VAN ELLE
TOTAL FOUNDATION SOLUTIONS

TOTAL **FOUNDATION** SOLUTIONS

Van Elle Holdings plc

Annual report and accounts 2022

The UK's largest ground engineering contractor

Right across the UK, communities are living, learning and working within buildings and travelling on infrastructure whose foundation solutions were developed and safely installed by Van Elle.

OUR VISION

To be the leading, most trusted provider of total foundation solutions.

OUR MISSION

Developing trusted partnerships, deploying the best people and assets and the perfect delivery of projects.

OUR VALUES

Safety – always put health and safety first.

Integrity – open, honest and straightforward, delivering on our promises.

Teamwork – a "can do" approach, working together to exceed customer expectations.

Excellence – keen to impress our customers, always do a great job and keep improving what we do.

Strategic report

Corporate governance

Financial statements

Highlights

OPERATIONAL HIGHLIGHTS

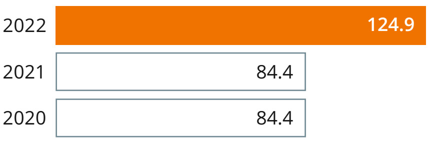
- Strong recovery of the Group's core markets during the year
- Trading well ahead of pre-pandemic levels and a return to profitability during the year
- Supply chain challenges have impacted operations and contract margins during the year
- Further expansion of the Group's operational capabilities in sheet piling, vibro and rigid inclusions
- Appointment to the Smart Motorways Programme Alliance and TransPennine Route Upgrade frameworks
- Continued reduction in debt with adequate liquidity headroom to support further growth and investment
- Reinstatement of dividends with a recommended final dividend of 1.0p per share

FINANCIAL HIGHLIGHTS

Revenue
(£m)

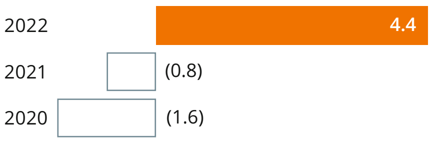
£124.9m

+48%



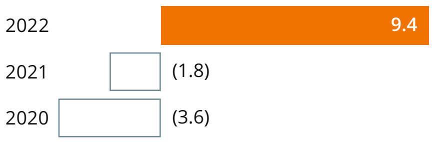
Operating profit/(loss)
(£m)

£4.4m



Return on capital employed
(%)

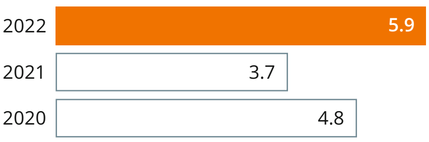
9.4%



Net funds
(£m)*

£5.9m

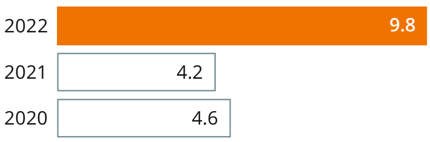
+60%



EBITDA
(£m)**

£9.8m

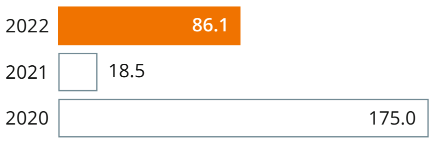
+133%



Operating cash conversion
(%)

86.1%

+365%



* Net funds excluding IFRS 16 property and vehicle lease liabilities.

** EBITDA is defined as earnings before interest, tax, amortisation and depreciation.

NON-FINANCIAL HIGHLIGHTS

Apprentices and trainees
(Number)

36

Employee engagement score
(%)

75%

Van Elle's integrated capabilities

Our reputation in delivery of total foundation solutions is underpinned by our technical expertise, innovation and value-engineered solutions, which we strive to deliver safely for our customers and the communities we serve.

1. DELIVERING TOTAL FOUNDATION SOLUTIONS ACROSS THREE KEY MARKETS

RESIDENTIAL

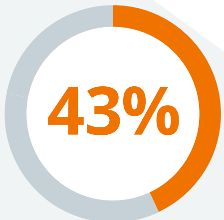
Full range of services for housebuilders including ground investigation, ground improvement and ground stabilisation alongside driven and continuous flight auger ("CFA") piles complemented by Smartfoot precast modular beam foundations.

Revenue

£53.3m

+43% growth in year

Revenue share



INFRASTRUCTURE

A full range of geotechnical services to the highways, rail, power and utility sectors including market-leading on-track capabilities.

Revenue

£43.4m

+52% growth in year

Revenue share

REGIONAL CONSTRUCTION

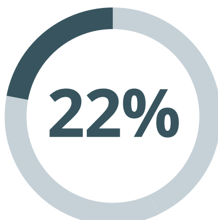
Foundation solutions for the commercial and industrial building markets including city centre specialisms and ground improvement and piling capabilities to the logistics sector.

Revenue

£27.9m

+51% growth in year

Revenue share



COMPREHENSIVE SERVICE OFFERING

Our service offering is delivered by our experienced specialist divisions and includes:

- General piling;
- Retaining walls and basement;
- Ground stabilisation and improvement;
- Modular foundation systems;
- Ground investigation and testing;
- Rail geotechnical and ground engineering;
- Specialist piling; and
- Construction and geotechnical training.

2. VAN ELLE REPORTS ACROSS THREE SEGMENTS

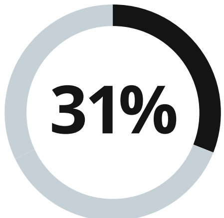
Offering a variety of ground engineering and foundation solutions on open sites.

Revenue

£39.0m

+43% growth in year

Revenue share



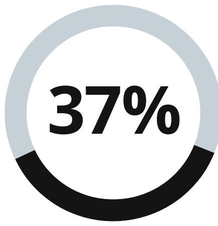
Providing a range of piling and geotechnical solutions in operationally challenging environments.

Revenue

£45.8m

+56% growth in year

Revenue share



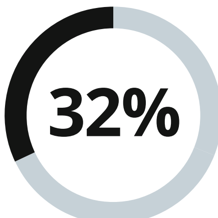
Offering a range of ground investigation expertise and modular foundation solutions.

Revenue

£40.0m

+45% growth in year

Revenue share



A compelling investment case

SIX REASONS TO INVEST

A LEADING UK PLAYER

- The UK's largest and most diverse ground engineering contractor
- Strengthened, experienced Board and senior management team
- Low-risk, diverse operating model
- Strong regional presence across the UK

DIFFERENTIATED OFFERING

- Full lifecycle capability, from ground investigation to design to construction to test and monitor
- An integrated, in-house approach to complex projects, with expertise across 25 specialist techniques offering customers value-engineered solutions tailored to optimal project outcomes
- Highly innovative, offering several unique capabilities
- Leading track record in off-site, modular foundation systems, in both precast concrete and steel
- Significant expertise in highly regulated operating environments such as rail, power and highways
- Diverse customer base with high levels of repeat business

ATTRACTIVE MARKETS

- Delivering first-class ground engineering services across over 1,000 projects a year to a wide variety of customers and end markets
- Balanced exposure across UK infrastructure, housing and construction markets
- Buoyant market conditions post-pandemic are aligned to Van Elle capabilities
- Strong customer relationships and high levels of repeat business

WELL INVESTED AND RESOURCED

- The UK's largest and best invested rig fleet (circa £50m invested over the last seven years)
- Over 25 specialist ground engineering techniques
- The UK's largest directly employed workforce within ground engineering, with over 600 employees
- Over 5% of employees undergoing an apprenticeship, trainee or professional development route

STRONG FINANCIAL POSITION

- Strong balance sheet, with low levels of debt and a track record of high levels of cash conversion
- Stable institutional shareholder support
- Platform for sustainable, accretive bolt-on acquisitions
- Access to £11m facility to support future growth
- Valuation underpinned by 120+ rig assets
- Progressive and well covered dividend

CLEAR STRATEGY FOR GROWTH

- Our vision: to be the leading and most trusted provider of total foundation solutions
- Our goals: developing trusted partnerships; deploying the best people and assets; and perfect delivery of our projects
- Completed phases 1 and 2 of transformation plan
- Delivering against medium-term financial targets of 5–10% annual growth, 7–8% operating profit and 15–20% ROCE
- Organic growth supported by targeted bolt-on acquisitions

Our year in brief

2021

MAY

- We launched our ancillary civils service in the Rail division
- Works began on the first rail piling project for HS2 in Curdworth
- Piling works on the M42 at Junction 6 in Birmingham were completed
- The drilling and grouting team celebrated record growth

JUNE

- Championed women across the business during International Women in Engineering Day
- The M27 Smart Motorway Project (Junctions 4–11) were completed
- E-learning platform, launched across Van Elle

JULY

- Works were completed on the new weld shop at Kirkby
- At Canary Wharf, our Piling division reached record depths for the Wood Wharf mixed-use development
- Works commenced on the electrification of the Core Valley Lines in South Wales

AUGUST

- EDI strategy launched and EDI Working Group established to champion a diverse and inclusive culture
- We completed work on the A46 Binley Junction near Coventry, one of our biggest community engagement projects

SEPTEMBER

- ScrewFast foundations featured in the Tokyo Olympic Games
- Over 200 railway projects completed since 1996

OCTOBER

- The precast factories in Kirkby and Blantyre ramped up production to seven days a week, amid material shortages, to cope with demand
- Van Elle Construction Training recruited two experienced trainers and wins local business training award

national highways | smp alliance

NOVEMBER

- Appointed by National Highways as one of the two Smart Motorway Programme Alliance primary providers of piling and retaining structures on the ten-year framework
- Strata commenced work on the M3 Junction 9 major remodelling project

DECEMBER

- During the third annual People Awards, more than 425 nominations were made, with 16 people taking home the trophies and 42 receiving commendation certificates
- More than 100 staff worked on rail projects over Christmas including Core Valley Lines, Medge Hall, Kentish Town and HS2's Small Dean Viaduct

2022

JANUARY

- Phase 3 CFA works began at Wood Wharf for Canary Wharf Contractors
- Van Elle Construction Training launched its new e-commerce website
- At RNLI Fowey, a Hutte 207 rig commenced the installation of new Circular Hollow Section piles to support the lifeboat pontoon

FEBRUARY

- Apprentices across the business were in the spotlight during National Apprenticeship Week, as part of our campaign to raise awareness of pathways to roles in construction
- A complex deep CFA piling project at Manor Road in London for luxury apartments and commercial buildings was completed
- In Dawlish on the Great Western Mainline route the first piles were installed for sea defence works

MARCH

- Staff from our Kirkby office took part in tree planting and litter picking as part of our corporate social responsibility activities
- Our trail blazer piling attendant successfully passed the Level 2 Piling Attendant apprenticeship through our in-house programme

APRIL

- Works on HS2 rail interfaces are completed at Carol Green, Solihull
- Works began on the M6 Junctions 21a to 26 Smart Motorways programme, with ScrewFast mobilising to site to install helical piles and grillages in 40 locations

Strong demand across our core markets

HIGHLIGHTS

- Strong recovery of the Group's core markets during the year
- Trading well ahead of pre-pandemic levels and a return to profitability during the year
- Supply chain challenges have impacted operations and contract margins during the year
- Increased investment in the Groups rig fleet during the year
- Continued progress on strategic plan with significant contract and framework appointments
- Reinstatement of dividends with a recommended final dividend of 1.0p per share

Trading has been ahead of pre-pandemic levels, and the Group has returned to profitability in the year."

I am pleased to report that FY2022 has been a year of record revenues, following a strong recovery for the Group, driven by high levels of activity across all divisions. Following the relaxation of COVID-related restrictions, and our strategy of working closely with key customers, we saw a strong rebound in revenues across all sectors. As a result, trading has been well ahead of pre-pandemic levels, and the Group has returned to profitability in the year. The Group generated full year revenue of £124.9m, an increase of 48% on the prior year and operating profit of £4.4m, an increase of £5.2m over FY2021.

We have faced a number of supply chain challenges during the year with lack of availability of key materials impacting operations. In addition, the Group has experienced price inflation across the spectrum. We have been able to pass on some, but not all, of these price increases with the consequential impact on contract margins. These challenges are starting to show early signs of moderating, and the impacts of further material price inflation are being managed, as far as possible, through contract pricing mechanisms.

Significant progress has continued to be made on delivery of the Group's strategic plan, focused on improving operational performance and establishing strong positions for future growth. Several significant contracts and framework appointments were awarded in the year in the key infrastructure growth sectors of rail and highways.

FY2022 represents the first full year of ScrewFast Foundations Limited ("ScrewFast") being part of the Group, having acquired the business on 1 April 2021. In line with the Board's expectations at the time of the acquisition, ScrewFast has strengthened the Group's position in its growth markets, notably highways and energy with significant potential identified in rail and housing. The business has been fully integrated, with projects being bid for and delivered in an integrated model within the Specialist Piling division.

Capital structure and allocation

The Group's capital structure is reviewed regularly by the Board and management, taking into account the need, availability and cost of sources of funding. The Group's objective is to deliver long-term value to shareholders whilst maintaining a balance sheet structure that safeguards the Group's financial position through normal economic and sector-specific cycles and supports investment in medium-term growth strategies including inevitable increases in working capital.

In October 2020, the Group secured up to £11m of asset backed lending facilities on a revolving basis over four years, secured against the receivables and certain tangible assets. The facility was not drawn at any time during the financial year. Group debt has been further reduced to £1.1m at 30 April 2022, excluding IFRS lease liabilities.

