bring this figure down.

In addition to the two primary performance measures outlined above, we've also delivered a significant reduction in the frequency rate for lost time incidents (LTIs) which fell by 50 percent to a rate of 0.10 per 100,000 hours worked.

A critical factor has been a sustained programme to interrogate and address causes of slips, trips and falls – which constitute 83 per cent of all LTIs – through review of sites, depots and vans where the vast majority of these incidents occur.

The new structure established for oversight over health and safety is supported by investment in new reporting systems. Using data visualisation software we have been able to communicate trends in safety performance more consistently and clearly through the business, in turn enabling us to target resources, spend and efforts based on data. Through our operational excellence programme we have established a Zero Harm working group, sponsored by our Health, Safety, Quality and Environment Director with representation from our framework directors to review data and develop cross-business programmes.

This emphasis on communication has also continued to be reinforced by undertaking a full company stand down for safety – the first in our company history – following year end. The Raising the Bar conference focused on a series of health, safety and wellbeing themes with a keynote internal speaker and internal leadership from the Board.



### Industry recognition in health and safety

Reflecting our achievements over the year as well as our future investment in a culture of safety and wellbeing, we have been awarded the RoSPA Gold Award for health and safety performance during 2021.



### The best equipment for safe working

Through cross-business working and engagement with client best practice we have continued to take opportunities to invest in new equipment to address specific challenges in our work. Over the year this has included a new range of innovative flexible Arc Covers to reduce the risk of arc flash – where electricity can create a dangerous current arc during utility works. These new variations on a longstanding part of our toolkit ensure greater protection when managing complex multi-utility sites. On our HS2 contract at Euston we identified a critical risk around audibility of on-site communication and have rolled-out EAVE ear defenders which include a microphone and speaker for communicating with team members while protecting against high decibel levels.

## Our people

Our commitment to a direct employment model is a differentiator within the UK infrastructure sector and we have worked through the year to ensure it delivers benefits for our clients. One of the most significant of these benefits lies in skills and training, ensuring that our people have the right tools and capabilities to navigate an increasingly complex and rightly rigorous construction sector. For individuals and their families, this emphasis opens up strong career paths and provides a compelling proposition to both join and remain in our industry as we deliver smarter, greener infrastructure.

### Embedding our vision and values

Our approach embeds a strong culture of difference and identity across our team. We launched our vision and values in 2020 – the Clancy Way – and have worked through the twelve month period to ensure these are reflected in everything that we do.

Leadership on this front comes from within our business. Taking lessons through the pandemic in 2020-21, we have continued to deliver quarterly updates from the Chief Executive via MS Teams covering business performance, areas of investment and sharing experiences.

One of the most prominent expressions of our investment in the Clancy Way has been our Celebrating Clancy awards which recognise individual and team achievements on a local and Group basis. In the most recent round of entries we were delighted to receive over 3,000 nominations from team members for their colleagues and have introduced six new awards for 2022 in recognition of the growing variety of contributions being made.

### Wellbeing

Recognising excellence contributes to our wider programme to support employee wellbeing, recognising the impact that the pressures of working life have on individuals and ensuring that mental health is given the same status as physical safety.

### The Danny Card

In the January of 2022 Danny Dawson tragically took his own life after a long battle with mental illness. Danny had recently started at Clancy where his mother and uncle both work, and his death has had a profound impact across our team. Determined that the family's loss would not be in vain, Danny's uncle Chris has spearheaded an initiative with the Clancy Cares team to roll-out a bespoke-designed mental health awareness campaign across the business in the form of a new 'Danny' card which goes to all employees. The card is hard-wearing and credit-card sized with an easy to recall message along with contact details for a series of charity partners and internal resources providing support on mental health:

**D** = do you need to talk?  
**A** = are you okay?  
**N** = need a friend?  
**N** = need a chat?  
**Y** = you're not alone

Through the year our Clancy Cares team has delivered targeted programmes on topics including stress awareness, fostering a culture of openness and being able to share experiences. In this we have been supported by our investment in our intranet – One Clancy – as well as utilising our toolbox talks programme.

Our commitment to team culture and supporting employees is reflected in our success in securing our Investors in People – Silver – accreditation during the Spring of 2022. We are continuing to build on the outcomes of the liP survey by undertaking a series of Clancy Voice sessions, aimed at ensuring all our employees have an opportunity to have their say.



» Our Women of Clancy event in March saw contributions from industry partners including Women in Utilities and Energy & Utility skills.



### Diversity and Inclusion

Ensuring that people from all backgrounds and walks of life can be successful in our business is essential for our culture as an organisation and to attract people into our industry. Having established our Diversity & Inclusion Council and Charter in 2020 the past year has seen the continuation of our programme of activities across our team, as well as in partnership with external organisations specialising in this area.

A highlight of this programme has been the launch of our Women's Network, which seeks to bring together women with different experiences and backgrounds to provide support and promote opportunities for successful careers in construction and infrastructure. Activity as part of the programme has included showcasing stories on career progression using One Clancy, external communications channels and establishing a lunch-and-learn initiative open to all employees on the menopause. A key highlight of the programme has been our Women of Clancy event in March 2022, with guest speakers on key topics to provide guidance and to launch the Network.

Through the year we have also maintained our activity to ensure we are well-placed to attract diverse new talent into our business. This has included achieving Silver status with the Armed Forces Covenant, reflecting our commitment to recruiting and supporting veterans of the armed forces.

### Attracting new talent

Over the year we have continued to strengthen our direct recruitment model, taking greater ownership of our talent pipeline. Managers across the business have been given more accountability to play an active role in recruitment, with access to our applicant tracking system (ATS) Peoplebank. This is reducing administration and time through quicker decision making by hiring managers, while still benefitting from the leadership and resource of our central team.



### The Armed Forces Covenant

Having first signed up to the Armed Forces Covenant in 2019, we successfully secured next-level silver status as part of the programme during the year. We work to build links and career opportunities for former members of the armed forces, helping manage a transition to civilian life after serving the country. As part of our commitment, we guarantee interviews for ex-service personnel with transferrable skills, support and mentor new recruits and provide special leave policies for serving reservists.

In the context of a challenging recruitment market where personal investment and company culture is playing a stronger role in attracting employees than ever, we have also worked hard to innovate in how we bring people into the business. Key highlights in this area have been the successful recruitment campaign for Assistant Leakage Technicians as part of a joined-up programme on our Anglian Water framework, and establishing our Passport to Operate programme which enables non-specialist individuals to join the business on a fast-track programme where critical skills are gained through an accelerated training programme.

### Investing in industry-leading systems

Over the year we have continued to invest in systems that support our direct employment model across diverse roles and individual client contracts. This includes a brand-new HR and Payroll system MyView which provides a self-service platform for employees to see and manage their holidays, overtime, personal details and payslips in an easy user-friendly platform.

### Graduate success for Anglian's team of ALTs

On the back of the pandemic we identified an opportunity to accelerate fulfilment of 37 fixed term contracts for Assistant Leakage Technician (ALT) roles within our Anglian Water framework through a highly targeted advertising campaign. While not typically a role that would be targeted to recent graduates, with the COVID travel restrictions in place affecting the choices made by students after completing their studies, we advertised roles across job boards and digital channels focusing on the call to action to 'start your career in the water industry' with the opportunity to try it out on a fixed term basis before potentially securing a longer term role if desired. Based on candidate profiling, adverts emphasised the environmental credentials of the role and the ability to get hands-on quickly.

The success of this phase of the campaign was demonstrated by its engagement, with 16,000 people reached through one Facebook post alone, compared to a maximum of 3,500 for previous programmes. Having attracted candidates, we then established a series of fast-paced assessment screenings to streamline applications and focus on the strongest candidates. This meant that whereas previous benchmarks for the ratio between interview to offer was 5:1, for this campaign we achieved a ratio of 2:1.

The roll out has involved extensive communications and training of employees across the business on a monthly and weekly basis. It will also provide better management information from which to make decisions as well as an effective and reliable payroll system. This supports our drive to provide a positive employee experience making life easier and smoother for all, and reflects our value of being easy to do business with.

### In-role training: innovation with our Passport to Operate

With skills shortages being felt within our Thames Water Infrastructure Alliance joint venture we established a programme designed to target potential employees through in-role training, enabling candidates with no prior experience within the water and utilities sectors to be fast-tracked into our business. The Passport to Operate Scheme sees candidates undertake a condensed 12-week period of classroom training within our Clancy Academy, alongside site-shadowing and practical experience – with essential modules including areas such as water hygiene, first aid and safe excavation practices.

Intended to focus on candidates with prior industrial experience but without prior knowledge of our sector directly, the programme has attracted a range of employees, from those with construction expertise, site work and labouring, through to wider industries such as the automotive market in the Swindon area. Following early successes, we are continuing to support existing cohorts as they build on their experience with a career at Clancy.



### Supporting veterans with Anglian Water

Our Anglian Water team took leave of their usual duties to organise a breakfast for veterans from the armed forces community at Saltersford in Lincolnshire. Taking our cue from a traditional 'end of exercise' celebration that is common within the forces, the event provided veterans with an opportunity to meet, share stories and maintain a sense of community that is such a feature of military life.

## Delivering social value

As a business, the work we do makes a significant contribution to society: through the provision and security of essential infrastructure; through the training and skills we bring to communities; and through economic and personal benefits that we provide through being a direct employer. Over the year we have worked to put new tools and processes in place that will enable us to quantify and measure this value to a greater degree, in line with an infrastructure-wide journey to establish and champion social value.

Within the year we have established a partnership with leaders in this field, Social Value Portal. We have begun deploying an established industry methodology to help report and measure social value – ensuring we are focused on targets, and our actions are evidence based and impact driven. The Social Value Portal follows the national TOMS framework which provides a robust, transparent approach to measurement and allows us to compare our performance by sector and to benchmark against other leaders in our field.

Through this programme we have identified specific areas of focus over the next 12 months. These include an emphasis on:

- Skills – including creating more opportunities for those from less advantaged backgrounds and focusing on improving employability of young people.
- Responsible growth – committing to extending our programme, detailed in the previous section of this report, around employee wellbeing; shaping procurement activity to ensure it is ethical and supports smaller businesses through our supply chain; and delivering community support through local team-led initiatives
- Environment – continuing to reduce our carbon emissions on our journey to net zero, and ensuring our activity safeguards the natural environment.

The nature of our business, with locally-based teams supporting major projects and geographic frameworks, provides us with the opportunity to act on these priorities both at a group-wide level and through targeted local programmes. This includes projects like the one we have undertaken with the London Irish Foundation – Goal 17 – to train 11 members of our team as mentors to support young people showing talent in rugby while needing guidance in other areas of their lives.



### Supporting skills and community

Our objective to support youth employment has seen us maintain programmes of engagement with local education establishments over the year. Through our work with HS2, this has included delivering mock interviews for year 10 students at local schools – Swakeley's School for Girls in Uxbridge and Nower Hill School in Pinner; contributing to a years 8-13 careers event at Queensmede School in Ruislip; and giving a guest lecture to university students as part of an employability session.

We have also maintained our apprenticeship programme across the business through the year. Within our Northern Powergrid team our two apprentices Tristan Grant and Millie Tate have not only built their own skills but brought new perspectives and areas of expertise into the contract, as we match new talent to our company's future needs. Tristan and Millie's achievements have been recognised with nominations for our Clancy Awards and we are now seeking to replicate this success with further apprentices for the new financial year. In addition to the apprenticeship model, we have also sought opportunities to deliver training experiences in other ways, including through college placements into our HS2 programme.

### National Themes Outcomes and Measures framework: TOMS

- Consistent approach to measuring and reporting social value
- Robust, transparent and defensible methodology
- Benchmarking against wider industry, allowing for continuous improvement
- Enabling confident decision-making to embed social value with corporate strategy.



» Through the year we have rolled-out electric vehicle charging across our office portfolio.



### Charitable giving and the Clancy Foundation

During the previous 2020-21 year we launched The Clancy Foundation as part of our commitment to making life better for growing families. Now celebrating its first year, the Foundation is fully established and supporting a range of community projects and organisations – donating to specific causes within the sector but also matching fundraising efforts from within our business.

Notable beneficiaries of Foundation support have included the Lighthouse Club, which provides emotional, physical and financial wellbeing support to the construction sector. As part of our partnership with the Club we were pleased to act as main sponsor for a challenging Four Peaks climb, which saw members of our team conquer four of the highest mountains in Scotland, England, Wales and Ireland within 48 hours. In total, the event raised £52,000 for charity through a combination of our sponsorship and funding raised by those undertaking the challenge.

Funding has also been delivered to men's health charity Movember, child disability charity Beams, the Ronald McDonald House Charity, Rennie Grove Hospice, Carers Trust and Harefield Library. As we approached year end and the beginning of the war in Ukraine we also sought to contribute in a small way to the work that the Red Cross is delivering for the Ukrainian people, with a donation of £20,000 from the Foundation.

One of the objectives behind the Foundation has been to support causes that are important to our employees and their families and within the coming year we have committed to bringing volunteers from across our wider team as employee representatives.

Beyond the Foundation, we continue to also identify opportunities for direct charitable giving. This has included our Northern Powergrid team raising funds over the year for a number of local causes in the north east, in addition to making donations of recycled office furniture to a Sunderland shelter.

### Environmental sustainability

We have continued to take steps to secure the reduction in our carbon emissions and play our part as a business in a global race to net zero, while also strengthening our work around environmental protection. Maintaining this momentum will continue to require not only major investment by us, but collaboration across our industry and with supply chain partners – most notably in the manufacturing sectors on which we are dependent. To support this, we have strengthened our sustainability and environmental team, appointing a new head of sustainability at year end.

#### Decarbonising construction

Across our business we are aiming to achieve net zero carbon emissions by 2030. This ambitious objective is 20 years ahead of the national target, reflecting commitments made by our core client base within energy and water. It will be challenging and we have faced a series of headwinds in achieving these reductions over the 12 months.

After an exceptional year which saw overall emissions reduce through the pandemic, our total emissions for 2021-22 sat at a total of 22,809.81 tonnes of CO<sub>2</sub> (tCO<sub>2</sub>e). When adjusted for turnover this equates to an intensity ratio of 77.85 tCO<sub>2</sub>e per million pounds, compared to 75.19 tCO<sub>2</sub>e for the previous year. More information can be found in our Streamlined Energy & Carbon (SECR) report on pages 70-71.

While this still sits below the prior – pre-pandemic – year, we recognise that we will need to work ever harder to achieve our decarbonisation targets. Supported by our expanded sustainability team, our focus for 2022-23 will be on evolving a carbon route map to achieve our objective of becoming net zero by 2030. Building on our activity to date, this route map will align with the recognised Science Based Targets (SBT) approach.

### Energy and fuel usage

Significant areas of focus within the year have included reducing energy usage across our premises and investing in a new generation of electric vehicles. During the twelve month period we completed refurbishment works at our Harefield and Dartford office including improving glazing, installing LED lighting and new modern heating, ventilation and air conditioning (HVAC) systems. We will be able to report on overall energy consumption and carbon emissions as a result of these changes in next year's report but are anticipating at least a 20% improvement in carbon emissions in our head office.

On fuel usage, we initiated a further phase of our ongoing programme to replace company cars with battery electric vehicles (BEVs) as leases come for renewal – with 82 vehicles ordered by year end. Non electric vehicles within this part of our fleet are now authorised by exception only. Our ambition for the course of 2022 has been to have 20% of all our cars fully electric and while global supply chain disruption is presenting challenges to achieve this goal, we remain committed to an ongoing roll-out programme.

We are also rising to the challenge of supporting a shift to electric light good vehicles (LGVs), specialist plant and heavy goods vehicles (HGVs) – where manufacturing partners are working to solve barriers over vehicle performance when it comes to the power and range required for these types of vehicle. While we are dependent on advances within our supply chain, we are committed to collaboration with partners to help identify solutions. This has seen us work with both existing leaders and new entrants to the market to establish use cases and trial alternative vehicle models for both fully battery-powered electric vehicles (BEVs) and investigating hydrogen fuel cell based range extenders. Following year end we are pleased to have received three more second-generation 100% electric light good vehicles.



Alongside these major areas of investment, work on driver patterns, work scheduling and the use of technology to optimise vehicle movements is ongoing and will continue through next year as a contributing workstream within our decarbonisation routemap.

Within specialist plant, we have successfully trialled switching from diesel to hydrogenated vegetable oil (HVO). This fuel type is now in regular use across our HS2 contract and we are now identifying how we can expand its use further. This will be done where the fuel is available without adversely compromising cost or ethical considerations regarding the provenance of the fuel. Over the coming year we have plans in place to undertake an extensive appraisal of our plant and equipment inventory to identify specific lower carbon and alternative fuel options without compromising on performance when compared to traditional sources of power.

### Material usage

After fuel, material usage is one of our most significant contributors to construction emissions and we have taken steps through the year to reduce and minimise the carbon footprint in this area. This has included engaging with our concrete suppliers to obtain more detailed information on carbon intensity, as well as investing in leading telemetry and light detection and ranging (LiDAR) systems to establish more accurate profiles of excavation operations that avoid over-dig. For suitable sites we are exploring mobile crushing and grading plants to maximise the reuse of onsite materials.

As with fuel emissions, contributing to wider industry expertise is an important part of our strategy to understand and inform wider practices that will deliver net zero. Our activity on this front includes partnering with The Climate Group and the World Business Council for Sustainability and World Green Building Council on their Concrete Zero initiative – where we now sit as one of five members on its expert advisory panel. We also provide representation on the Technical Assurance Panel (TAP) for the revision of PAS 2080:2022 Carbon management in buildings and infrastructure.