Rig fleet and equipment investment was increased in the year to £4.9m having been restricted over the previous two financial years in order to manage cash resources during the pandemic. Capital investment is focused on both maintaining and upgrading existing rigs and investing in new rigs to meet growth opportunities and to replace ageing rigs.

The Board continue to review and appraise acquisition opportunities, in line with its disciplined criteria and approach. Whilst not core to the delivery of the Group strategy, the Board will look to supplement organic growth with earnings accretive, bolt-on acquisitions of established businesses which can augment and strengthen the Group's offering.

Dividend

I am pleased to confirm the reinstatement of dividends with the recovery of the Group's core markets. In light of the performance in the year and given the importance to shareholders of dividends as part of total shareholder return, the Board is recommending a final dividend of 1.0p per share. If approved, the final dividend will be payable on 7 October 2022 to shareholders on the share register as at 16 September 2022. The shares will be marked as ex-dividend on 15 September 2022.

People

The Group has strengthened the leadership team with significant industry and corporate experience in recent years. The management team is now embedded into the Group structure, supported by strengthened teams at a divisional level. Bringing together a mix of experience and capability has allowed the Group to maximise the opportunities during the post-pandemic market recovery and puts it well placed to deliver on its vision and strategy. Increased levels of training are now being delivered with internal training days doubling between FY2021 and FY2022.FY2023 will see the launch of the inaugural Van Elle leadership programme.

Van Elle is proud to be supported by an outstanding group of employees. My thanks go to all employees for their hard work in a year of such significant levels of trading, and with the additional challenges caused by supply chain disruption.

Board and governance

There have been no changes to the Board during the current year. Van Elle remains committed to promoting the highest standards of corporate governance and ensuring effective communication with shareholders. The Group adopts and complies with the Quoted Companies Alliance Corporate Governance Code, complemented with other suitable governance measures appropriate for a company of its size.

Outlook

The Board is pleased with the progress made in FY2022, with many of the Group's end markets having shown sustained and strong levels of trading. The trading momentum in FY2022 has continued into FY2023 and the Group's order book continues to be maintained at high levels. Significant framework appointments such as the Smart Motorways Programme Alliance and TransPennine Route Upgrade programmes are expected to provide considerable future workflows for the Group and help underpin Van Elle's growth expectations. Investment in infrastructure, including the decarbonisation and electrification of the rail network, where the Group has established a market-leading position, is expected to continue in the longer term. Future prospects in other growth markets also remain encouraging. The Board is therefore increasingly confident of achieving its mid-term financial targets of 5–10% annual revenue growth, 7–8% operating profit margin and 15–20% ROCE.

Frank Nelson
Non-Executive Chair
2 August 2022

Strong construction industry recovery despite supply chain challenges

Our activities are balanced across the three end markets of residential, infrastructure and regional construction

UK construction market overview

The UK construction sector output rose by 12.7% in 2021 in volume terms according to the Office for National Statistics. Construction demand has remained resilient in recent years despite several one-off uncertainties and industry-specific issues including Brexit, COVID-19, global supply chain difficulties, materials and product inflation, insurance cost rises, IR35 and reverse charge VAT and more recently Russia's invasion of Ukraine.

Over the Construction Products Association's ("CPA") forecast period to 2024 the key driver of growth is expected to be public sector rather than private sector, a contrast to the 2021 forecast where private sector construction activity was the key driver of recovery after the COVID-19 pandemic effected a fall in construction activity.

The largest sector within the UK construction industry, housebuilding, is expected to remain buoyant. The industrial sector is expected to have the fastest growth where the pipeline of projects remains strong and demand in 2022 is expected to be buoyed by some of the activity that was initially expected to take place in the second half of 2021.

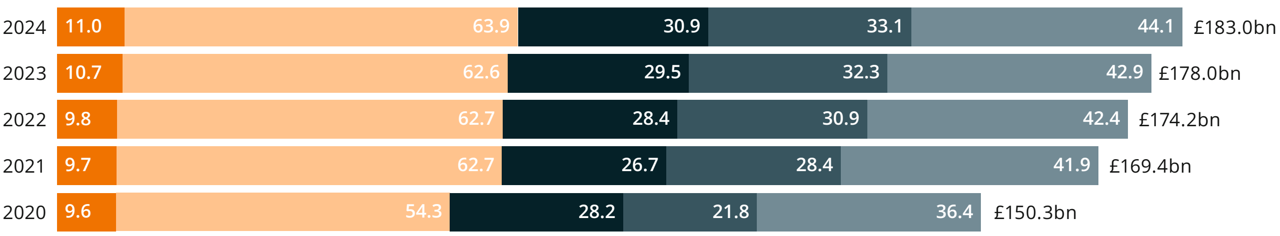
The infrastructure sector will be the major driver for growth and add the most in value terms given the size of the sector. Long-term pipelines of work in regulated sectors such as roads, rail, water and electricity provide the majority of general activity in the sector but the key growth is generated by the major projects.

Product supply issues, a major challenge in 2021, have eased recently, but may still cause problems, particularly in the peak spring period.

Outlook

In April 2022, the Construction Products Association published its forecast of the UK construction output. Overall, its opinion is that construction activity is expected to rise by 2.8% in 2022 and 2.2% in 2023 as activity levels currently remain robust despite rising energy costs, commodity price increases and other cost inflation. The most significant areas of growth in value terms are infrastructure and industrial with housing remaining at high levels of activity. Product supply issues, whilst recently eased, are likely to weigh on construction demand and exacerbate cost inflation on construction products over the next 12 months.

Total UK construction output



Key

- Public
- Repair and maintenance
- Commercial and industrial
- Infrastructure
- Residential

Source: Construction Products Association – Construction Industry Forecasts 2022–2024, Spring 2022 Edition.

RESIDENTIAL

Private housing output continues to be robust in 2022 and house price inflation remains strong albeit slower than the double-digit rates seen throughout 2021. The CPA anticipates that UK annual house price inflation will slow to 6.0% in 2022 and 2.5% in 2023 as the persistent "race for space" and lack of supply onto the market have sustained house price inflation despite the end of the stamp duty holiday and the Help to Buy scheme. Changes to building regulations in 2022 are expected to soften the exceptionally high demand seen in 2021; however, housebuilders remain cautiously optimistic whilst demand remains high. Private housing output is forecast to rise by 2.0% in 2022 and 3.0% in 2023.

Our response

During FY2022 demand from housebuilders for our modular foundation solution (Smartfoot) has been very strong. Our focus in this sector is on expanding our Smartfoot and associated modular offering in line with the government's modular construction initiative. We will achieve this by securing framework partner status with the top ten housebuilders across the UK and working collaboratively in developing innovative modular solutions, incorporating a broader range of our geotechnical techniques like vibro, rigid inclusions and helical piles.

* Source: Construction Products Association – Construction Industry Forecasts 2022–2024, Spring 2022 Edition.

** Comprises the Construction Products Association commercial and industrial sectors.

UK market 2021

+15.1%

Van Elle 2021/22

+42.9%

CPA growth forecast*

2022	1.2%
2023	1.2%
2024	2.8%

INFRASTRUCTURE

Infrastructure output is expected to rise by 8.8% in 2022 and is playing a key role in recovery of the construction industry and UK economy. Output growth is then forecast to slow down to 4.6% in 2023 and 2.5% in 2024.

The rail sub-sector is expected to experience double-digit expansion of 20.0% in 2022 and 10.0% in 2023 as it continues to benefit from activity on HS2. Progress is being made on delivering Network Rail's enhancement projects during CP6 such as the East West Rail project, the Midland Main Line ("MML") electrification programme and electrification work between Kettering and Market Harborough. Included in the CP6 programme of works is the £1.2bn upgrade to the East Coast Main Line, as well as the TransPennine Route Upgrade, which is now set to receive £5.4bn through the Integrated Rail Plan.

Roads output growth is forecast to be 2.0% in 2022 following the pause to all smart motorways schemes yet to start construction. Smart motorways work will focus primarily on additional points of relative safety in the short term until the pause is lifted. Output growth will primarily be driven by National Highways' Road Investment Strategy 2 (RIS2), which now has a funding envelope of £24.0 billion to deliver over 60 upgrades running from 2020/21 to 2024/25.

Our response

FY2022 involved increased activity within highways and with the Group appointed as a strategic supplier to the Smart Motorways Programme Alliance. Enhancement projects within CP6 continue to come online with activity on the Core Valley Lines during FY2022 and appointment as a strategic supplier to the TransPennine Route Upgrade in early FY2023.

Our focus in this sector is to further develop strategic partner status through strategic frameworks; repeat customer delivery in RIS2; achieve significant revenues on HS2 through focused engagement; to assume a market leading role in CP6 and develop key customer partnerships in flooding and energy sectors.

UK market 2021

+30.3%

Van Elle 2021/22

+52.4%

CPA growth forecast*

2022	8.8%
2023	4.5%
2024	2.5%

REGIONAL CONSTRUCTION

Retail, commercial, accommodation, leisure and entertainment sectors were hardest hit by the COVID-19 pandemic. Growth in the commercial sector is forecast to be 3.5% in 2022, 1.0% in 2023 and 2.0% in 2024. Despite a return to growth over the forecast period, commercial activity is set to remain below its pre-pandemic level, even in 2024. Growth will be driven by refurbishment and repurposing of existing space to meet evolving requirements for office and retail space.

The fastest growth rate is expected to be seen in the industrial sector, in which output is forecast to rise by 9.8% in 2022 and 9.3% in 2023 with the pipeline of projects remaining strong, particularly within the warehouse sub-sector.

Universities' capital spending programmes and developer-led student accommodation projects are expected to return to pre-pandemic levels in the forecast period and output for the public non-housing sector is forecast to grow, driven by the ten-year School Rebuilding Programme and the government's New Hospital Programme.

Our response

In regional construction the market remains highly competitive and, as a result, price sensitive. We have, however, continued to secure several larger contracts and exited FY2022 with a robust and high-quality order book.

Our focus in this sector is to develop regional partnerships and repeat business with preferred customers, target growth in the logistics sector and strengthen our regional presence in the North West, Midlands and South East. The wide range of services offered is attractive to customers in this sector as we are able to support most customer needs.

UK market 2021**

-5.3%

Van Elle 2021/22**

+50.9%

CPA growth forecast*

2022	6.4%
2023	3.9%
2024	4.7%

A focus on partnerships, people and perfect delivery

OUR VISION

To be the leading, most trusted provider of total foundation solutions

OUR VALUES

Safety
Always put health and safety first

Integrity
Be open, honest and straightforward and deliver on our promises

Teamwork
A "can-do" approach, working together to exceed customer expectations

Excellence
Keen to impress our customers; always do a great job and learn from our mistakes

OUR DIFFERENTIATED OFFER

We aim to provide customers with a differentiated and highly professional service:

Integrated capability
We provide an end-to-end service, from initial ground investigation through to the largest types of foundation engineering

UK's largest rig fleet
We have 122 rigs in our fleet, with £50m capital investment in 2015–2022

Dedicated team
We deploy a directly employed workforce of more than 400 highly trained operatives

Link to strategy

- Improved business performance
- Foundations for growth
- Market leadership

HOW WE ADD VALUE

1. Trusted partnerships

- Long-term customer focus
- End-to-end, integrated capabilities
- Best-value, innovative technical solutions
- Appropriate risk profile
- Collaborative approach and early involvement
- Conscious of our impact on communities and the environment

2. The best people and assets

- Engaged employees
- 5% trainees and apprentices
- Visible leadership
- Well-trained, directly employed workforce
- Optimised utilisation of well-maintained, extensive rig fleet
- Responsive logistical support

3. Perfect delivery

- Zero harm
- Right first time
- On time and on budget
- Continuously improving
- Satisfied customers

Read more about our strategy on **pages 19 to 21**

THE VALUE WE CREATE

Our customers

- A focus on long-term strategic relationships
- Provision of innovative, value-adding, cost-effective geotechnical solutions
- A broad range of geotechnical solutions including modern methods of construction with off-site and modular products

Recurring revenues

73%

Link to strategy

Our shareholders

- Delivering profitable growth with good cash conversion on track to achieve the Group's medium-term financial targets
- Robust balance sheet with low gearing and reinvestment in the business to support our growth strategy
- Operational flexibility leading to improving asset utilisation and return on capital employed

Recommended final dividend

1p

Link to strategy

Our people

- Attracting and developing excellent people to create a vibrant, diverse and flexible workforce
- 100% direct labour model and a culture where employees feel valued and empowered to make informed decisions
- Interesting and challenging careers in a diverse business that provides people with the opportunity to develop and reach their potential

Apprentices and trainees

36

Link to strategy

Read more about stakeholder engagement on **pages 35 to 37**

Innovative

We are constantly innovating and invest up to 10% of our expenditure into developing new techniques and applications

Expert

We provide more than 25 geotechnical, ground improvement and piling techniques across the Group

Market leading

We are one of the UK market leaders in the deployment of modular foundations to the housing sector

Continued positive trading momentum

HIGHLIGHTS

- High levels of demand across the Group's core markets with trading well ahead of pre-pandemic levels, record revenues and a return to profitability during the year
- Activity levels across all divisions high with workload in the Rail sector increasing in the second half of the year
- Lack of availability and price inflation of raw materials has impacted operations and contract margins during the year
- Further expansion of the Group's operational capabilities in sheet piling, vibro stone columns, rigid inclusions and ancillary civils for rail
- 8 new rigs added to the Group's fleet to support growth and expansion of capabilities
- Appointment to the Smart Motorways Programme Alliance and TransPennine Route Upgrade frameworks
- Improved safety performance during the year

We entered the year with a strong pipeline of projects and increasing enquiry levels."

Overview

The high levels of demand across Van Elle's core markets were sustained throughout the financial year, resulting in the Group reporting record revenues in FY2022 and delivering a 3.5% operating profit margin.

Market conditions started to recover from the COVID-19 pandemic towards the end of the previous year and the Group entered the year with a strong pipeline of projects and increasing enquiry levels.

Full year revenue was £124.9m, representing an increase of 48% on the preceding year (2021: £84.4m). After adjusting for the impact of the acquisition of ScrewFast Foundations Limited ("ScrewFast"), the year-on-year increase in revenue was 41%. Revenue was also 41% higher than FY2019 (32% after adjusting for the acquisition of ScrewFast), which was the last year unaffected by the COVID-19 pandemic.

There was a significant increase in demand and activity levels across all divisions. Workload in the rail sector lagged behind the recovery of our other core markets, but activity levels accelerated and increased during the second half of the financial year. Piling work commenced on the Core Valley Lines rail network, the Group's first major electrification project since 2018. Since the year end, Van Elle has been appointed to the piling framework for the TransPennine Route Upgrade ("TRU") programme with site activity expected to commence later in FY2023.

Whilst the Group reports a slight improvement in contract margins overall, mainly due to better execution and higher utilisation of the rig fleet, there have been a number of supply chain challenges during the year. A lack of availability and price inflation of raw materials impacted contract margins. The Group has successfully passed through price increases to partially offset the inflated input costs, however some disruption to site work caused by material shortages has been unavoidable.

In order to attract and retain high quality employees, Van Elle took steps in the year to review remuneration and benefits, which has resulted in an increase to the Group's cost base. In the short term, particularly on longer term contracts already mobilised, these increased costs could not be fully recovered in all cases.

Despite the supply chain challenges and wage inflation, the Board is pleased to report a return to profitability for the Group, following two financial years impacted by the COVID-19 pandemic. Operating profit was £4.4m, an increase of £5.2m over the loss in FY2021.

The Group acquired ScrewFast on 1 April 2021, and over the course of the year the business was integrated into the wider Van Elle structure, whilst retaining key employees and the brand. The team has continued to deliver high quality projects in line with its previous strong track record. Going forward, the Group anticipates an increase in demand for ScrewFast's helical piling and steel modular foundation solutions, particularly in the highways sector.

The safety and wellbeing of all employees is Van Elle's primary operational priority. Van Elle's average headcount increased by 12% to 577 and the safety performance in FY2022 improved on that of the previous year, with the accident frequency rate dropping to 0.28 (FY2021: 0.59) and the positive indicators also improving. During the year, Van Elle has strengthened the health and safety team and introduced significantly more internal training, with training days double those of FY2021.

In the previous financial year, Van Elle took measures to strengthen its balance sheet, including a refinancing of existing debt facilities in October 2020, following which the Group has access to a debt facility of up to £11m. This facility remained undrawn throughout the financial year. In FY2022, Van Elle further reduced Group debt by continuing to repay hire purchase liabilities, whilst financing all capital expenditure from cash resources. The remaining hire purchase debt at 30 April 2022 was £1.1m (30 April 2021: £4.0m). On acquiring ScrewFast, the Group inherited certain bank loans and hire purchase debt totalling £1.3m, all of which was repaid in FY2022. These actions leave the Group in a net cash position, with adequate liquidity headroom to support further growth and future investment.

ESG

The Group launched its sustainability strategy last year, aligned to industry best practice including the Construction Leadership Council programme. The Group's teams are passionate about making positive changes to their equipment and processes to considerably reduce waste and carbon production and limit the negative impact of their activities.

Van Elle's newly appointed Environment Manager will take the lead in delivering the Group's vision, which is to help create a sustainable future through innovation, engagement and collaboration with local communities, customers, and broader industry.

In addition to the focus on sustainability of site operations, the Group has undertaken a number of initiatives, including establishing an electric company car scheme, installing vehicle charging points at its offices, and planning to install solar panels at the Group's head office and main depot in Kirkby-in-Ashfield through FY2023.

Van Elle's target is to achieve Scope 1 and Scope 2 carbon neutral by 2050, however, to achieve this the Group needs to deliver on all of aspects of its strategy, and harness opportunities within the supply chain, product development and site operations.

Van Elle's social initiatives include various charitable activities, including partnering with a local charity, which is selected by employees. Van Elle also promotes volunteering and teams have completed activities to support the local community over the course of the year.

Strategic approach

Van Elle is making good progress against Phase 3 of the Group strategy and is seeing the early benefits of actions taken under Phases 1 and 2 which are substantially complete, although subject to continuous improvement, as summarised below:

Phase 1: Stabilising and improving performance

Simplifying the Group structure, improving leadership capability, strengthening commercial capability, cost reduction and efficiency improvements, safety and asset utilisation performance, and employee engagement activities.

Phase 2: Developing foundations for growth

Developing clear strategic plans for the Group's core sectors of housing, infrastructure and regional construction, improving customer relationships and tendering activity, maximising the integrated solutions offering, broadening the range of products and services, and strengthening the Group's balance sheet.

Phase 3: Establishing market leadership

Sustainable, profitable growth towards medium-term objectives of revenue growth of 5–10% per annum, underlying operating margins of 7–8%, and return on capital employed of 15–20%.

The Group's vision is to be the leading, most trusted provider of Total Foundation Solutions and its strategic goals are aligned under three pillars of developing trusted partnerships, deploying the best people and assets and the perfect delivery of our projects. Some highlights in the year include:

- further improvement in employee engagement scores from our annual employee survey;
- a full review of employee remuneration and benefits, with improvement to terms targeted at employee engagement and retention;
- doubling of internal training days delivered, compared to FY2021;
- integration of ScrewFast into the Specialist Piling division, with aligned management and operational delivery teams;
- further expansion of the Group's operational capabilities with excellent growth delivered in sheet piling, vibro and rigid inclusions, and the development of an ancillary civils capability in the Rail division. These techniques have been added to Van Elle's services and have all contributed positively to the financial result; and
- further reduction in Group debt, with all capital expenditure in the year funded from cash resources. Outstanding hire purchase debt as at 30 April 2022 is £1.1m, and a funding facility of up to £11m remains available.

Markets

The Group operates in the following three market segments:

- **Residential** constitutes approximately 43% of Group revenues (down from 45% in FY2021). Van Elle's teams deliver integrated piling and foundation systems for national and regional housebuilders, and retirement and multi-storey residential properties.

  The prior year financial results in the residential sector were heavily impacted by the COVID-19 pandemic, with housebuilders closing all sites during the first national lockdown. After a gradual recovery in the first half of FY2021, demand and activity levels continued to increase. Demand from housebuilders for Van Elle's piling services and precast concrete modular foundation solution (Smartfoot) has been very strong, with the Housing division operating at near capacity levels throughout FY2022.

  The long-term outlook for the sector is likely to remain strong; however, changes to building regulations are expected to soften the exceptionally high demand seen this year as we progress through FY2023.

  Van Elle remains confident that its Smartfoot system will continue to be popular with both traditional housebuilders and emerging modular housebuilders, due to the benefits of reduced delivery time, certainty of supply and cost, sustainability benefits and reduced on-site resource levels.

  The Directors anticipate the residential sector will move increasingly to modern methods of construction as the time and resource savings of modular foundations become better appreciated, and the expanded range of integrated services from early ground investigation, ground stabilisation and improvement, followed by piling and foundations systems, provides a strong model to support housebuilder customers.

- **Infrastructure** constitutes approximately 35% of Group revenues (up from 34% in FY2021) and includes specialist ground engineering services to the rail, highways, coastal and flooding, energy and utility sectors.

  In the highways sector, Van Elle continues to deliver projects under local authority and Highways England frameworks. The Group was appointed to the ten-year Smart Motorways Programme Alliance ("SMPA") framework in the second half of the year. Whilst there is a pause to the new-build programme to collect safety and economic data, design work, current contracts and construction of emergency refuge areas are continuing. The Group's helical piling and modular steel foundation solution (ScrewFast) is increasingly a gantry foundation solution of choice in many highways projects.

In the rail sector, revenues were slower to recover with subdued activity levels continuing through the first half of the year. However, the second half delivered strong revenue growth, with electrification work commencing on the Core Valley Lines rail network in South Wales, the Group's first major electrification project since 2018. Van Elle also delivered a series of high-profile station modernisation projects involving the Rail and Specialist Piling divisions in tandem, including expansions of Gatwick Airport station for Costain, Birmingham University station for VolkerFitzpatrick, and several other regional station schemes taking Van Elle's historical station portfolio to over 200 completed projects. Van Elle also delivered several embankment and slope stabilisation schemes often at short notice including major schemes in Network Rail's southern region and has been delivering complex coastal rail works on the Dawlish coast on a series of projects throughout FY2022, and onwards, for Bam Nuttall. Van Elle was also appointed to the piling framework for the TransPennine Route Upgrade ("TRU") programme in the first quarter of FY2023.

High Speed 2 continues to offer considerable medium-term opportunities, where Van Elle anticipates its services will be used by main contractors to provide additional capacity for the high workloads required to meet the project deadlines. In the year, Van Elle undertook various works on all the main works civil engineering sections on phase 1 (London to Birmingham).

Led primarily by customer interest in the ScrewFast solution, the Group has developed a growing presence in the high-voltage power sector and has completed several contracts on substation and other infrastructure projects across the National Grid and regional distribution networks.

- **Regional construction** constitutes approximately 22% of Group revenues (up from 21% in FY2021). The Group delivers a full range of piling and ground improvement services to the commercial and industrial sectors, from private and public sector building and developer-led markets across the UK.

The regional construction market improved over the financial year, as greater confidence returned following the previous year impacts from COVID-19 and Brexit. The market remains highly competitive and, as a result, price sensitive. The most buoyant segment is the construction of industrial and logistics warehouses across the UK. Van Elle has delivered several schemes in the year benefiting from a wider offering by the development of its ground improvement services (vibro stone columns and rigid inclusions) which are often specified alongside traditional driven and Continuous Flight Auger ("CFA") piling on the larger warehouse schemes.

Van Elle has continued to secure projects and exited FY2022 with a robust and high-quality order book. Contract execution and commercial management have remained high focus areas in the General Piling division and further progress has been achieved in delivering improved contract gross margins.

The impact of delivering against the strategy to develop a diversified range of complementary services, as well as a strong balance sheet, has allowed the Group to be awarded several larger contracts, which contributed strongly to revenue growth in the year. The wide range of services offered is attractive to customers as we are able to support most customer needs.

Operating structure

Van Elle's operational Group structure has remained consistent and is reported in three segments:

- **General Piling:** open site and larger projects, key techniques being large diameter rotary and CFA piling and precast driven piling.
- **Specialist Piling and Rail:** restricted access and low headroom piling; extensive rail mounted capability; helical piling and steel modular foundations (ScrewFast); and sheet piling, soil nails and anchors, mini-piling and ground stabilisation projects.
- **Ground Engineering Services:** driven and CFA piling for housebuilders; precast concrete modular foundations (Smartfoot); and ground investigation and geotechnical services (Strata Geotechnics).

Rig fleet

Capital expenditure was restricted in the last two financial years as we sought to manage cash resources during the pandemic. In FY2022, the Group increased its level of investment to sustain the existing rig fleet and expand the fleet in key strategic growth areas.

Capital spend in FY2022 was £4.9m, including 8 rigs added to the fleet. Three rigs were added in Specialist Piling to support growth in the ground stabilisation sector; a piling rig with deep CFA capability was added to the General Piling division, where the Group has developed a positive reputation for large schemes in the London region; and rigs were also added to the Ground Engineering Services division to expand capacity given the high levels of demand.

Van Elle expects to continue to invest in the rig fleet at broadly similar levels in FY2023, with capital spend proposals being approved only where there is high confidence in a division's forward orders, and forecast ROCE contributes to the Group's medium-term target of 15-20%.

The total fleet size at the year end was 122, up from 115 last year.

Appointed to the piling framework for the TransPennine Route Upgrade ("TRU") programme in the first quarter of FY2023."

Summary and outlook

The strong momentum achieved throughout FY2022 has continued into the first quarter of FY2023 and all divisions continue to operate at high activity levels.

The supply chain challenges relating to cost inflation and availability issues remain a concern, although there are some signs of the issue moderating and generally the Group is able to recover cost inflation through contract pricing mechanisms. Access to raw materials for site works is improving, although inflationary cost increases have continued, albeit to a lesser extent than during FY2022.

The Group continues to monitor wage inflation and, in particular, the 'cost of living crisis' in the UK, which impacts all employees' living standards. Van Elle has made several changes to employees' terms of employment and benefits and will keep this under constant review to ensure that the Group continues to attract and retain the best people.

The Group has made good progress in the delivery of its three-phase strategy and is now firmly focused on achieving a market leading position, including delivering the Board's medium-term financial KPIs.