### Environmental protection

Preserving the environments that we work within is an essential part of our sustainability agenda and a reflection of our value to care for people and planet. Through the year we have continued to enhance operationally-led environment and sustainability management plans which align our ambitions to those of our clients – establishing a continuous improvement pathway for our work to protect habitats and ecosystems.

Waste management is a central pillar of this activity and we have initiated a roll-out of the BRE Smartwaste tool across our business activities. The tool ensures we can quantify our waste, identify opportunities to reuse material across our operations, and make more informed decisions on our options for the disposal of arisings where this is necessary.

### Key performance indicators

The group has consistently measured its safety, operational and financial performance over the 52-week period ended 3 April 2022.

#### Safety Performance

- Service strikes. Overall the period saw a total of 291 strikes, equivalent to a rate of 9.93 per £10m of turnover.
- RIDDOR events. Our accident frequency rate for RIDDOR injuries against hours worked for the period saw a marginal increase from 0.09 per 100,000 hours worked in the previous financial year to 0.1 in 2021/22.

#### CO2 emissions

- Our total emissions for 2021-22 sat at a total of 22,809.81 tonnes of CO2 (tCO2e). This equates to an intensity ratio of 77.85 tCO2e per million pounds of turnover.



### Green card training

Investment in skills is essential to achieving our environmental objectives and through the year we have developed our own online environmental awareness course – Green Card. The training programme focuses on environmental conditions at our operational sites including for air, land and water. Initially mandated for senior employees at supervisor level and above, the course is now being expanded to all staff.

### Aquadam – investing in water course protection

Responding to an emergency mains water burst in Liss, Hampshire, our team was able to deploy the innovative Aquadam product to safely and quickly execute the necessary repair work. The leak took place where the mains infrastructure met a river bank, with the watercourse preventing access. The Aquadam works by using water from the site to fill two high density polyethylene inner tubes surrounded by a heavy duty geo-textile outer tube – this created a barrier which allowed for the watercourse to be stopped up and dewatered, and the team to then make the repair. As well as enabling the job to be completed efficiently, the Aquadam brings extra benefits by adding a layer of further protection against any contamination caused by silt or materials from the construction works entering the watercourse.

# CFO's review



Following a record year for Clancy in 2020/21, I am pleased to report that we have achieved another successful year in 2021/22, with revenue up by 14.8% to £293.0m, and pre-tax profit of £10.6m. We have continued to invest in our plant fleet, with capital investment in excess of £10m. Even after this investment we achieved an operating cash inflow of over £6m.



**Nick Blaber**  
Chief Financial Officer

In line with what we have previously reported, our performance turnaround has been achieved through close management of any loss-making contracts with a view to turnaround or exit. The slight fall in profitability seen year-on-year has been driven by challenges on one particular contract. This has been proactively managed and since year-end we have agreed a new collaborative approach with the client to make the contract sustainable for both parties.

As a family-owned business, our shareholders have a long-term view of the success of the company, and the year has been characterised by continued investment for the future. Alongside the capital expenditure on plant, we have spent £4.0 million over two years upgrading our core systems, with the new environment successfully going live in April 2022.

In line with our multi-year strategy to improve our cash position, allowing us to operate without borrowings, cash flow for the period was positive, reflecting ongoing healthy EBITDA cash conversion offset by a large capital investment programme.

At the reporting date, the net assets of the Group had a value of £46.1m (2021: £39.4m). The movement is made up of the profit for the financial period, movements in the defined benefit pension scheme, dividends paid and changes to the capital structure.

## Financial performance summary

	2022			2021		
	Continued operations	Discontinued operations	Total	Continued operations	Discontinued operations	Total
Revenue	£293.0m	-	£293.0m	£249.4m	£5.8m	£255.2m
Gross profit/(loss)	£28.0m	-	£28.0m	£26.2m	(£1.8m)	£24.4m
Profit/(loss) after tax	£9.1m	-	£9.1m	£10.4m	(£1.4m)	£9.0m

## Cashflow summary

	2022	2021
Net cash inflow from operating activities	£15.2m	£22.6m
Net cash (used in)/generated from investing activities	(£5.2m)	(£15.0m)
Net cash used in financing activities	(£3.7m)	(£7.5m)
Cash and cash equivalents at the end of the period	£28.2m	£21.9m

## Summary financial position

	2022	2021
Net current assets	£15.4m	£9.0m
Net assets	£46.1m	£39.4m

*\*Earnings Before Interest Taxes Depreciation and Amortization.*



## Pandemic

The Covid-19 pandemic has not had a significant impact on our trading for the year. Whilst some of our projects were stood down at the start of the pandemic, they were mostly restarted quickly and remained fully operational through 2021/22. Conversely, most of the work we carry out is committed in our clients' business plans, so not directly exposed to short-term economic trends.

## Capital investment

Capital investment in the year reduced from £19.9m to £10.2m. This reflects an exceptional level of asset replacement in the previous year, and a move towards greater use of fully maintained contract hire for our vehicle fleet. Nonetheless, it was a busy year for asset replacements, and including assets acquired under operating leases we brought 480 new vans, 56 traffic management vehicles and 21 HGVs into the fleet. This leaves us with a young fleet and consequently fewer replacements to fund over the coming period.

In line with the commitments made previously, we have introduced a new 'electric first' company car policy. The uptake among our people has been high, with 82 vehicles ordered by the end of the year, but the widely reported issue with semiconductor availability has restricted actual deliveries in the year to 10.

## Financing

During the year the Group did not renew its short-term borrowing facilities, as the strong liquidity position meant they were no longer required. The Group's principal financial instruments consist mainly of hire purchase and leasing liabilities which are due after one year. At the start of the year the Group also had a facility allowing it to draw down payment of sales invoices early from one customer, but this was also unused and has likewise not been renewed.

Credit and cash flow from trade receivables and amounts recoverable on contracts are managed through policies on payment terms and regular reviews of the balance and age amounts outstanding. Liquidity risk in respect of trade payables is managed by ensuring sufficient funds are available to meet amounts falling due.

## Pension scheme

Following the exceptional contribution of £2m made in the previous financial year, we saw asset values improve in line with the wider financial market. Along with our regular contribution of £0.4m in this financial period, this meant that the opening deficit of £1.7m was eliminated by year-end and, as reported under FRS102, the scheme was shown to be in surplus.

The long-term aim of the Directors remains to pass the scheme to an insurance company and this may require a further contribution from the Company at that point.

## Tax

Our corporation tax charge for the year of £1.5m largely reflects the impact of improved trading, with some impact from adjustments for prior periods. More detail is provided in note 11 to the financial statements (page 53). Of equal importance, our total tax contribution for the period was £68.3m. The increase over the prior year is due to our increased revenue and the corresponding step-up in VAT, PAYE and NIC collected.

## Going concern

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

- Liquidity. The business started the 2022/23 financial period with cash balances in excess of £28m and no net debt.

- Consideration of the Group's forward-looking forecasts covering the period to 2 April 2023 as well as long term forecasts covering the period to March 2024, based upon the Group's five-year plan, being the periods that the directors believe is the most appropriate to assess with any certainty at this time. These forecasts were then high-level stress tested based on a worst case and reasonable worst case trading scenario to identify what impact each of these scenarios would have on the Group's cash flow and financial position. Neither case resulted in the Group, requiring any mitigating factors, such as raising third party debt, to continue with its existing business operations and even under the worst-case scenario significant cash balances, circa £20m, were retained.
- 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 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 T Clancy  
Director

Date: 22 September 2022

# 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 global uncertainty resulting from high inflation, the war in Ukraine and supply shortages.

The Board is in turn supported by significant expertise within our wider leadership team, including a series of new appointments and internal promotions to energise 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 support 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. We reviewed the terms of reference for the Audit and Risk Committee and 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 Group's management and 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 28-29.

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 the Operating Board, which meets monthly.

## Operation of the Board

The Board meets regularly and there were 11 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 conducts 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 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 30.

### 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 31.

### 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 31

### 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 considered the effectiveness of the system of internal control for the period ended 3 April 2022 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 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

Meeting Attendance	Board	Audit & Risk Committee	Remuneration Committee	Nomination Committee
<b>No. of meetings</b>	<b>11</b>	<b>5</b>	<b>8</b>	<b>3</b>
Kevin Clancy	11	5	7	3
Matthew Cannon	11	-	-	-
Nick Blaber	11	-	-	-
Ian Gray	10	5	8	3
Mary Clancy	9	4	5	3

# Our team



## Clancy Group Holdings



**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 was promoted to the role of Chief Executive Officer 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.



**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 & Risk, Remuneration and Nomination Committees. Outside Clancy, Ian is a director of a number of companies.