Van Elle's core markets continue to show a positive outlook, particularly in the infrastructure sector where government-backed investment is anticipated over the medium term. The Group is well-positioned on the Smart Motorways Programme Alliance on which a strong pipeline of current and retrofit works is forecast through to FY2025, while the government's review of new projects is ongoing. Activity levels in the rail sector have improved, with a much clearer pipeline of opportunities in place on which the Group is bidding, many of which span the CP6-CP7 transition. HS2 is expected to continue to take capacity out of the ground engineering market, and Van Elle expects to be increasingly involved in support of the phase 1 joint ventures. There is a growing number of opportunities for ScrewFast, which is now fully integrated into the wider Group structure, particularly in the highways and energy sectors.

Whilst mindful of the wider macro challenges affecting the sector, the Board is confident that the current levels of activity and demand will be sustained in FY2023 and further progress will be made on our strategy in this financial year.

Mark Cutler
Chief Executive Officer
2 August 2022

Further expansion of the Group's operational capabilities in sheet piling, vibro stone columns, rigid inclusions and ancillary civils for rail"

Strategic actions are strengthening the business

The Group's objective is to grow and develop a sustainable business for the benefit of all our stakeholders.

In FY2019 the business launched its three-phase strategy of improving business performance, developing foundations for growth and establishing a market leadership position. We continue to make good progress on the delivery of strategic actions with phases 1 and 2 of the strategy substantially completed although subject to continuous improvement. Success on delivery of the strategic actions means the business is on track to deliver the medium-term financial targets of revenue growth of 5–10% per annum, underlying operating margins of 7–8%, and return on capital employed of 15–20%.

IMPROVED BUSINESS PERFORMANCE

Strategic priorities

- Simplified structure, improved leadership capability, strengthening of management team, employee engagement and development
- Operational performance improvement and increased asset utilisation
- Strengthened commercial approach, improved compliance and governance
- Overhead and cost efficiencies, debt reduction and strong cash position

Progress to date

- Co-location completed, leadership team finalised and employee engagement improving
- Operational performance and rig utilisation improving
- Strengthened commercial activities and improved governance and risk management with key appointments
- Cost reduction and cash preservation actions embedded
- Strengthening of the health and safety team with experienced safety professionals aligned to each division
- Full review of employee remuneration and benefits, with improvement to terms targeted at employee engagement and retention

Links to KPIs

1 2 3 4 6 9

Read more about our KPIs on **pages 42 and 43**

Links to risks

4 5 6 7 8 9

Read more about our risks on **pages 38 to 41**

FOUNDATIONS FOR GROWTH

Strategic priorities

- Develop leading market position in key sub-sectors – housing, highways, rail and industrial
- Raised brand profile and key customer development
- Early involvement, improved bidding capability and total foundations offering
- Innovation focus, diversify specialist services and selective capital investment
- Bolt-on acquisitions to strengthen end-to-end service offering

Progress to date

- Refocused business development team and improved brand awareness
- ScrewFast complementary acquisition focused on specialist higher margin offering now fully integrated into the Specialist Piling division with aligned management and operational teams
- National roll-out and continuous innovation of the Smartfoot product offering
- R&D expenditure circa 10% of cost base, including rigid inclusion development, rail ground investigation ("GI") and ground improvement
- Diversification of capabilities including rail ground investigation, rigid inclusions, vibro stone columns and ancillary civils in rail
- Strong balance sheet with low gearing and asset-based lending facility of up to £11m to support growth
- Continued investment in rigs in growth areas
- Strengthened diverse skill base and capacity

Links to KPIs

1 2 3 6 7 9

Read more about our KPIs on **pages 42 and 43**

Links to risks

1 2 3 6 9 10

Read more about our risks on **pages 38 to 41**

Strategy in action

Van Elle's Rail division has developed a partnership with Rail-Ability in collaboration with JCB for the supply of next-generation road-rail vehicles (RRVs).

This partnership gives Van Elle a UK-designed and built series of RRVs which are more efficient due to enhanced operator comfort and safety features.

The investment includes an RA310 which is a 35t class vehicle, designed for multi-use, and will allow us to work across a wide range of areas such as logistics, lifting, steelwork installation and light geotechnical work.

It also includes the RA400 Piling Max, which is a 50t class RRV designed as a piling specification and heavy lift RRV.

John Allsop, Engineering Director for Rail, said: "Using a UK base machine built by JCB means that parts availability and technical support are greatly improved."

The new additions to the rail fleet mean that Van Elle is uniquely positioned to deliver future infrastructure and decarbonisation works across the railway network whilst increasing fleet efficiency, safety and reliability.

Risks

1. A rapid downturn in our markets
2. Failure to procure new contracts
3. Losing market share
4. Non-compliance with our Code of Business Conduct
5. Product and/or solution failure
6. Ineffective management of our contracts
7. Failure to comply with health and safety and environmental legislation
8. Not having the right skills to deliver
9. Insufficient resources to deliver contracts
10. Inability to finance our business

KPIs

1. Revenue
2. Underlying operating (loss)/profit
3. Reported operating (loss)/profit
4. Operating cash conversion
5. Underlying earnings per share ("EPS")
6. Underlying return on capital employed ("ROCE")
7. Net funds/(debt)
8. Reported earnings per share
9. Reported return on capital employed
10. Leverage

MARKET LEADERSHIP

Strategic priorities

- Become a trusted partner for key customers; increasingly involved in longer-term collaborative projects
- Deploying the best people and assets
- Delivering operational excellence on over 1,000 projects a year
- Continuous innovation to improve our performance and broaden our integrated capabilities
- Reduce our environmental and carbon impact to net zero by 2050
- Delivery of our medium term financial KPIs

Progress to date

- Increased repeat working and early involvement with key customers on longer term project opportunities
- Appointment to the 10 year Smart Motorways Programme Alliance
- Appointment to the piling frameworks for electrification of the Core Valley Lines and the TransPennine Route upgrade
- Further diversification of capabilities in ground improvement, rail and specialist piling strengthens our end-to-end offering
- Investment in the next generation, UK designed-and-built road-rail piling rigs
- ScrewFast acquisition broadens our product offering in off-site, modern methods of foundation solutions

Links to KPIs

1 2 3 4 5 6 8 9

Read more about our KPIs on **pages 42 and 43**

Links to risks

1 2 3 6 8 10

Read more about our risks on **pages 38 to 41**

national highways | smp alliance

Strategy in action

Van Elle has secured a place on two major frameworks – the Smart Motorways Programme Alliance framework, managed by Highways England, and the TransPennine Route Upgrade ("TRU") delivered by an alliance of Network Rail, Arup, Amey and Bam Nuttall.

Smart Motorways have been an important sector for Van Elle for over ten years and through the acquisition of ScrewFast in April 2021 this position has strengthened further.

The signing of the five to ten-year Smart Motorway Alliance piling and retaining structures framework is an exciting new chapter for the Group, embedding our specialist design and construction capabilities into this important national programme at the earliest stage.

The piling framework for the West of Leeds section of the TransPennine Route Upgrade ("TRU") programme represents a complex array of projects that suit our breadth of expertise in the rail sector, while working in a collaborative alliance environment which allows us to provide early engineering advice and cost-effective solutions for this transformative infrastructure programme.

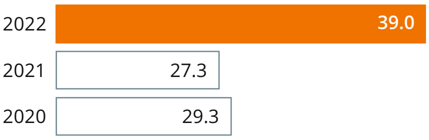
General Piling

General Piling offers design and construction solutions for our larger rotary, CFA and driven piling projects that don't require restricted access specialist techniques, typically involving deeper and larger diameter piles and complex major project requirements.

Revenue
(£m)

£39.0m

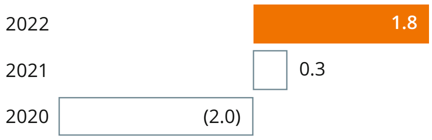
+42%



Operating profit/(loss)
(£m)

£1.8m

+512%



YEAR IN REVIEW

Revenue increased by 43% in the year to £39.0m (2021: £27.3m), representing 31% of Group revenues.

The primary target market of regional construction remained challenging throughout the year, with highly competitive, price-sensitive tendering required. However, the division continues to develop stronger relationships with its key customers and delivered multiple high-quality contracts in the year, requiring significant technical capabilities.

The General Piling division has had success in delivering larger projects, particularly in London, utilising its deep CFA technical capability and expertise, and the Group has furthered its investment to strengthen its capabilities in support of its strategy. Growth in rigid inclusions activity, a ground improvement technique which was recently added to the Group's capabilities has also supported revenue growth within the division.

A strong order book is carried forward into FY2023, underpinned by a large contract in the energy sector, which represents the largest single contract award since the outset of the pandemic.

There has been a high focus on contract execution in the year, delivering a gradual increase in gross margins through improved operational performance.

Underlying operating profit for the division was £1.8m (2021: £0.3m).

Specialist Piling and Rail

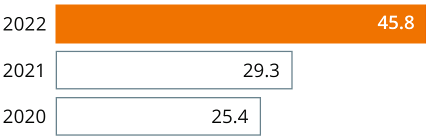
The Specialist Piling and Rail segment comprises the Specialist Piling, Rail and ScrewFast divisions which have closely aligned capabilities. Specialist Piling provides a range of piling and other geotechnical solutions in operationally constrained environments such as inside existing buildings, under bridges and in tunnels and basements, as well as off-track rail environments. Additionally, we offer nails and anchors, drilling and grouting techniques and sheet piling for ground stabilisation projects required for large civil engineering projects, such as motorway expansion and embankment cutting, as well as new-build residential schemes.

The Rail division specialises in on-track geotechnical operations across the UK's rail network. The acquisition of ScrewFast on 1 April 2020 further enhances our specialist capabilities helical pile and steel modular foundation solutions.

Revenue
(£m)

£45.8m

+56%



Operating profit
(£m)

£3.0m

+200%

YEAR IN REVIEW

Revenue increased by 56% in the year to £45.8m (2021: £29.3m), representing 37% of Group revenues. Revenue from the acquisition of ScrewFast is reported within the Specialist Piling and Rail segment. Revenue growth, after adjusting for the impact of ScrewFast, was 30%.

Specialist Piling recovered quickly following the first COVID-19 lockdown with strong demand across all of its target markets. The division has expanded its operational capability by investing in new rigs for growth and increasing the number of site gangs, having operated at near capacity throughout most of the financial year.

The division has developed a strong reputation for a broad range of technical capabilities, has seen further growth in ground stabilisation workload and has developed a strong sheet piling offering including the successful delivery of a major flood protection scheme to the A40 Llanegwad for the Welsh government.

Similar to the prior year, the division benefited from several high-profile schemes in the infrastructure sector including selected highways projects and several rail station and geotechnical schemes. However, despite the award of a partner role with the ten-year Smart Motorways Programme Alliance ("SMPA"), ongoing projects were fewer in FY2022 compared to previous years but are expected to ramp up significantly in FY2023 onwards as the SMPA programme progresses.

ScrewFast has been fully integrated into Specialist Piling, with aligned management and operational delivery teams. The helical piling and steel grillage solution has seen strong demand in the highways and energy sectors. With expected increased demand, the Group has invested in increased steel fabrication capacity.

Rail revenue gathered strong momentum during the second half, after a subdued first half of the financial year. Work commenced on piling for the decarbonisation and electrification of the Core Valley Lines rail network alongside a typically weekend-dominated workload of smaller schemes across all Network Rail regions. Rail capabilities were expanded organically by the launch of an ancillary civil engineering service which complements the Group's piling and foundations specialisms. The first major project was the reopening of the Dartmoor line in north Devon which was successfully completed in the period for Linbrooke, a Network Rail signalling framework contractor.

The Group was appointed to the piling framework for the TransPennine Route Upgrade ("TRU") programme between Manchester and Leeds in the first quarter of FY2023, with work due to commence later in the financial year and is expected to involve both the Specialist Piling and Rail divisions for up to three years.

The Group's fleet of 17 Colmar road and rail piling rigs are approaching an average age of seven years, and require a major overhaul which has commenced in FY2022 and is to be concluded over the next 24 months at an anticipated cost of approximately £70k per rig. In addition to peak weekend demands, this has resulted in more hired, less reliable equipment than is preferable. Orders for five, new generation, UK designed and built rigs were placed in the period at a cost of approximately £2.5m, with delivery expected by mid FY2023, allowing the Group to expand the fleet to meet the greater levels of demand.

Underlying operating profit for the division increased to £3.0m (2021: £1.0m).

Ground Engineering Services

Ground Engineering Services comprises services through the Strata Geotechnics and Housing divisions. Strata has expertise in drilling, sampling, analysing and reporting ground information to support follow-on design and construction activities.

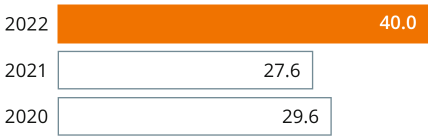
The Housing division undertakes driven and CFA piling and precast modular foundations (Smartfoot) for housebuilders.

510
projects

Revenue
(£m)

£40.0m

+45%



Operating profit
(£m)

£2.1m

+756%

YEAR IN REVIEW

Revenue increased by 45% in the year to £40.0m (2021: £27.6m), representing 32% of Group revenues.

The Housing division delivers integrated piling and Smartfoot foundation beam solutions to UK housebuilders. The prior year was heavily impacted from the first COVID-19 lockdown at the start of the financial year, which resulted in the cessation of all housebuilding activity for several weeks. Following the reopening of sites, the division saw a gradual increase in demand which continued throughout FY2022. The division has operated at capacity for the majority of the financial year, delivering significant revenue growth. A strong and high-quality order book is carried forward into FY2023, with site work scheduled throughout the first half of FY2023.