**David Pegg**  
Company Secretary

David joined Clancy in 1993 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 growth and excellence within our heartlands of water and energy, alongside new opportunities in adjacent markets. As Executive Director his position supports the 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 met five times 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 Chairman. 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 2021 Annual Report and Accounts Financial reporting (including treatment of leases and Making Tax Digital)
- Audit Committee Terms of Reference
- Tender and appointment of new auditor
- Authority matrix
- Fuel & fuel card policy, and fuel usage
- Company credit cards
- External payment processes and BACS payments
- Cyber security
- Review of the Group risk register
- External audit plan and strategy for 2022 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.

## Non-audit services

The Company continues to separate the provision of external audit and annual tax compliance services.

## External auditor

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. Where such a tender takes place the Committee will 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. **During the year the Committee elected to tender the provision of audit services, and at the end of the process appointed PricewaterhouseCoopers LLP ('pwc') as auditor.**

To ensure the auditor's independence and objectivity, the Committee annually reviews the Group's relationship with the auditor, and the auditor is required to review and confirm its independence to the Audit and Risk Committee on a regular basis. The Committee is satisfied that the relationship between the Company and pwc is suitably independent.

## Audit process

In advance of each audit, the auditor will prepare 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 achieve this we offer them a basic salary and pension contribution that is fair, reasonable and affordable for the Group. They are incentivised to deliver profitability and cash generation by way of a discretionary annual bonus scheme and a long-term incentive plan, which reward the achievement both of annual targets and creation of value over the longer term.

## 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 eight meetings during the period under review. Attendance at meetings of the Committee by non-members is by invitation and at the discretion of the Chairman. The Chief Executive Officer and HR Director are invited to attend some meetings of the Remuneration Committee.

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
- Critical illness claims.

## 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 other Executive Directors. 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 and a long-term incentive plan, 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 three meetings during the period under review. Attendance at meetings of the Committee by non-members is by invitation and at the discretion of the Chairman. The Chief Executive Officer and HR Director are invited to attend some meetings of the Nomination 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 Head of Sustainability.

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, the Group 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 emerge in a strong post Pandemic commercial position and well placed to now deal with the twin challenges of rising cost inflation and a competitive labour market.

### 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 in many ways, and the period under review has continued to challenge and test our employees in many new ways. We have been delighted by the positive way in which our team have continued to respond to the challenges, and the level of engagement they have demonstrated.

Throughout the year we have continued to build on the initiatives we established in the previous period.

A series of live presentations were made by the Executive Team and senior managers, via Zoom, to the entire workforce to update on business performance and current initiatives from both an operating and wellbeing perspective. These are now established quarterly.

Celebrating Clancy awards throughout the business continue to give recognition to those demonstrating the behaviours and values we champion. Each business area nominates and chooses its winners, who then progress to a group stage where overall winners are chosen. In October 2021 we were able to hold a socially distanced awards ceremony for over 100 people at the company's headquarters in Harefield. The local award winners for 2022 were announced in March 2022 and we held an enlarged ceremony celebrating the national winners in July.

In October 2021 we introduced a new benefit for our weekly paid employees through the provision of group funded Critical Illness cover, providing continuation of basic salary for agreed periods of time where an individual is absent from work due to a critical illness.

### 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.

During the year the Group undertook an engagement roadshow with its key suppliers as part of its plan to revise its procurement pre-qualification processes and procedures and ensure that the process was properly communicated and understood ahead of the roll out in October 2021.

In this respect, our published Payment Practices and Performance reports show that for the six months to March 2022, the average time to pay suppliers from unrelated companies was 44 days and that 81% 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 2020-21 we launched the Clancy Charitable Foundation, with the aim of investing more directly in the communities where we operate. In 2021-22 we were delighted to be able to help make a small difference through our charitable donations to several charities including the Lighthouse Construction Industry Charity, Rennie Grove Hospice Care, and the Wycombe Youth Action Trust. In March the Group also offered financial support via a sizeable donation to the Red Cross in support of the work that organisation continues to do in Ukraine.

Our strategy has environmental impact at the heart, and we are investing heavily in techniques and technologies that will reduce the amount of waste and carbon in our operations. Our target is to achieve net zero emissions by 2030 in line with our customer base in water and energy. Following an exceptional year during the 2020-21 pandemic where emissions fell significantly, we have seen these climb again during the twelve months, albeit still at a lower level than in the pre-pandemic period. Following year end we have strengthened our leadership with the appointment of a new Head of Sustainability who will take responsibility – reporting to the board – for overseeing a routemap to net zero carbon in line with our business target.

### Business conduct

As outlined in the statements above, the shareholders and directors of the Group 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 the Group are all members of the Clancy family but have differing levels of involvement in the running of the business. In order to ensure fair and equal treatment, the following mechanisms remain in place:

- A Shareholders Agreement is in place for Clancy Group Holdings, along with the memorandum and articles, defining the relationship between shareholders and the business.
- A designated Family NED sits on the Holding Company 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 Board Nominations Committee, composed of two family and one independent NED, approves the appointment of any family members to posts within the Group, and the Remuneration Committee approves their terms and conditions.

### 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 anticipated. 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 annually by the Audit & Risk Committee along with a review of risk.

#### 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 sector is the regulated water sector, which works to 5-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 5 years, although those term contracts typically have no guaranteed revenue levels. The length of the contracts allows us to develop mature client/contractor relationships and 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 period.

Contracts in progress are reviewed cumulatively and end life forecasts maintained to identify potential overruns or losses. Where identified, any anticipated 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 ongoing investment in infrastructure and labour shortages across the economy are creating an increasingly competitive market for talent. The Group measures staff turnover and continually reviews ways to retain and attract talent. We continue to develop and promote talented people within the organisation, as well as sourcing skills externally.

### Inflation

During 2022 all sectors of the economy are experiencing high levels of inflation. Contractual mechanism allow the business to mitigate some of the financial impact, but the Group is aware that continued rises will affect the business, our clients and our staff. Accordingly, we are monitoring categories of spend closely to identify further opportunities for mitigation.

### 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 a number of unwanted outcomes, including injury, financial loss and loss of accreditation. The Company has invested heavily in systems, processes and training, and will continue to do so in order to ensure that the risk of lack of process awareness is minimised. This is 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 Covid-19 pandemic has not had a significant impact on our trading for the period under review. Whilst some of our projects were stood down at the start of the pandemic, most restarted quickly and remained fully operational throughout the period under review. Conversely, most of the work we carry out is committed in our clients' agreed business plans, so is not directly exposed to changes in consumer demand.

# DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS





# Directors' Report



The directors present their annual report and financial statements for the 53-week period ended 3 April 2022.

In March 2022, Clancy Group Holdings Ltd issued 5,200,000 non-redeemable preference shares of £1 to the shareholders, taking the form of a noncash 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 53-week period and up to the date of signature of the financial statements were as follows:

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

## Results and dividends

The results for the 53 week period are set out on page 38. Further commentary is provided in the Strategic Report on pages 8-21.

Ordinary dividends of £520,000 were paid in the period. The directors recommend the payment of a further dividend of £624,000.

## 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 53 week period. These provisions remain in force at the reporting date.

## Financial instruments

During the year the Group did not renew its short-term borrowing facilities, as the strong liquidity position meant they were no longer required. The Group's principal financial instruments consist mainly of hire purchase and leasing liabilities which are due after one year.

At the start of the year, the Group also had a facility allowing it to draw down payment of sales invoices early from one customer, but this was also unused and has likewise not been renewed.

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

PricewaterhouseCoopers LLP  
40 Clarendon Road  
Watford  
WD17 1JJ

## Bankers

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

## Disabled persons

The Group 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 principal 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

During the year the Audit & Risk Committee elected to tender the provision of audit services, and at the end of the process appointed PricewaterhouseCoopers LLP ('pwc') as auditor.

## Directors' responsibilities

The directors are responsible for preparing the Report and Financial Statements and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

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

## Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



K T Clancy  
Director

Date: 22 September 2022

# Auditor's Report



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

### Opinion

In our opinion, Clancy Group Holdings Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 3 April 2022 and of the group's profit and the group's cash flows for the 53 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the consolidated and company statements of financial position as at 3 April 2022; the consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated and company statements of changes in equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

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 and the 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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

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

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated.

If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information.

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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included. Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the period ended 3 April 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

### Responsibilities for the financial statements and the audit

#### Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibility Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the 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 company or to cease operations, or have no realistic alternative but to do so.

## Auditors' 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to tax (including employment taxes, corporation tax and VAT), the Companies Act 2006 and the Pensions Act 2014, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting journals to modify revenue or profit and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Challenging assumptions and judgements made by management in their accounting estimates;
- Identifying and testing certain journal entries, in particular certain journal entries posted with unusual account combinations; and
- Reviewing legal expenses both during the financial year and up to the date of signing the financial statements to identify any potential contingent liabilities in relation to non compliance with laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements.

Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Matthew Mullins (Senior Statutory Auditor)  
for and on behalf of  
PricewaterhouseCoopers LLP  
Chartered Accountants and  
Statutory Auditors  
Watford  
22 September 2022

# Consolidated financial statements »

## Consolidated statement of comprehensive income

For the 53 week period to 3 April 2022

	NOTES	Continuing operations £'000	Discontinued operations £'000	Period ended 3 April 2022 £'000	Continuing operations £'000	Discontinued operations £'000	Period ended 28 March 2021 £'000
<b>Revenue</b>	<b>3</b>	292,989	-	292,989	249,462	5,754	255,216
Cost of sales		(264,964)	-	(264,964)	(223,217)	(7,529)	(230,746)
<b>Gross profit/(loss)</b>		28,025	-	28,025	26,245	(1,775)	24,470
Administrative expenses		(16,789)	-	(16,789)	(17,170)	-	(17,170)
Other operating income	<b>4</b>	89	-	89	4,237	-	4,237
<b>Operating profit/(loss)</b>	<b>7</b>	11,325	-	11,325	13,312	(1,775)	11,537
Investment income	<b>9</b>	21	-	21	24	-	24
Finance costs	<b>10</b>	(716)	-	(716)	(493)	-	(493)
<b>Profit/(loss) before taxation</b>		10,630	-	10,630	12,843	(1,775)	11,068
Tax on profit/loss	<b>11</b>	(1,501)	-	(1,501)	(2,432)	337	(2,095)
<b>Profit/(loss) for the financial period</b>		9,129	-	9,129	10,411	(1,438)	8,973
<b>Other comprehensive income net of taxation</b>							
Actuarial gain /(loss) on defined benefit pension scheme				4,445			(480)
Tax relating to other comprehensive income				(1,111)			91
<b>Total comprehensive income for the financial period</b>				12,463			8,584

There were no discontinued operations in the financial period ended 3 April 2022. Profit and total comprehensive income for the financial period is all attributable to the owners of the Group.

The notes on pages 46 to 68 form part of the financial statements.

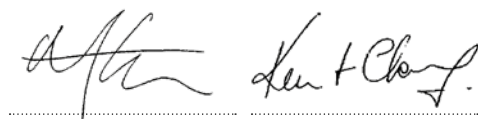
# Consolidated statement of financial position

As at 3 April 2022

	NOTES	3 April 2022 £'000	28 March 2021 £'000
<b>Fixed assets</b>			
Intangible assets	15	-	-
Property, plant and equipment	16	46,889	49,027
Investments	17	5	5
		<hr/> 46,894	<hr/> 49,032
<b>Current assets</b>			
Inventories	20	7,102	9,678
Debtors amounts falling due after one year - deferred tax	21	407	1,334
Debtors falling due in less than one year	21	39,150	42,630
Cash and cash equivalents		28,228	21,935
		<hr/> 74,887	<hr/> 75,577
<b>Creditors: amounts falling due within one year</b>	22	(59,445)	(66,614)
		<hr/> 15,442	<hr/> 8,963
<b>Net current assets</b>			
<b>Total assets less current liabilities</b>		<hr/> 62,336	<hr/> 57,995
<b>Creditors: amounts falling due after more than one year</b>	23	(19,312)	(16,894)
		<hr/> 3,102	<hr/> (1,718)
<b>Defined benefit pension asset / (liability)</b>	27		
<b>Net assets</b>		<hr/> 46,126	<hr/> 39,383
<b>Equity</b>			
Called up share capital	28	130	130
Merger reserve	29	9,373	9,373
Retained earnings	29	36,623	29,880
<b>Total equity</b>		<hr/> 46,126	<hr/> 39,383

The notes on pages 46 to 68 form part of the financial statements.

The financial statements on pages 40 to 68 were approved by the board of directors and authorised for issue on 22 September. They are signed on its behalf by:



M S Cannon  
Director

K T Clancy  
Director

## Company statement of financial position


As at 3 April 2022

	NOTES	3 April 2022 £'000	28 March 2021 £'000
<b>Fixed assets</b>			
Property, plant and equipment	16	10,511	10,511
Investments	17	130	130
		<hr/>	<hr/>
		10,641	10,641
<b>Current assets</b>			
Debtors	21	16,584	15,255
Cash and cash equivalents		1,000	-
		<hr/>	<hr/>
		17,584	15,255
<b>Creditors: amounts falling due within one year</b>	22	(7,050)	(10,159)
		<hr/>	<hr/>
<b>Net current assets</b>		10,534	5,096
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		21,175	15,737
		<hr/>	<hr/>
<b>Creditors: amounts falling due after more than one year</b>	23	(15,814)	(10,614)
		<hr/>	<hr/>
<b>Net assets</b>		5,361	5,123
		<hr/>	<hr/>
<b>Equity</b>			
Called up share capital	28	130	130
Retained earnings	29	5,231	4,993
		<hr/>	<hr/>
<b>Total equity</b>		5,361	5,123
		<hr/>	<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 were £5,958,000 (2021: £16,005,000).

The notes on pages 46 to 68 form part of the financial statements.

The financial statements on pages 40 to 68 were approved by the board of directors and authorised for issue on 22 September. They are signed on its behalf by:



M S Cannon  
**Director**

K T Clancy  
**Director**

September 2022

# Consolidated statement of changes in equity

For the 53 week period to 3 April 2022

	NOTES	Share capital £'000	Merger reserve £'000	Retained earnings £'000	Total £'000
<b>Balance at 30 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 expense		-	-	91	91
Total comprehensive income for the financial period attributable to the owners of the Group		-	-	8,584	8,584
Dividends	12	-	-	(612)	(612)
Non cash distribution – issue of preference shares	12	-	-	(10,400)	(10,400)
<b>Balance at 28 March 2021</b>		130	9,373	29,880	39,383
<b>Period ended 3 April 2022:</b>					
Profit for the financial period		-	-	9,129	9,129
Other comprehensive income net of tax:					
Actuarial gain on defined benefit plans		-	-	4,445	4,445
Tax relating to other comprehensive income		-	-	(1,111)	(1,111)
Total comprehensive income for the financial period attributable to the owners of the Group		-	-	12,463	12,463
Dividends	12	-	-	(520)	(520)
Non cash distribution – issue of preference shares	12	-	-	(5,200)	(5,200)
<b>Balance at 3 April 2022</b>		130	9,373	36,623	46,126

## Company statement of changes in equity

For the 53 week period to 3 April 2022

	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	<b>12</b>	-	(612)	(612)
Non cash distribution – issue of preference shares	<b>12</b>	-	(10,400)	(10,400)
Issue of shares		130	-	130
<b>Balance at 28 March 2021</b>		130	4,993	5,123
<b>Period ended 3 April 2022:</b>				
Profit for the financial period		-	5,958	5,958
Total comprehensive income for the financial period attributable to the owners of the Company		-	5,958	5,958
Dividends	<b>12</b>	-	(520)	(520)
Non cash distribution – issue of preference shares	<b>12</b>	-	(5,200)	(5,200)
<b>Balance at 3 April 2022</b>		130	5,231	5,361

# Consolidated statement of cash flows

For the 53 week period to 3 April 2022

	NOTES	2022 £'000	2021 £'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	<b>30</b>	18,529	23,533
Interest paid		(344)	(416)
Income taxes (paid)		(2,980)	(520)
<b>Net cash inflow from operating activities</b>		15,205	22,597
<b>Investing activities</b>			
Purchase of property, plant and equipment		(8,997)	(18,743)
Proceeds on disposal of property, plant and equipment		3,731	3,733
Interest received		21	23
Dividends received		-	1
<b>Net cash used in investing activities</b>		(5,245)	(14,986)
<b>Financing activities</b>			
Repayment of preference shares		-	(1,058)
Preference share dividends paid		(342)	-
Repayment of bank loans		-	(2,250)
Payment of finance lease obligations		(2,805)	(3,613)
Dividends paid to equity shareholders		(520)	(612)
<b>Net cash used in financing activities</b>		(3,667)	(7,533)
<b>Net increase in cash and cash equivalents</b>		6,293	78
<b>Cash and cash equivalents at the beginning of the period</b>		21,935	21,857
<b>Cash and cash equivalents at the end of the period</b>		28,228	21,935
<b>Relating to:</b>			
Cash at bank and in hand		28,228	21,935

# Notes to the financial statements

For the 53 week period to 3 April 2022

## 1. Accounting policies

### Company information

Clancy Group Holdings Limited ("the Company") is a private company limited by shares and is registered and incorporated in the United Kingdom. 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 adopted accounting policies, which have been applied consistently with the previous period, 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 and the exemption from disclosing related party transactions between wholly owned subsidiary undertakings within the same group.

### 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 financial statements and the Company 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. This reorganisation 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. Hence, 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.

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. (see note 19).

### 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 have 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 considerations and the nominal value of shares received is taken to other reserves in equity.

### Intangible assets

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of identifiable assets and liabilities of a subsidiary, at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

### Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and financial position are set out in the Strategic Report and the Directors' Report.

The group meets its day to day working capital requirements through cash generated by the operations of its subsidiaries.

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 2022/23 financial period with cash balances in excess of £28m and no net debt.

- The Group's forward-looking forecasts covering the period to 2 April 2023 as well as long-term forecasts covering the period to March 2024, based on the Group's five-year plan, being the period that the directors believe is the most appropriate to assess with any certainty at this time. These forecasts were then high-level stress-tested based on a worst case and reasonable worst case trading scenario to identify what impact each of these scenarios would have on the Group's cash flow and financial position. Neither case resulted in the Group requiring any further mitigating factors such as raising third-party debt, to continue with its existing business operations and even under the worst case scenario significant cash balances, circa £20m, were retained.
- 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 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.

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 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 results cover the 53-week period ended 3 April 2022. The previous financial period was for the 52-week period ended 28 March 2021. The company operates on a 4:4:5 reporting calendar which the directors believe enables the operations of the business to be reported most effectively.

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	2-6 years on cost on a straight line basis

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.

#### Fixed 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.

#### Exceptional items

Items that are material in size or non-operating in nature are presented as exceptional items in the income statement. The directors are of the opinion that separate recording of exceptional items provides helpful information about the group's underlying business performance. Examples of events, which may give rise to the classification of items as exceptional include, inter alia, restructuring of businesses, gains and losses on disposal of properties, impairment of goodwill and non-recurring income, one-off curtailment cost associated with the closure of defined benefit schemes.

## Notes to the financial statements (continued)

For the 53 week period to 3 April 2022

### 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.

### 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*

Comprises the cost of development land, which represents the acquisition costs of that land including incidental expenses, and the cost 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 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 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 asset / 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 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.

## Notes to the financial statements (continued)

For the 53 week period to 3 April 2022

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.

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.

### 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.

### 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 have been recognised in the financial statements. 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. Management estimate the expected realisable value of stock and WIP by considering both external and internal sources of information such as historic performance of similar properties and market conditions.

### 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.

### 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.

### 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 are 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 is provided in note 27.

### 3. Revenue

	2022 £'000	2021 £'000
<b>Revenue analysed by class of business</b>		
Civil engineering utilities contracting	289,029	248,056
Residential property development	2,560	3,002
Plant hire	56	2,495
Traffic management	1,344	1,663
	<u>292,989</u>	<u>255,216</u>

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

### 4. Other income

	2022 £'000	2021 £'000
Other income	89	4,237

Included within other income are COVID-19 support payments of £49,000 (2021: £3,734,000).

### 5. Employees

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

	Group 2022 No.	Group 2021 No.	Company 2022 No.	Company 2021 No.
Directors and management	203	196	5	5
Supervisory staff	122	119	-	-
Operatives	1,969	1,914	-	-
	<u>2,294</u>	<u>2,229</u>	<u>5</u>	<u>5</u>

Their aggregate remuneration comprised:

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Wages and salaries	94,471	88,211	-	-
Social security costs	9,734	8,874	-	-
Pension costs	2,409	2,350	-	-
	<u>106,614</u>	<u>99,435</u>	<u>-</u>	<u>-</u>

## Notes to the financial statements (continued)

For the 53 week period to 3 April 2022

### 6. Directors' remuneration

	2022 £'000	2021 £'000
<b>Group</b>		
Remuneration for qualifying services	2,156	2,099
Company pension contributions to defined contribution schemes	61	132
Compensation for loss of office	30	-
	<u>2,247</u>	<u>2,231</u>

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

	2022 £'000	2021 £'000
Remuneration for qualifying services	512	475
Company pension contributions to defined contribution schemes	4	4
	<u>516</u>	<u>479</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 5 (2021: 6).

### 7. Operating profit

	2022 £'000	2021 £'000
Operating profit for the financial period is stated after charging/(crediting):		
Depreciation of property, plant and equipment in relation to:		
▪ owned assets	7,812	7,416
▪ assets held under finance leases	2,372	2,355
Impairment of unlisted investments	-	108
Profit on disposal of property, plant and equipment	(1,546)	(2,169)
Operating lease charges	1,655	134
	<u>10,293</u>	<u>8,744</u>

### 8. Auditor's remuneration

	2022 £'000	2021 £'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	130	17
Audit of the financial statements of the Company's subsidiaries	80	87
	<u>210</u>	<u>104</u>
<b>For other services</b>		
Taxation compliance services	-	2
Other taxation services	-	8
All other non-audit services	-	25
	<u>-</u>	<u>35</u>

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## 9. Investment income

	2022 £'000	2021 £'000
<b>Interest income</b>		
Interest on bank deposits	21	7
Other interest income	-	16
Total interest revenue	21	23
<b>Other income from investments</b>		
Dividends received	-	1
Total income	21	24

## 10. Finance costs

	2022 £'000	2021 £'000
Interest on bank overdrafts and loans	-	67
Dividends on preference shares not classified as equity	342	16
Interest on finance leases and hire purchase contracts	344	333
Net interest on the net defined benefit liability	30	77
Total finance costs	716	493

## 11. Taxation

	2022 £'000	2021 £'000
<b>Current tax</b>		
UK corporation tax on profits for the period	1,960	1,440
Adjustments in respect of prior periods	(274)	(86)
Total current tax	1,686	1,354
<b>Deferred tax</b>		
Origination and reversal of timing differences	236	741
Changes in tax rates	(421)	-
Total deferred tax	(185)	741
Total tax charge	1,501	2,095

## Notes to the financial statements (continued)

For the 53 week period to 3 April 2022

### 11. Taxation continued

The total tax charge for the period included in the consolidated statement of comprehensive income is lower (2021: lower) than the tax charge based upon the standard rate and can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2022 £'000	2021 £'000
Profit before taxation	10,630	11,068
Expected tax charge based on the standard rate of corporation tax in the UK of 19% (2021: 19%)	2,019	2,103
Tax effect of expenses that are not deductible in determining taxable profit	(57)	230
Tax effect of income not taxable in determining taxable profit	-	(1)
Change in unrecognised deferred tax assets	(89)	(151)
Adjustments in respect of prior periods	(274)	(86)
Effect of change in corporation tax rate	(98)	-
Taxation charge	1,501	2,095

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

	2022 £'000	2021 £'000
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive income	1,111	(91)

In March 2021, the Finance Bill 2021 was enacted and included legislation holding the main rate of corporation tax at 19% with effect from 1 April 2021 until 31 March 2023. In the Finance Bill 2021, it was also announced that the UK tax rate will increase to 25% from 1 April 2023.

As this change was substantively enacted at the balance sheet date, deferred tax is recognised at 25% in the current period (2021: 19%).

### 12. Dividends

	NOTES	2022 £'000	2021 £'000
Interim paid - £0.40 (2021: £0.47) per Ordinary share		520	612
Non-cash distribution – issue of preference shares (see note 24)	25	5,200	10,400
		5,720	11,012

### 13. Discontinued operations

In the prior period, the subsidiary, Clancy Docwra Limited, discontinued its Multi Utility business outside of 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. There were no discontinued operations in the 53 week period ended 3 April 2022.

### 14. Impairments

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

	2022 £'000	2021 £'000
In respect of:		
Unlisted investments	-	108
Recognised in:		
Administrative expenses	-	108

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 unlisted investments and freehold and leasehold land and buildings performed by the directors.

### 15. Intangible assets

Group	Goodwill £'000
<b>Cost</b>	
At 29 March 2021 and 3 April 2022	74
<b>Amortisation and impairment</b>	
At 29 March 2021 and 3 April 2022	74
<b>Carrying amount</b>	
At 28 March 2021 and 3 April 2022	-

The Company had no intangible fixed assets at 28 March 2021 or 3 April 2022.