There has been a high level of focus on operational efficiency to improve gross margins, in a highly competitive market, with a gradual improvement delivered over the year.

Strata, Van Elle's Geotechnical division, reported revenues of £5.9m (2021: £4.7m). Further progress has been made in the infrastructure sector, with increased activity levels in the highways sector (including under the Highways England ground investigation framework) and on HS2 ground investigation projects. The Group anticipates further growth in the infrastructure market under the Smart Motorways Programme Alliance and rail electrification and signalling programmes and have grown the division's workforce to meet this potential demand.

Underlying operating profit for the segment increased to £2.1m (2021: £0.2m).

Sustainable, responsible business

Van Elle is committed to acting in a safe, sustainable and responsible manner and recognises this is key to the success and growth of the business. In FY2021 the Group launched its sustainability strategy. This work is beginning to yield benefits in terms of employee engagement, delivery of social value projects and reduced carbon design and delivery innovations.

Policies

The Board recognises its responsibility for establishing responsible and sustainable business practices, ensuring the safeguarding of both the environment and stakeholders. Van Elle has several established policies in place that underpin its operations to support our sustainable and responsible approach. These include anti-bribery and corruption, health and safety, environmental protection, sustainable development, quality assurance, anti-fraud and tax evasion, equality, diversity and inclusion, training and development, whistleblowing, and modern slavery. Regular training on key policies is conducted by all employees to support compliance with high standards of business conduct.

Our dedicated health, safety, quality and environment team continue to undertake regular internal audits of our procedures to ensure they are as comprehensive as possible, highlighting any areas for improvement."

HEALTH AND SAFETY

The health, safety and well-being of our staff is of paramount importance, and every precaution is taken to protect them and fellow contractors on site. Our newly appointed Head of Health and Safety is driving an operations-led safety culture within the business and improved safety reporting which is already beginning to have a positive effect on the health and safety of our employees with all KPIs improving during the year.

Following an independent review of health and safety arrangements in February 2021 a 16-point safety improvement plan was established, outlining areas for improvement. Delivery of this plan, led by the Chief Executive and the newly appointed Head of Health and Safety, is ongoing with positive changes in safety culture already emerging. Our refreshed Safety Golden Rules, launched late in FY2021 alongside additional training of key policies and behaviours, further empower our whole workforce to stop working if something changes and they feel unsafe.

Our dedicated health, safety, quality and environment team continue to undertake regular internal audits of our procedures to ensure they are as comprehensive as possible, highlighting any areas for improvement. As members of all the industry's key recognised certification and qualification schemes, our systems are under constant review by external bodies promoting best practice. We are Network Rail Plant Operations Scheme ("POS") providers and are an active member of the Federation of Piling Specialists ("FPS") and the British Drilling Association ("BDA").

We aim to identify risks through proactive hazard identification and careful risk assessment and method planning. We measure and monitor a balance of reactive and proactive KPIs. All health and safety incidents are reviewed at a senior level and extensive toolbox talks, training and employee briefings are held to refocus the business and continually address and improve performance.

Van Elle is an accredited CITB training provider, delivering health and safety awareness, site supervisor safety training and site management safety training courses to its employees.

As an employer, we recognise the importance of mental health awareness and providing easy access to support when it is needed. We have employees who deliver mental health awareness courses and have trained mental health first aid staff in the offices and on site. We have set an objective to achieve a trained mental health first aid staff to employee ratio, in accordance with Mental Health First Aid England guidelines.

The Group also operates an Employee Assistance Programme, through which employees and their immediate families can access confidential support services 24 hours a day, 7 days a week.

HS&E KPIs 2017–2022

Category	FY2020	FY2021	FY2022
Hazard identification reports	1,062	1,718	**1,812**
Environmental incidents	1	1	**—**
Minor injuries	24	29	**37**
<7-day lost time injuries	6	5	**4**
>7-day lost time injuries (RIDDOR reportable)	3	4	**2**
Specified injury (RIDDOR reportable)	—	2	**2**
Dangerous occurrence	—	1	**—**
Fatal	—	1	**—**
RIDDOR accident incident rate ("AIR")/1,000 employees	5.8	13.9	**6.43**
RIDDOR accident frequency rate ("AFR")/100,000 hours	0.23	0.59	**0.28**

Our safety golden rules

Always

1. Make sure you are fit for work
2. STOP if anything changes
3. Ensure exclusion zones are in place around all plant machinery
4. Have a daily briefing and diligently follow the method statement, lifting plan or permit

Never

1. Use plant or equipment that is unfit for purpose
2. Stand in a position of potential danger
3. Walk by and ignore a hazard or unsafe act
4. Undertake a task for which you are not trained or competent

PEOPLE

Success from the start

We understand that the employee's first impression of our Company is paramount and that is why we have developed a robust induction process to ensure integration is as effective and supportive as possible. From the initial interview through to the first few days and weeks, our onboarding process creates a positive lifecycle within our business. Employees complete a local induction, and within the first two months of commencing with the Company, they are invited to a corporate induction chaired by our Chief Executive Officer and supported by the Executive Team. During this induction we cover a variety of topics including our vision and values, health and safety, compliance, the journey of the business past, present and future, HR and other functions, policies and procedures.

Great people

Success in Van Elle depends on having people with the right skills and commitment, and who share the Company's values. Recruiting and developing great people are key priorities, as is becoming more diverse and inclusive. Van Elle aims to be one of the most attractive employers in our industry. Progress towards this was measured in the 2021 Investors in People assessment and supporting employee survey. We maintained our Silver Investors in People accreditation, whilst achieving an overall 75% engagement score overall.

PEOPLE CONTINUED

Building tomorrow's talent

Our commitment to learning and development is continuous. We intend to maximise the Apprenticeship Levy scheme to offer both existing and new staff the opportunity, skills and qualifications that they need to develop their careers within the industry. Our Training Academy delivered double the training days in FY2022 compared to FY2021.

We are also engaged directly with further education establishments to encourage more people into the construction and engineering sector.

Rewarding our workforce

Our attrition rates have returned to pre-COVID-19 figures (18% voluntary attrition, same as FY2020). Attrition remains a sector-wide challenge; however, we have implemented initiatives to support retention of our employees. This includes implementing a grading structure, benchmarking our remuneration packages and reviewing our reward offering. We implemented a company car scheme in 2021, as well as reviewing our healthcare provision ensuring all our employees have access to Company funded healthcare.

We held our third Annual People Awards in December, recognising employees' contributions throughout the year. We saw a 61% increase in staff nominations.

	FY2020	FY2021	**FY2022**
Average number of employees	517	514	**577**
Voluntary attrition rate	18%	3%	**18%**
Total training days delivered	1,136	1,398	**2,862**
Training days delivered for Van Elle employees	795	1,006	**2,040**
Training days delivered to third party customers	341	392	**822**
Number of apprentices and trainees	35	30	**36**
Employee engagement survey response	56%	52%	**45%**
Employee engagement score	69%	73%	**75%**

BUILDING TOMORROW'S TALENT

Kezia Agulanna (pictured) joined the Rail division as an engineering placement student from the University of Bath in 2021.

With a fascination for construction/ structures, Kezia was drawn to an engineering career for its ability to turn an idea from paper – bringing together mathematics and physics – into a structure that has a long lifespan and a benefit to the community it serves.

During her placement, so far, Kezia has gained experience reviewing out on site and reviewing paperwork such as shift reports, close call reports and project documentation.

Kezia said: "I enjoy being involved in the dynamic problem solving within my team. Though there is a general thing we do (piling), each site is different, and we can encounter different ground properties. It's interesting to see how people come up with solutions when problems are encountered. It enables me to learn on the job."

EQUALITY, DIVERSITY AND INCLUSION WORKING GROUP

We have launched an equality, diversity and inclusion ("EDI") working group. This group has a critical role in translating the vision and strategic action plan into delivery by overseeing, monitoring delivery and reporting on progress. Our EDI Action Plan strives to ensure that we meet the commitments outlined in our EDI strategy and that we respond to the issues raised in our engagement surveys conducted in the previous year. Since launching our EDI strategy, some of our successes include:

- improving equality and diversity data held on applicants by introducing an applicant tracking system;
- improving equality and diversity data held on our employees by undertaking an internal audit;
- introduction of an equality and diversity awareness plan by supporting key awareness days/campaigns – Mental Health Awareness, National Apprentice Week, Dementia Awareness Week and Pride Month;
- developing equality and diversity-related e-learning training modules;
- making equality and diversity training mandatory for all employees;
- introduction of EDI champions – include staff representatives from across the business who have an interest in EDI. This is a great personal development opportunity as well as playing a central role in helping to facilitate change over time in the practices of the organisation. The diversity champions have some great stories to tell – how they learn from each other, and share ideas and experiences;
- introduction of a Mental Well-Being Policy, as well as training over 25 mental health first aiders from across the business; and
- introduction of a well-being room at our head office in Kirkby. This private space provides a comfortable place to pray, recharge or simply have a moment of quiet reflection.

SUPPORTING LOCAL COMMUNITIES

Although it is a requirement of many tenders and frameworks, Van Elle recognises the importance and advantages in engaging with the communities in which we work, and we take every opportunity to add social value. We have a wealth of skills and experience within the business which are regularly utilised to provide a long-lasting, positive legacy to the areas surrounding the projects with which we are involved.

Not only do we support our employees and external companies in developing their knowledge of modern and innovative ground engineering solutions through our CPD programme, but we regularly engage with universities, colleges and schools to build awareness, interest and enthusiasm around the construction, manufacturing and engineering industries.

Every year we support our nominated "charity of the year". This year our chosen charity was Cancer Research UK, which is the world's leading cancer charity dedicated to saving lives through research, influence and information. As well as salary sacrifices throughout the year, we supported campaigns and encouraged our employees to take part in fundraising as individuals and within the business. We also invited a Cancer Research UK rep to our office to give a health awareness talk during one of our Lunch & Learn sessions. During the year we raised over £10,000 for Cancer Research UK. In memory of Michael Ellis, founder and former Chair, charitable donations totalling £10,000 were also made during the year to Great Ormond Street Hospital and The Christie in Manchester.

As well as making cash donations, the business also encourages employees to volunteer time to community events with teams completing a number of activities to support the local community over the course of the year including litter picking and attending community liaison events.

SUPPORTING COMMUNITY COHESION IN COVENTRY

As part of our commitment to delivering value-added engineering, our team pulled out all the stops on the A46 Binley Junction project in Coventry.

Alongside the installation of foundations to support the building of a new flyover bridge, members of our team attended a series of community liaison events.

The sessions, hosted in several nearby community locations, provided an opportunity for local people to ask questions and learn more about the project.

Van Elle employees, alongside a number of our suppliers donated almost 20kg of biscuits.

The biscuits, which were sorted for food bank users to access via the 12 centres around the city, were delivered by our Business Development Manager.

COMMUNITY LITTER PICKING

As part of the BIG Ashfield Spring Clean nine members of our Kirkby-based team, from divisions and departments across the business, rolled up their sleeves and took part in a litter pick in Kirkby-in-Ashfield.

The yearly spring clean, hosted by Ashfield District Council for the fifth year, is a commitment to make Ashfield a cleaner place to live, work and visit.

The team collected and disposed of 20 bags of rubbish.

This activity provided a wonderful opportunity to continue our corporate social responsibility work, helping to keep the local area a clean and tidy place.

SUSTAINABILITY STRATEGY

As a business working in a sector where the use of steel and concrete is inevitable, we are passionate about making positive changes to our equipment and processes to considerably reduce waste and carbon production and limit the negative impact our activities have on the environment.

The Group's sustainability strategy launched in FY2021 includes a significant focus on reducing our carbon impact in the execution of our operational processes. This begins with efficient design and using low-emission plant and vehicles, recycled products and alternative materials where practicable.

Our target is to reduce the carbon impact of our operations by 30% by 2030 (based on a 2020 baseline) and achieve net zero by 2050 in line with the Construction Leadership Council industry targets. We will achieve this through reinvestment in our fleet and have already implemented changes to our company car scheme to incorporate electric and hybrid vehicles. These types of vehicles now make up 80% of our car orders. We are also installing vehicle charging points at our offices. We have set a maximum age limit on our transport fleet of ten years for heavy goods vehicles and five years for light commercial vehicles with a procurement exercise already underway to deliver in FY2023 the first HGV vehicles specified to the latest lowest carbon emissions. Where practicable we will look at opportunities to innovate by removing diesel driven plant with alternative methods such as electric and hydrogen.

We have agreed to implement a solar capture scheme at our head office, whereby we will generate all the electricity to power our site.

We understand the need to have experts within the business concentrating on the environmental aspects of what we do. We have recently recruited an Environment Manager early in FY2023 to take the lead on the Group's sustainability strategy and initiatives.

We are also in the process of establishing an "Our Impact" scheme, where employees are encouraged to identify ways to improve the impact we have on the environment.

We have in place mechanisms to record our scope 1 and 2 emissions; however, we aim to improve our understanding of our impact throughout the supply chain and identify potential changes that can have a positive impact. We will engage with our suppliers on environmental matters via engagement forums and innovation days. We will communicate our emissions and progress both internally and externally through tender submissions and forums such as the FPS where suitable. We will aim to achieve the ISO 50001 Energy Management standard during FY2023.

Some examples of how we continue to minimise the impact of our services upon the environment and seek low-carbon solutions include:

- the use of recycled steel tube, formerly used in the oil industry, to form steel piles;
- the use of biodegradable oils in our rigs;
- the use of pulverised fuel ash ("PFA"), a waste product from coal-fired power stations, in our grout products to reduce non-sustainable product usage;
- recycling schemes within all offices and yards;
- an in-house design team allowing us to optimise our solutions to minimise material content by reducing the number, depth and steel content of all products. We will often propose more sustainable, value-engineered options as well as pricing the client's required solutions; and
- maximising the off-site manufacture of modular foundation systems such as Smartfoot precast modular foundations and ScrewFast steel foundation systems.

We are ultimately targeting being carbon neutral by 2050; however, to achieve this we need to deliver on all aspects of our strategy, and harness opportunities within the supply chain, product development and site operations.

CUTTING CARBON USING MODERN METHODS

As part of our commitment to reducing our environmental impact (and through our work on the Smart Motorway Programme), we are aiming for a 25% reduction in carbon for the design, construction and operation assets.

A key area of delivery will be in the use of GRIP piles in place of bored piles.

For every tonne of concrete used there is an embodied 131.76kg/CO_2e (Defra 2021 conversion factor). The replacement of bored piles with GRIP piles has removed, 4,638t of concrete from the design and alleviated 325 HGV deliveries to site.

For the M6 scheme there are 410 piles in total over a scheme length of 16.4km, equating to 25/km. If the average carbon footprint of a Smart Motorway is 1,815t/km then this solution reduces that footprint down to 1,776t/km or a 2% saving over the total scheme against its target of 3% (set by the BRP team). GD301 has not been implemented on this scheme.

TREE PLANTING IN KIRKBY

A Kirkby community space received some TLC as ten of our team joined other community volunteers to plant 150 saplings.

The trees were planted in Holiday Hills Park, just five minutes from our head office, surrounding a children's playground and BMX track.

The event, organised by Ashfield District Council as part of its campaign to plant 1,000 trees, will promote biodiversity, create habitats and improve the environment for local people.

Our team joined representatives from the council and children from Bracken Hill School.

SUSTAINABILITY STRATEGY CONTINUED

Key aspects of Van Elle's sustainability strategy

Our vision is to help create a sustainable future through innovation, engagement and collaboration with local communities, our customers and our industry.

Social

A culture of zero harm to our staff, clients, suppliers and the public

30% of our products and/or services coming from the local communities within which we work

Partnering with local universities and colleges and delivering an industry-leading apprenticeship programme

Being part of the "5% club" where 5% of our total staff are employed as graduates, apprentice or trainees

Increasing health surveillance programmes for employees

Increasing the number of mental health first aiders to 1 per 50 employees

Delivering bespoke training for our managers, graduates, apprentices, supervisors and operatives

Increasing work with local charities and councils to provide greater community support

Environment

Reducing our carbon impact by 30% by 2030 based on a 2020 base line and being carbon neutral by 2050

Alternative techniques and products that replace high-carbon/ waste-producing processes

Becoming digitally mature and reducing our paper-based reporting

Maximum age limits for our transport fleet

Replacing diesel driven plant with alternative methods such as electric and hydrogen

Solar capture scheme at head office

Employing dedicated resource to drive environmental and sustainability changes

"Our Impact" scheme, where employees are encouraged to identify ways to improve the impact we have on the environment

Achieve ISO 50001 Energy Management and ISO 20400 Sustainable Procurement standards during FY2023

GREENHOUSE GAS REPORTING

The Group reports its GHG emissions in accordance with UK regulations and the GHG Protocol Corporate Accounting and Reporting Standard methodology. Our reporting boundary is all material scope 1 and scope 2 emission sources within the boundaries of our consolidated financial statements.

The recovery in infrastructure, regional construction and housebuilding markets has delivered strong order levels and significantly increased contract activity in the year with revenues 48% higher than in the previous financial year. This increased level of activity has meant an increase in the total tonnes of CO_2e emissions compared with the previous year; however, the Group's intensity measure, the absolute tonnes equivalent CO_2e per million pounds of revenue, has decreased from 70 to 63 in FY2022 as the business makes progress on delivery of its environmental strategy.

For the year ended 30 April 2022, the Group's GHG emissions and energy usage were as follows:

GHG emissions from:	**Tonnes of CO_2e 2022**	Tonnes of CO_2e 2021
Scope 1 – combustion of gas and fuel for transport and rig operation	**7,709**	5,750
Scope 2 – purchase of electricity	**202**	171
Total CO_2e emissions	**7,911**	5,921

Intensity measurement:	**2022**	2021
Absolute tonnes equivalent CO_2e per £m of revenue	**63**	70

Energy usage from:	**2022**	2021
Scope 1	**30,215**	22,526
Scope 2	**1,046**	807
Total MWh	**31,261**	23,333

How we engage with our stakeholders

In performing their duty under S172(1) of the Companies Act 2006, the Board ensures that the impact on our stakeholders is carefully considered by management when formulating all proposals requiring Board approval.

Our approach to stakeholder engagement

Stakeholder	Key concerns	Engagement
Shareholders	▪ Group performance ▪ Strategic objectives ▪ Corporate governance ▪ Environmental, social and governance performance ▪ Share price	▪ A comprehensive investor relations programme ensures regular meetings are held between major shareholders and the Executive Directors ▪ Investor roadshows are held at the time of interim and final results ▪ Presentation of the interim and final results, as well as other significant events, are held via Investor Meet Company for potential institutional and retail investors ▪ Regular trading updates including updates for significant events are made throughout the year ▪ The Annual General Meeting provides an opportunity for shareholders to meet with the Board and ask questions
Employees	▪ Health and safety ▪ Engagement and development ▪ Diversity ▪ Leadership	▪ The Board receives and reviews monthly health and safety performance reports ▪ Annual performance appraisals which include a personal development review are undertaken for all staff during the year ▪ The Group leadership team conducts periodic Group-wide briefings to share key information with employees ▪ A monthly Company newsletter, "Grounded", is issued to keep employees well informed ▪ An annual employee engagement survey is used to collate employee views and drive change ▪ Regular senior manager site visits are conducted to understand the experience of on-site operational staff ▪ All whistleblowing reports and grievances are investigated, and appropriate changes implemented to help prevent reoccurrence
Customers	▪ Customer engagement ▪ Quality and service level ▪ Innovative contract delivery	▪ Regular meetings are held between senior management and key customers to develop long-term relationships ▪ Managers undertake site visits regularly to manage quality and service levels on ongoing contracts ▪ Customer experience scores are reported internally and used as part of lessons learned sessions to drive continual improvement ▪ Teams work collaboratively with customers to develop design solutions that enable customers' aspirations to be fulfilled
Suppliers	▪ Strong supplier relationships ▪ Continuity of supply ▪ Financial strength and stability	▪ Regular review meetings are held between senior management and key suppliers to discuss relevant topics, such as pricing, supply continuity and service levels ▪ Focus is placed on developing key strategic supplier partnerships ▪ The Group's funding structure and balance sheet strength are kept under constant review to ensure suppliers are paid in accordance with agreed terms and to ensure sufficient working capital management throughout the supply chain

Our approach to stakeholder engagement continued

Stakeholder	Key concerns	Engagement
Community	▪ Health and safety ▪ Contribution to the community ▪ Sustainability	▪ A significant apprenticeship scheme is embedded within the organisation as the Group aims to have 5% of our total staff employed as graduates, apprentices or trainees ▪ The Group aims to recruit locally, retain a skilled local workforce and build relationships with local community organisations ▪ The Group supports a different local charity each year based on employee nominations ▪ Employees engage in various community events including litter picking, tree planting and community liaison events throughout the year
Government and regulatory/ industry bodies	▪ Compliance with laws and regulations ▪ Upholding appropriate corporate governance	▪ The Group adopts the Quoted Companies Alliance Corporate Governance Code (the "QCA Code") and operates policies to ensure compliance with the Code ▪ Clear and effective policies are in place to help prevent wrongdoing, including whistleblowing, bribery and corruption, anti-fraud and tax evasion, financial crime and modern slavery, with training provided where appropriate ▪ Regular meetings are held with tax advisers to discuss tax compliance, HMRC correspondence and other relevant issues pertinent to the Group's finances and tax position ▪ The Group is a member of several relevant sector associations including the Federation of Piling Specialists which provide forums to understand changes in relevant legislation and standards

Directors' S172 statement

The Board of Directors consider that they, both individually and collectively, have acted in a way that would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in S172(1)(a–f) of the Act) in the decisions they have taken during the year ended 30 April 2022.

In making this statement, the Directors, having regard for longer-term considerations of shareholders and the environment, have taken into account the following:

- the likely consequences of any decisions in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

Shareholder engagement events:

Date	Event
August 2021	FY2020 annual report and final results announcement with investor roadshow and Investor Meet Company presentation
August 2021	Appointment of Zeus Capital Limited to provide additional research analysis to investors
September 2021	Annual General Meeting and trading update
November 2021	Trading update for FY2022 H1

Date	Event
January 2022	FY2022 interim results investor roadshow and Investor Meet Company presentation
May 2022	Trading update for FY2022
June 2022	Announcement of TRU award
July 2022	Rail sector update Investor Meet Company presentation
August 2022	FY2022 annual report and final results announcement with investor roadshow and Investor Meet Company presentation

KEY DECISIONS

Board and Committee activities are organised throughout the year to address the matters reserved for the Board. An overview of the Board's principal decisions during the year, including how the Board has considered the factors set out in Section 172 of the Companies Act 2006 (the "Act"), is set out below.

Decision 1

SETTING THE ANNUAL GROUP BUDGET AND SUBSEQUENT FORECASTS

Actions taken

- Reviewed and approved Group budgets for FY2023 and high-level profit and cash forecasts for the following 12 months
- Approval of the going concern assumption

Key stakeholder groups considered

- In reviewing the budget and subsequent forecasts, the Board considered the impact on all stakeholders
- Setting the budget identified key areas of focus for the Group providing development opportunities for employees
- In setting the budget the Board also gave consideration to customers and identified opportunities to develop customer relationships and improve service delivery and efficiency
- In setting the budget consideration was given to suppliers around payments ensuring that there was clarity around when payments would be made to allow suppliers to effectively manage working capital

Decision 2

UPDATING THE STRATEGIC PLAN AND PRIORITIES

Actions taken

- Reviewed and approved updates to the strategic plan including key milestones and financial targets

Key stakeholder groups considered

- In updating the strategic plan, consideration was given to market developments and the alignment of strategic priorities and financial resources to growth areas to maximise opportunities and deliver enhanced shareholder value
- Updating the strategic plan identified key areas of focus for the Group providing development opportunities for employees
- Consideration was given to the achievement of sustainability targets, in particular the reduction of carbon with strategic plans incorporating moves to alternative raw materials and electric rigs
- In updating the strategic plan, the Board also considered customers and identified opportunities to develop customer relationships and improve service delivery and efficiency

Decision 3

DETERMINING THE APPROPRIATE LEVEL OF COMMERCIAL RISK ON SIGNIFICANT CONTRACTS

Actions taken

- The Board has deliberated and concluded on the maximum level of risk exposure on significant major contracts where contract terms vary from the Group's standard contract rules

Key stakeholder groups considered

- In considering the level of risk to which the Group is exposed the Board has sought to protect shareholder interests with the introduction of specific risk mitigation procedures on certain significant contracts
- Consideration was given to customer requirements for varied risk exposure whilst seeking to develop strong customer relationships

Decision 4

APPROVAL OF OFF CYCLE PAY INCREASES AS A RESULT OF SECTOR-WIDE LABOUR INFLATION

Actions taken

- Strong market recovery following the COVID-19 pandemic has resulted in high levels of demand and consequently high levels of labour inflation within the construction sector in the current year
- In order to maximise retention of key skills and experience required to deliver the Group's strategic objectives, the Board has considered and approved off cycle pay increases for a number of senior management roles

Key stakeholder groups considered

- In considering off cycle pay increases the Board has considered the need to retain key skills and experience in order to deliver the Group's strategic objectives and medium-term financial targets in order to deliver value to shareholders
- The consistency and quality of service for customers has been considered when making decisions to retain key roles and individuals
- The impact of the significant increase in trading on employees' responsibilities has been considered to ensure employees' reward mirrors their current level of responsibility

Mitigating risk to deliver increasing shareholder value

Risk management framework

The Board is responsible for setting the Group's risk appetite and ensuring that appropriate risk management systems are in place. The Board reviews the Group's principal risks throughout the year as part of its normal agenda, adopting an integrated approach to risk management by regularly discussing our principal risks. In addition, once a year the Board formally assesses the Group's principal risks, taking the strength of the Group's control systems and its appetite for risk into account.

How we identify risk

Our risk management process has been built to identify, evaluate, analyse and mitigate significant risks to the achievement of our strategy. Our risk identification processes seek to identify risks from both a top-down strategic perspective and a bottom-up local operating company perspective.

The principal risks and uncertainties identified by management and how they are being managed are set out opposite. These risks are not intended to be an extensive analysis of all risks that may arise in the ordinary course of business or otherwise.