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 53 week period to 3 April 2022

### 16. 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 29 March 2021	14,408	1,000	69,836	85,244
Additions	-	-	10,184	10,184
Disposals	(250)	(400)	(12,662)	(13,312)
At 3 April 2022	14,158	600	67,358	82,116
<b>Depreciation and impairment</b>				
At 29 March 2021	665	360	35,192	36,217
Charge for the period	-	-	10,137	10,137
Eliminated in respect of disposals	-	(144)	(10,983)	(11,127)
At 3 April 2022	665	216	34,346	35,227
<b>Carrying amount</b>				
At 3 April 2022	13,493	384	33,012	46,889
At 28 March 2021	13,743	640	34,644	49,027

Company	Freehold land and buildings £'000
<b>Cost</b>	
At 29 March 2021	10,511
Additions	-
At 3 April 2022	10,511
<b>Depreciation and impairment</b>	
At 29 March 2021 and 3 April 2022	-
<b>Carrying amount</b>	
At 3 April 2022	10,511
At 28 March 2021	10,511

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

Group	2022 £'000	2021 £'000
Furniture, fittings, plant and equipment	7,067	9,949

## 17. Investments

	NOTES	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Investments in subsidiaries	19	-	-	130	130
Listed investments		5	5	-	-
		<u>5</u>	<u>5</u>	<u>130</u>	<u>130</u>
Listed investments carrying amount		5	5	-	-
Market value if different from carrying amount		33	26	-	-
		<u>33</u>	<u>26</u>	<u>-</u>	<u>-</u>

### Movements in non-current investments

#### Group

##### Cost or valuation

At 29 March 2021 and 3 April 2022

113

##### Impairment

At 29 March 2021

Impairment losses

108

-

At 3 April 2022

108

##### Carrying amount

At 3 April 2022

5

At 28 March 2021

5

### Movements in non-current investments

#### Company

##### Cost

At 29 March 2021

Additions

130

-

At 3 April 2022

130

##### Carrying amount

At 3 April 2022

130

At 28 March 2021

130

## Notes to the financial statements (continued)

For the 53 week period to 3 April 2022

### 18. Subsidiaries

Details of the Company's subsidiaries at 3 April 2022 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 Developments Limited, 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. 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 £Nil (2021: £22,000) in respect of Optimise (Water) LLP and a profit of £3,050,000 (2021: £2,078,000) in respect of KCD Joint Venture.

## Notes to the financial statements (continued)

For the 53 week period to 3 April 2022

### 20. Inventories

Group	2022 £'000	2021 £'000
Raw materials and consumables	3,282	3,508
Work in progress	3,477	5,817
Bulk fuels	16	6
Spare parts	327	347
	<u>7,102</u>	<u>9,678</u>

Following management's review of assets for impairment, work in progress above is stated net of a provision of £1,384,000 (2021: £1,384,000) which has been charged to the income statement and is included within cost of sales.

### 21. Debtors

	NOTES	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Trade receivables		906	12,719	-	-
Gross amounts due from customers for contract work		36,999	26,983	-	-
Amounts owed by group undertakings		-	-	15,880	15,255
Corporation tax recoverable		703	-	704	-
Other receivables		196	445	-	-
Prepayments and accrued income		346	2,483	-	-
		<u>39,150</u>	<u>42,630</u>	<u>16,584</u>	<u>15,255</u>
Deferred tax asset	26	407	1,334	-	-
		<u>39,557</u>	<u>43,964</u>	<u>16,584</u>	<u>15,255</u>

Following management's review of assets for impairment, trade receivables above are stated net of a provision of £344,000 (2021: £424,000) against bad debts.

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

## 22. Creditors amounts falling due in less than one year

	NOTES	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Bank loans and overdrafts	23	-	-	-	-
Obligations under finance leases	25	2,717	2,740	-	-
Trade payables		17,012	15,464	-	-
Gross amounts owed to contract customers		-	2,457	-	-
Amounts owed to group undertakings		-	-	6,899	8,747
Corporation tax payable		732	1,325	-	1,192
Other taxation and social security		9,524	6,367	-	-
Other payables		-	5,565	-	-
Accruals and deferred income		29,460	32,696	151	220
		<u>59,445</u>	<u>66,614</u>	<u>7,050</u>	<u>10,159</u>

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

## 23. Creditors amounts falling due in greater than one year

	NOTES	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Other borrowings	24	15,814	10,614	15,814	10,614
Obligations under finance leases	25	3,498	6,280	-	-
		<u>19,312</u>	<u>16,894</u>	<u>15,814</u>	<u>10,614</u>

## 24. Borrowings

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Redeemable preference shares	214	214	214	214
Non-redeemable preference shares	15,600	10,400	15,600	10,400
	<u>15,814</u>	<u>10,614</u>	<u>15,814</u>	<u>10,614</u>
Payable within one year	-	-	-	-
Payable after one year	15,814	10,614	15,814	10,614

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

£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. There are no rights available to the holders to exercise before that date.

In 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. These shares accrue a fixed cumulative preferential dividend of 3%, payable annually from 31 March 2022.

On 31 March 2022, non-redeemable preference shares of £5,200,000 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 2023.

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

## Notes to the financial statements (continued)

For the 53 week period to 3 April 2022

### 25. Finance lease obligations

Group	2022 £'000	2021 £'000
Future minimum lease payments due under finance leases:		
Less than one year	2,717	2,740
Between one and five years	3,498	6,280
	<u>6,215</u>	<u>9,020</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.

### 26. Deferred taxation

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

Group	Assets 2022 £'000	Assets 2021 £'000
Accelerated/(decelerated) capital allowances	14	(6)
Tax losses	-	14
Retirement benefit obligations	(347)	599
Short term timing differences	60	17
Fixed asset timing differences	680	710
	<u>407</u>	<u>1,334</u>

Movements in Group deferred tax in the period	2022 £'000	2021 £'000
Asset at 28 March 2021 and 30 March 2020	1,334	(1,984)
Credit to profit and loss	184	741
Charge / (credit) to other comprehensive income	(1,111)	(91)
Asset at 3 April 2022 and 28 March	<u>407</u>	<u>1,334</u>

The Company has no deferred tax assets or liabilities at 3 April 2022.

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.

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## 27. Retirement benefit schemes

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

At the balance sheet date, contributions amounting to £702,000 (2021: £494,000) 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 Limited. 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 3 April 2022, there were no contributions payable to the fund to be included in creditors (2021: £Nil).

The most recent actuarial valuation showed that the market value of the scheme's assets was £17,394,000 and that the actuarial value of those assets represents 86% 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

£405,000 (2021: £2,394,000) was paid into the defined benefit scheme to further fund pensions accrued to date.

As indicated above, the Group operates a defined benefit scheme. A full actuarial valuation was carried out at 14 March 2019 and updated to 3 April 2022 by a qualified independent actuary. The principal assumptions used by the actuary are outlined below.

	2022 %	2021 %
<b>Key assumptions</b>		
Discount rate	2.6	1.9
Expected rate of increase of pensions in payment	3.9	3.6
Retail price inflation	4.1	3.5
Consumer price inflation	3.7	3.1
Deferred pension revaluation	3.7	3.1

## Notes to the financial statements (continued)

For the 53 week period to 3 April 2022

### 27. Retirement benefit schemes (continued)

	2022 Years	2021 Years
<i>Mortality assumptions</i>		
Assumed life expectations on retirement at age 65:		
▪ Males	22.7	22.7
▪ Females	24.5	24.5
Retiring in 20 years		
▪ Males	24.7	24.7
▪ Females	26.6	26.6

#### *Mortality assumptions*

Mortality follows the standard table known as SIPA, using 97% (2021: 97%) of the base table with CMI\_2015 mortality projections with a long term rate of improvement of 1.75% (2021: 1.75%).

	2022 £'000	2021 £'000
<i>Amounts recognised in the income statement</i>		
Net interest on defined benefit liability/(asset)	30	77
<i>Amounts taken to other comprehensive income</i>		
Actual return / (expense) on scheme assets	1,680	(2,455)
Less: calculated interest element	(384)	359
Returns / (expense) on scheme assets excluding interest income	1,296	(2,096)
Actuarial changes related to obligations	3,149	2,576
Total costs	4,445	480

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

	2022 £'000	2021 £'000
Present value of defined benefit obligations	18,386	21,766
Fair value of plan assets	(21,488)	(20,048)
(Surplus)/Deficit in scheme	(3,102)	1,718
<i>Movements in the present value of defined benefit obligations</i>		
Liabilities at 28 March 2021 and 30 March 2020	21,766	19,458
Benefits paid	(645)	(704)
Actuarial (gains) / losses	(3,149)	2,576
Interest cost	414	436
Liabilities at 3 April 2022 and 28 March 2021	18,386	21,766

## 27. Retirement benefit schemes (continued)

<i>The defined benefit obligations arise from plans funded as follows:</i>	<b>2022 £'000</b>	<b>2021 £'000</b>
Wholly or partly funded obligations	18,386	21,766
<i>Movements in the fair value of plan assets</i>	<b>£'000</b>	<b>£'000</b>
Fair value of assets att 28 March 2021 and 30 March 2020	20,048	15,903
Interest income	384	359
Return on plan assets (excluding amounts included in net interest)	1,296	2,096
Benefits paid	(645)	(704)
Contributions by participating employees	405	2,394
Fair value of assets at 3rd April 2022 and 28 March	21,488	20,048

The actual return on plan assets was a gain of £1,680,000 (2021: £2,455,000 gain).