Reviewing our risk register

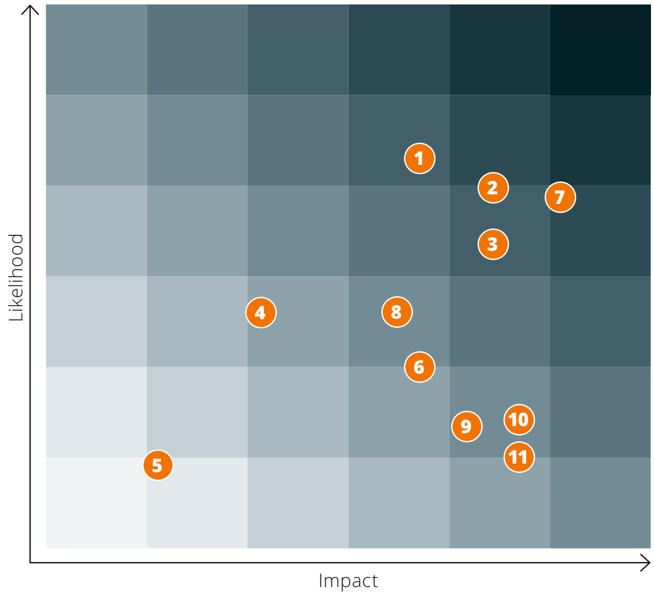
The risk registers of each division, together with the Group risk register, are updated and reported to the Audit and Risk Committee to ensure that adequate information in relation to risk management matters is available to the Board and to allow Board members the opportunity to challenge and review the risks identified and to consider in detail the various impacts of the risks and the mitigations in place.

Risks

1. A rapid downturn in our markets
2. Failure to procure new contracts
3. Losing our market share
4. Non-compliance with our Code of Business Conduct
5. Product and/or solution failure
6. Ineffective management of our contracts
7. Failure to comply with health and safety and environmental legislation
8. Not having the right skills to deliver
9. Insufficient resources to deliver contracts
10. Inability to finance our business

RISK MANAGEMENT FRAMEWORK

RISK HEATMAP



PRINCIPAL RISKS

Risk description	Potential impact	Mitigation	Change	Link to strategy
Market risk				
1 A rapid downturn in our markets				
Inability to maintain a sustainable level of financial performance throughout the construction industry market cycle, which grows more than many other industries during periods of economic expansion and falls harder than many other industries when the economy contracts. Failure of a key client resulting in market volatility.	Failure to continue in operation or to meet our liabilities.	Diversification of our markets, both in terms of geography and market segment. Focus on longer-term partnerships and building on existing client relationships. Debt facility of up to £11m provides headroom for the Group to withstand a downturn in markets.	−	2 3
Strategic risks				
2 Failure to procure new contracts				
Failure to continue to win and retain contracts on satisfactory terms and conditions in our existing and new target markets if competition increases, customer requirements change or demand reduces due to general adverse economic conditions.	Failure to achieve targets for revenue, profit and return on capital employed.	Continually analysing our existing and target markets to ensure we understand the opportunities that they offer. Strengthened bid review process throughout the Group with well-defined selectivity criteria, designed to ensure we take on contracts only where we understand and can manage the risks involved. Focused customer engagement earlier in the design process to ensure our solutions are embedded into the design.	−	2 3

PRINCIPAL RISKS CONTINUED

Risk description	Potential impact	Mitigation	Change	Link to strategy
Strategic risks continued				
3 Losing our market share				
Inability to achieve sustainable growth, whether through acquisitions, new products, new geographies or industry-specific solutions.	Failure to achieve targets for revenue, profits and return on capital employed.	Continually seeking to differentiate our offering through service quality, value for money and innovation. A business development team focusing on our customers' requirements and understanding our competitors. Reviewing acquisition opportunities where they may be favoured over organic growth. Implementing annual efficiency and improvement programmes to help us remain competitive.	– Focused on refining strategic client relationships in all sectors.	2 3
4 Non-compliance with our Code of Business Conduct				
Not maintaining high standards of ethics and compliance in conducting our business or failing to meet local or regulatory requirements.	Losing the trust of our customers, suppliers and other stakeholders with consequent adverse effects on our ability to deliver against our strategy and business objectives. Substantial damage to our brand and/or large financial penalties.	Having clear policies and procedures in respect of ethics, integrity, regulatory requirements and contract management. Maintaining training programmes to ensure our people fully understand these policies and requirements. Operating and encouraging the use of anti-bribery and corruption and whistleblowing policies.	–	1 3
Operational risks				
5 Product and/or solution failure				
Failure of our product and/or solution to achieve the required standard.	Financial loss and consequent damage to our brand reputation.	Continuing to enhance our technological and operational capabilities through investment in our product teams, project managers and engineering capabilities. The Group maintains comprehensive insurance cover and clear terms of business with customers and suppliers. The Group manufactures its products in an ISO 9001 quality environment, and all have CE approval.	–	1
6 Ineffective management of our contracts				
Failure to manage our contracts to ensure that they are delivered on time and to budget.	Failure to achieve the margins, profits and cash flows we expect from contracts.	Ensuring we understand all our risks through the bid appraisal process and applying rigorous policies and processes to manage and monitor contract performance. Ensuring we have high-quality people delivering projects. Our Perfect Delivery Concept establishes the criteria to achieve effective first-class solutions and service for our clients.	–	1 2 3

Risk description	Potential impact	Mitigation	Change	Link to strategy
Operational risks continued				
7 Failure to comply with health and safety and environmental legislation				
Causing a fatality or serious injury to an employee or member of the public through a failure to maintain high standards of safety and quality.	Loss of employee, customer, supplier and partner confidence, and damage to our brand reputation in an area that we regard as a top priority.	A Board-led commitment to achieve zero accidents. Visible management commitment with safety tours, safety audits and safety action groups. Implementing management systems that conform to Occupational Health and Safety Assessment Systems (ISO 9001, ISO 14001 and ISO 45001). Extensive mandatory employee training programmes. A full review of health and safety arrangements and attitudes undertaken in 2021, supported by independent external experts.	–	1
8 Not having the right skills to deliver				
Inability to attract, retain and develop excellent people to create a high-quality, vibrant, diverse and flexible workforce.	Failure to maintain satisfactory performance in respect of our current contracts and failure to deliver our strategy and business targets for growth.	Continuing to develop and implement leadership, personal development and employee engagement programmes that encourage and support all our people to achieve their full potential. Pre-employment checks ensure we have the right people in the right roles. Competitive remuneration packages including a Group-wide bonus scheme and additional employee incentives ensure we can attract and retain talent.	–	1 3
9 Raw material inflation and availability				
A shortage of raw material product available in the market causing delays to project delivery. Margin reduction on longer-term contracts where price increases cannot be passed on to customers.	Impairment of our ability to deliver contract works at profitable margins.	Regular monitoring of key material costs by the procurement function to ensure contract pricing is updated in line with cost inflation. Robust process for monitoring contract financial performance to track the impact of cost volatility. Tenders and contracts qualified to transfer the risk of significant material cost increases to the client. Strategic review of potential material shortages (further affected by the HS2 impact in FY2023 onwards) to be undertaken and commercial terms inserted accordingly. The Group applies selective criteria when choosing suppliers to ensure standards for quality, reliability and financial partnering are satisfied. A diverse supplier base is maintained to increase opportunities for supply.	–	2
Financial risks				
10 Inability to finance our business				
Losing access to the financing facilities necessary to fund the business.	Failure to continue in business or to meet our liabilities.	Debt facility of up to £11m provides headroom for the Group, to withstand a downturn in markets.	–	2 3

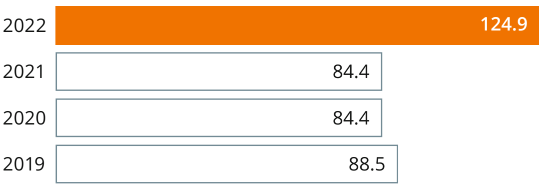
Tracking improved financial performance

The key performance indicators ("KPIs") we utilise are instrumental in measuring and ensuring the Company maximises its financial performance. These are measured monthly and reviewed annually against our strategic outlook.

Revenue
(£m)

£124.9m

+48.1%



Description
Revenue and revenue growth track our performance against our strategic aim to grow the business.

Performance
Revenue increased 48% in the year to £124.9m. The recovery in the national construction and housebuilding markets has delivered strong order levels and significantly increased contract activity in the year with total revenues ahead of pre-pandemic levels.

Reported operating profit/(loss)
(£m)

£4.4m

Description
Reported operating profit is the basis for calculating other reported KPIs and is after all categories of non-underlying items.

Performance
Operating profit has increased significantly in the year with the Group returning to profitability due to high levels of activity, improved gross margins and improved overhead recovery rates.

Underlying operating profit/(loss)
(£m)

£4.4m

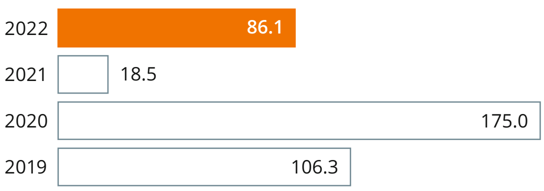
Description
Tracking our underlying profitability ensures that the focus remains on delivering profitable outcomes on our contracts. It is a measure of pure operating performance including depreciation and amortisation charges but excluding financing and tax.

Performance
The Group's non-underlying items in the year are £12,000 and share based payments have been reclassified to underlying profits during the period and therefore underlying operating profit is consistent with reported operating profit.

Operating cash conversion
(%)

86.1%

+365.3%



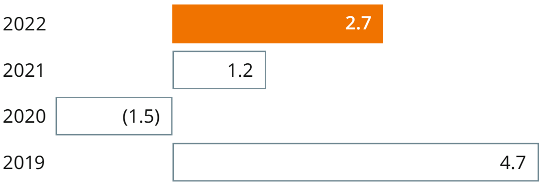
Description
By looking at cash generation at the operational level the quality of our profits can be tracked. This measure takes cash generated from operations as a percentage of EBITDA.

Performance
Operating cash conversion has significantly improved in the year with the preceding two financial years impacted by COVID-19. The current year cash conversion reflects the requirement to invest in working capital during the year as activity levels increased.

Adjusted earnings per share ("EPS")

(p)

2.7p



Description

This KPI measures our earnings before non-underlying items and the one-off deferred tax charge in FY2022, relative to the weighted average number of shares in issue and provides a monitor on how we are increasing shareholder value.

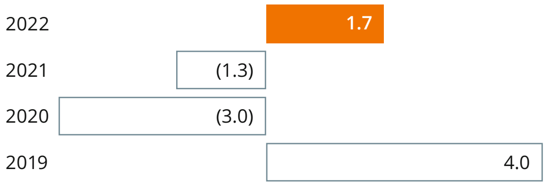
Performance

The Group's non-underlying items in the year are £12,000 and share based payments have been reclassified to underlying profits during the period. The Group reports a one-off deferred tax charge of £1.1m in FY2022 relating to the enacted change to the corporation tax rate, excluding this charge results in an adjusted earnings per share of 2.7p.

Reported earnings per share

(p)

1.7p



Description

This KPI measures our after-tax earnings relative to the weighted average number of shares in issue and provides a monitor on how we are increasing shareholder value.

Performance

Reported basic earnings per share was 1.7p (2021: -1.3p) reflecting higher reported operating profits in the period.

Underlying return on capital employed ("ROCE")

(%)

9.4%

Description

This measure indicates the rate of return per pound invested in the operating assets of the business. Capital employed is taken to be net assets excluding net funds (including IFRS 16 property and vehicle lease liabilities) and earnings is taken as underlying operating profit.

Performance

The Group's non-underlying items in the year are £12,000 and share based payments have been reclassified to underlying profits during the period and therefore underlying ROCE is consistent with reported ROCE.

Reported return on capital employed

(%)

9.4%

Description

This measure indicates the rate of return per pound invested in the operating assets of the business. Capital employed is taken to be net assets excluding net funds (including IFRS 16 property and vehicle lease liabilities) and earnings is taken as operating profit.

Performance

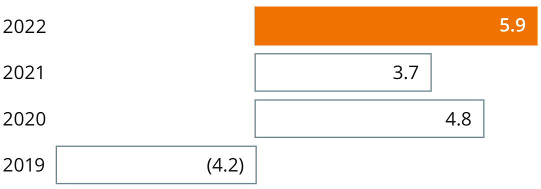
ROCE has increased in the period to 9.4% at 30 April 2022 (2021: -1.8%), reflecting the impact of the increased operating profit in the period.

Net funds/(debt)

(£m)

£5.9m

+60.2%



Description

Net funds reflects the Group's total cash and cash equivalents less any borrowings, excluding IFRS 16 property and vehicle lease liabilities.

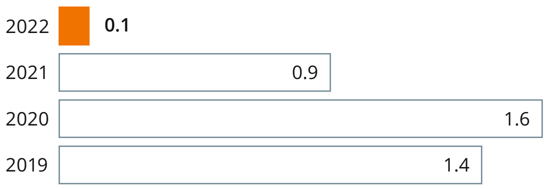
Performance

Net funds have increased by £2.2m to £5.9m. Whilst cash has reduced during the year hire purchase debt has continued to be paid down and debt acquired on the acquisition of ScrewFast has been repaid during the year.

Leverage

(times)

0.1



Description

This KPI measures the Group's total debt as a proportion of annual EBITDA.

Performance

Leverage continues to be reduced as hire purchase debt finance continues to be paid down. The Group's only remaining debt finance as at 30 April 2022 is £1.1m, being the amounts due on remaining hire purchase agreements, of which £0.9m is due to be repaid in FY2023.