<i>The analysis of the scheme assets at the reporting date were as follows:</i>	<b>2022 £'000</b>	<b>2021 £'000</b>
Equities	10,708	10,508
Bonds	4,054	3,341
Property	1,241	2,666
Annuities	638	681
Cash	4,847	2,852
	21,488	20,048

## 28. Called up share capital

<b>Group and company</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
1,300,000 Ordinary shares of £0.10 each	130	130

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 53 week period to 3 April 2022

### 29. Reserves

#### Merger reserve

The merger reserve represents reserves arising as a result of a group reconstruction in the previous financial period.

#### Retained earnings

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

### 30. Cash generated from operations

	2022 £'000	2021 £'000
Profit for the period after tax	9,129	8,973
Adjustments for:		
▪ Taxation charge	1,501	2,095
▪ Finance costs	716	493
▪ Investment income	(21)	(24)
▪ Profit on disposal of property, plant and equipment	(1,546)	(2,169)
▪ Depreciation and impairment of property, plant and equipment	10,137	9,771
▪ Other losses	-	108
▪ Pension scheme contribution	(405)	(2,394)
Movements in working capital:		
▪ Decrease in inventories	2,576	3,877
▪ Decrease in trade and other receivables	4,182	4,544
▪ Decrease in trade and other payables	(7,740)	(1,741)
<b>Cash generated from operations</b>	<b>18,529</b>	<b>23,533</b>

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

	28 March 2021 £'000	Cash flows £'000	3 April 2022 £'000
Cash at bank and in hand	21,935	6,293	28,228
	21,935	6,293	28,228
Preference shares	(10,614)	(5,200)	(15,814)
Obligations under finance leases	(9,020)	2,805	(6,215)
Net cash	2,301	3,898	6,199

### 32. Financial commitments, guarantees and contingent liabilities

#### The Company

The Company has entered into a cross guarantee with fellow group undertakings for a global bank facility. The borrowings are covered by way of a letter of guarantee between the companies, and a first charge on one property owned by the Company. Under this global facility, the contingent liability of the group and Company at 3 April 2022 for the net bank overdraft and bank loans was £Nil (2021: £Nil).

At 3 April 2022, the company had outstanding guarantees in respect of specific performance bonds amounting to £1,944,050 (2021: £2,060,000).

#### Joint Ventures

Clancy Docwra Limited is party to a joint arrangement in Optimise (Water) LLP, along with J Murphy & Sons Limited, Barhale Construction Plc and MWH UK Limited. The overdraft facility of the joint venture is covered by the partner companies, Clancy Docwra Limited, J Murphy & Sons Limited and MWH UK Limited in a ratio of 45:45:10 respectively. Of the total facility, Clancy Docwra Limited guarantees £Nil (2021: £Nil). The Group's exposure at 3 April 2022 is £Nil (2021: £Nil).

Clancy Docwra Limited is also party to a joint arrangement with Kier MG Limited, known as KCD Joint Venture. The banking facility of the joint venture is covered by the venturing parties Clancy Docwra Limited and Kier MG Limited in equal measure. The Group's exposure at 3 April 2022 was £Nil (2021: £Nil).

### 33. Capital commitments

Amounts contracted for but not provided in the financial statements:

	<b>Group 2022 £'000</b>	<b>Group 2021 £'000</b>	<b>Company 2022 £'000</b>	<b>Company 2021 £'000</b>
Acquisition of property, plant and equipment	2,040	14,891	-	-

### 34. Operating lease commitments

#### Lessee

At the reporting end date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	<b>Group 2022 £'000</b>	<b>Group 2021 £'000</b>	<b>Company 2022 £'000</b>	<b>Company 2021 £'000</b>
Within one year	4,478	90	-	-
Between one and five years	5,102	-	-	-
	9,580	90	-	-

### 35. Events after the reporting date

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

## Notes to the financial statements (continued)

For the 53 week period to 3 April 2022

### 36. 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 period, the Group entered into the following transactions with related parties:

	Sales 2022 £'000	Sales 2021 £'000
<b>Group</b>		
Joint venture (note 19)	39,215	35,654

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2022 £'000	2021 £'000
<b>Group</b>		
Key management personnel	393	263

No guarantees have been given or received. The above transactions were performed at an arm's length basis. All the amounts are interest free and repayable on demand.

### 37. Directors' transactions

Dividends totalling £285,000 (2021: £312,000) were paid in the period in respect of shares held by the directors of the company.

During the period, preference shares totalling £2,850,000 were issued to the directors of the company. Interest of £190,000 was paid to the directors of the company on preference shares during the period.

### 38. 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. Copies of the accounts can be obtained from the company's registered office.



# Streamlined energy and carbon reporting statement



## Corporate and Social Responsibility Performance

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

Scope	Unit of Measurement	Emissions Scope	2021/2022	2020/2021	2019/2020
Emissions from gas / combustion of gas	tCO <sub>2</sub> e	1	419.26	1,581.18	1,968.57
Emissions from combustion of fuel for transport purposes	tCO <sub>2</sub> e	1	22,026.72	17,284.59	20,983.19
<b>Total Scope 1:</b>			<b>22,445.98</b>	<b>18,865.77</b>	<b>22,951.76</b>
Emissions from purchased electricity (Location based)	tCO <sub>2</sub> e		210.20	208.90	301.74
Emissions from purchased electricity (Market based)	tCO <sub>2</sub> e	2	89.72	-	-
<b>Total Scope 2:</b>			<b>89.72</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	269.65	222.35	375.72
Emissions from business travel using commercial flight (UK and Global)	tCO <sub>2</sub> e	3	4.45	1.09	23.54
<b>Total Scope 3:</b>			<b>274.10</b>	<b>223.44</b>	<b>399.26</b>
Total Energy consumption	Mwh		<b>80,289.87</b>	<b>79,418.86</b>	<b>95,738.34</b>
Total Gross emissions based on the above	tCO <sub>2</sub> e		<b>22,809.81</b>	<b>19,298.11</b>	<b>23,652.76</b>
Intensity Ratio	tCO <sub>2</sub> e per £million turnover		<b>77.85</b>	<b>75.62</b>	<b>80.02</b>
	turnover £M		293.0	255.2	295.6

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## Methodology

- Scope 1 emissions from combustion of gas has been calculated using gas usage data collated from utility bills and LPG gas deliveries where relevant. Conversion factors used are DEFRA conversion figures for 2021 as published in .gov.uk, UK Government GHG Conversion Factors for Company Reporting.
- Scope 1 emissions for vehicle fuel in the form of red and white diesel and petroleum are taken from the fuel card management system from the Group fuel provider, bulk fuel deliveries and expense claims. Conversion factors used are DEFRA conversion figures for 2021 as published at www.gov.uk, UK Government GHG Conversion Factors for Company Reporting.
- Scope 2 emissions from purchased electricity are calculated from utility invoices provided by the energy supplier alongside analysis of available volume data.
- Scope 3 emissions from employee owned vehicles (and claimed fuel purchases) are collated through the expenses process. Claimed expenses (£) are used to estimate the number of litres of fuel purchased (using an average £ per litre over the specified period). This has then been used to calculate emissions by applying the DEFRA GHG conversion factors 2021 for a medium sized car.
- Scope 3 emissions from flights are collated by the business from the expenses process. Flight distances have been taken from the ICAO calculator tool and DEFRA GHG conversion factors 2021 for domestic air travel which constitutes all business flights in the accounting period.

## 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. To that end two important milestones were to reduce emissions by 50% by 2025 and achieve net zero by 2030. The net zero target of 2030 was aligned to our UK water clients goal and what we knew would be hugely challenging for our business. However, it was a target that we were committed to setting down on paper in order to drive the business towards decarbonisation within the UK Government's timeframe.

Given the nature of our business, the reliance on white diesel continues and in fact usage will be further challenged in the next financial year with the ban on red diesel. This does not hide the size of our road going diesel fleet. In 2021 we invested in a number of electric light goods vehicles but were unable to deploy them at scale given the required duty cycle, incompatible range and lack of charging infrastructure. This has been hugely challenging set against a partial return to pre-pandemic working patterns and an increase in turnover that has resulted in a slight increase of both our total emissions and emissions intensity.

Towards the end of the financial year we boosted our capability in understanding and managing our footprint with two new senior hires. We will work closely with our supply chain to identify a credible and affordable path to decarbonise our fleet and procure more low impact materials for our projects.

We took advantage of the office closures during the height of the pandemic to undertake a comprehensive refurbishment of our Harefield head office. This included the removal of the old LPG radiator based heating system and old air conditioning which served only part of the office, and replacement with an air source heating and cooling system. Fabric improvements were also made to the building with replacement of all windows to high specification double glazed units. Further improvements to the buildings insulation will be made. We look forward to reporting on the benefits of this system in next year's report.

Alongside these efficiency measures we have increasingly moved our electricity supply onto renewable tariffs and the benefit of this in terms of carbon emissions decrease can be seen in our overall Scope 2 emissions (electricity).







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