Improving financial performance as we deliver our growth strategy

HIGHLIGHTS

- Strong order levels and significantly increased contract activity in the year
- Improved gross margins with the affects of supply chain challenges offset by improved mix and better contract execution
- Return on capital employed of 9.4%
- Year end cash balance of £7.0m
- Capital expenditure of £4.9m funded from cash resources
- Continued reduction in debt with adequate liquidity headroom to support further growth and investment

An improved revenue mix, better contract execution and higher rig utilisation have delivered an improved gross margin."

Revenue

Revenue in the year to 30 April 2022 was significantly ahead of the COVID-19 impacted prior year. The recovery in infrastructure, regional construction and housebuilding markets delivered strong order levels and significantly increased contract activity in the year with total revenue above pre-pandemic levels.

	2022 £'000	2021 £'000	Change %	2022 %	2021 %
H1	**60,061**	38,323	56.7	**48.1**	45.4
H2	**64,854**	46,045	40.8	**51.9**	54.6
Revenue	**124,915**	84,368	48.1	**100.0**	100.0

Throughout H1 of the prior year there was a gradual recovery in contract activity, with revenues recovering to pre-COVID-19 levels by H1 of FY2021. Recovery of the Group's core markets continued into H2 of FY2021 and throughout FY2022. High activity levels across all divisions throughout the year resulted in total revenue growth of £40.5m (+48.1%). FY2022 represents the first full year of ScrewFast trading as part of the Group. Revenue growth in FY2022, allowing for the impact of the acquisition of ScrewFast, was £33.8m (+40.1%).

The Group tracks enquiry levels by market sector, which helps to identify trends and target our activities into growth areas. The mix of revenue by end markets is shown below:

	2022 £'000	2021 £'000	Change %	2022 %	2021 %
Residential	**53,307**	37,296	42.9	**42.7**	44.2
Infrastructure	**43,378**	28,464	52.4	**34.7**	33.7
Regional construction	**27,879**	18,481	50.9	**22.3**	21.9
Other	**351**	127	163.0	**0.3**	0.2
Revenue	**124,915**	84,368	48.1	**100.0**	100.0

Residential: The residential sector was impacted the most by COVID-19 restrictions in the preceding year. A strong recovery, assisted by the stamp duty holiday, resulted in high levels of demand. These market conditions continued, with enquiries and contract activity levels reported at record levels, despite the phasing out of the stamp duty holiday over the summer of 2021. The residential sector continues to lead the Group's revenues.

Infrastructure: The recovery in Rail, whilst initially lagging behind the other divisions, improved throughout the year with work commencing on the Group's first major electrification programme since 2018 in H2 of FY2022. The Group was appointed to the Smart Motorways Programme Alliance ("SMPA") in the year for a period of up to ten years, and whilst there is a pause to the programme to collect safety and economic data, design work, live contracts and investment in emergency refuge areas continue. ScrewFast solutions are primarily targeted at the infrastructure sector with a focus on highways and power projects and therefore the benefit of ScrewFast is largely reflected within this sector's revenues.

Regional construction: The sector has remained highly competitive despite an increase in activity levels. During the year the Group has continued to secure and deliver high-quality projects whilst

KEY FINANCIAL DATA

Revenue	Return on capital employed	Net funds*	Cash conversion	Operating profit
£124.9m	9.4%	£5.9m	86.1%	£4.4m

* Net funds excluding IFRS 16 property and vehicle lease liabilities.

also continuing to focus on contract execution and commercial improvement. The Group has had success in delivering larger schemes in London, particularly utilising its deep CFA technical expertise.

The mix of revenue by division is shown below:

	2022 £'000	2021 £'000	Change %	2022 %	2021 %
General Piling	**38,974**	27,340	42.6	**31.2**	32.4
Specialist Piling and Rail	**45,771**	29,345	56.0	**36.6**	34.8
Ground Engineering Services	**40,043**	27,596	45.1	**32.1**	32.7
Head office	**127**	87	46.0	**0.1**	0.1
Revenue	**124,915**	84,368	48.1	**100.0**	100.0

General Piling revenues, whilst impacted by high levels of competition within the regional construction market and by the industry-wide supply chain challenges (due to the higher raw material requirements of the division's contract works), increased due to higher demand and improved tender conversion during the year. Revenue was supported by further growth in rigid inclusions activity, a ground improvement technique which was recently added to the Group's capabilities.

The Specialist Piling and Rail division includes ScrewFast. Excluding ScrewFast, revenue growth was £9.7m (+34.3%). This division was least impacted by COVID-19 in the preceding year, with revenues returning to pre-pandemic levels quickly following the first COVID-19 lockdown. Investment in drill and grout ground stabilisation capability delivered strong revenue growth in the year and activity levels on infrastructure projects have also continued positively, with notably high levels of work on rail station projects.

Growth in the Ground Engineering Services division's revenue reflects the significant demand in the residential sector during the year, also supported by geographical expansion within the UK. The division has operated at near capacity for the majority of the year.

Head office revenues relate to the provision of training services delivered through the dedicated training facility located at Kirkby-in-Ashfield.

Gross profit

Gross margin increased to 27.3% (2021: 26.1%). The improvement is partially due to a change in mix, with a greater proportion of Group revenues delivered by Specialist Piling and Rail, which typically delivers gross margins at the upper end of the Group's range of activities. There has also been a high focus across the Company on contract execution, with improved margins delivered across many contract activities.

Strong growth in Ground Engineering Services revenues, particularly Housing, resulted in a negative mix impact due to the highly competitive sector delivering margins at the lower end of the Group's margin range.

Supply chain challenges also impacted the Group, with the primary issues being a lack of availability and price inflation of key raw materials. Some of the impact was mitigated through higher pricing but unrecovered inflationary increases and the disruption caused by material shortages had a negative effect on contract margins. Wage inflation also impacted gross margins in the year, particularly on longer-term contracts, where pricing could not be fully adjusted to reflect higher staff costs.

Overall, an improved revenue mix, better contract execution and higher rig utilisation rates delivered an improved gross margin, despite the supply chain and wage inflation challenges.

Operating profit

Operating profit margins improved significantly in the year with the Group returning to profitability due to high levels of activity, improved gross margins and better overhead recovery rates.

	2022 £'000	2021 £'000	Change %
Operating profit/(loss)	**4,372**	(801)	645.8
Operating margin	**3.5%**	(0.9)%	4.4
Underlying operating profit/(loss)	**4,372**	(706)	719.3
Underlying operating margin	**3.5%**	(0.8)%	4.3

Alternative performance measures

In previous years, the Group has presented alternative performance measures ("APMs"), which are not defined or specified under the requirements of IFRS. The Group believes that these APMs provide depth and understanding to the users of the financial statements to allow for further assessment of the underlying performance of the Group and comparability from one year to the next.

The Board believes that the underlying performance measures for operating profit, profit before tax and EPS, stated before the deduction of non-underlying items, give a clearer indication of the actual performance of the business.

The Group's non-underlying items in FY2022 include a credit of £362,000 relating to the reduction in the deferred consideration due in respect of the acquisition of ScrewFast and a charge of £350,000 relating to two warranty claims arising in the year. The total value of £12,000 is recognised within administration expenses and forms part of underlying operating profits. Underlying operating profits and reported operating profits are consistent in FY2022.

During the preceding year, total non-underlying items of £0.1m were incurred in respect of the fees associated with the acquisition of ScrewFast Foundations Limited on 1 April 2021.

Net finance costs

Net finance costs were £779,000 (2021: £598,000). The increase in finance costs during the year reflects the absorption of debt on the acquisition of ScrewFast Foundations Limited on 1 April 2021. All outstanding loans and hire purchase agreements in ScrewFast were repaid in April 2022 resulting in accelerated interest charges in the year.

Taxation

The Group has taken advantage of the extended loss carry back rules in the period, carrying back losses from the preceding financial year to the years ended 30 April 2019 and 30 April 2018, resulting in a refund which was received in Q1 of FY2023.

Financial review continued

Taxation continued

The effective tax rate in the year was 48.2% (2021: -0.9%). The relatively high effective tax rate in the year is due to the enacted change to the future corporation tax rate from 19% to 25% . This has resulted in a restatement of the Group's deferred tax liabilities and a deferred tax charge in the current year of £1,072,000. Excluding this one-off deferred tax charge, the effective tax rate in the year was 18.4%.

The Group has a taxable loss in the current financial year due to the use of super deduction allowances on qualifying items of plant and machinery. Tax losses have been recognised on the basis the Group has net deferred tax liabilities.

Dividends

The Board is recommending a final dividend of 1.0p. No interim dividend was paid during the year.

Subject to approval at the Annual General Meeting on Thursday 29 September, the recommended final dividend will be paid on 7 October 2022 to shareholders registered on 16 September 2022. The associated ex-dividend date will be 15 September 2022.

Earnings per share

Reported basic earnings per share were 1.7p (2021: -1.3p) and adjusted basic earnings per share were 2.7p (2021: -1.2p). There is no dilutive effect of outstanding share options as conditions remain unsatisfied or the share price is below the exercise price meaning diluted earnings per share is equal to basic earnings per share, as was the case in the previous financial year.

Adjusted earnings per share is based on profit adjusted for non-underlying items, net of tax, and the one-off deferred tax charge relating to future corporation tax rate changes enacted during the year.

Balance sheet

	2022 £'000	2021 £'000
Fixed assets (including intangible assets and investment property)	**43,377**	42,835
Net working capital	**8,113**	6,930
Net funds/(debt)	**134**	(1,711)
Deferred consideration	**(1,220)**	(1,521)
Taxation and provisions	**(3,793)**	(1,956)
Net assets	**46,611**	44,577

Note: net working capital and taxation and provisions are stated net of claim liabilities and associated insurance assets.

Net assets increased by £2.0m to £46.6m (2021: £44.6m).

The Group increased its level of investment in the year (having restricted capital investment in the last two financial years to manage cash resources during the pandemic). A total of £4.9m was invested over the course of the year with eight rigs added to the fleet. Three rigs were added to the Specialist Piling fleet to support growth in the drill and grout ground stabilisation sector. A rig was added to the General Piling division to support growth in deep CFA piling, where the Group has delivered a number of large schemes in the London region during the year. Rigs were also added to the Ground Engineering Services division to expand capacity given the high levels of demand.

On 1 April 2021 the Group acquired 100% of ScrewFast Foundations Limited, a specialist helical pile design, fabrication and installation business, for consideration of £1,760,000 plus £740,000 payable on 31 August 2023, up to a further £65,000 payable on 31 August 2022, and up to £1,110,000 payable on 31 August 2023 subject to future performance. Goodwill of £2,116,000 was recognised on acquisition in the previous financial year. Management's assumptions are that, of the further potential payment of £1,175,000 subject to performance criteria, £543,000 will be payable based on current financial performance forecasts. This is a reduction of £362,000 on the estimate as at 30 April 2021. This reduction has been recognised as a credit within administrative expenses in the period.

Working capital (defined as inventories, trade and other receivables and trade and other payables) increased to £8.1m (2021: £6.9m), predominantly as a result of increased activity in the year.

Return on capital employed has increased in the period to 9.4% at 30 April 2022 (2021: -1.8%), reflecting the impact of the increased operating profit.

The prior period opening deferred tax liability has been restated for the recognition of tax losses which were previously not recognised as deferred tax assets. The impact of this restatement is a reduction in prior period net deferred tax liabilities of £592,000 and an increase in prior period retained earnings of £592,000. This prior period restatement has no impact on profits or cash flow in the current financial year.

Net funds

	2022 £'000	2021 £'000
Bank loans	**—**	(812)
Lease liabilities	**(6,853)**	(9,417)
Total borrowings	**(6,853)**	(10,229)
Cash and cash equivalents	**6,987**	8,518
Net (debt)/funds	**134**	(1,711)
Net funds excluding IFRS 16 property and vehicles lease liabilities	**5,935**	3,704

Net debt decreased during the year. The Group has moved to a net funds position of £0.1m as at 30 April 2022.

Debt acquired on the acquisition of ScrewFast Foundations Limited of £1.2m was repaid in full during the year and existing hire purchase debt finance was reduced further. Capital investments in the year were funded from cash resources. As a result, the balance of outstanding hire purchase debt as at 30 April 2022 is now £1.1m, of which £0.9m will be repaid in FY2023 as the majority of remaining hire purchase contracts reach their term. Hire purchase agreements are typically at fixed rates of interest and over a five-year term.

Lease liabilities include £5.8m of IFRS 16 property and vehicle lease liabilities. The increase in IFRS 16 property and vehicle lease liabilities in FY2022 reflects the renewal of the Group's van fleet, the roll-out of which commenced in Q4 of FY2021, and is on a long-term hire basis over a maximum period of four years.

In October 2020, the Group secured up to £11m of asset backed lending facilities on a revolving basis over four years secured against the Group's receivables and certain tangible assets. There are no financial covenants associated with the facilities and they remain available and undrawn to date.

Cash flow

	2022 £'000	2021 £'000
Operating cash flows before working capital	**9,816**	4,059
Working capital movements (including provisions and deferred consideration)	**(1,442)**	(3,286)
Cash generated from operations	**8,374**	773
Income tax received	**—**	1,408
Net cash generated from operating activities	**8,374**	2,181
Investing activities	**(4,738)**	(1,316)
Financing activities	**(5,167)**	(4,535)
Net decrease in cash and cash equivalents	**(1,531)**	(3,670)

Operating cash flows of £9.8m have primarily been used to repay outstanding debt and fund capital expenditure, all of which has been paid from cash resources in the year. Working capital increased in the year, primarily due to the increased trading levels.

Graeme Campbell
Chief Financial Officer
2 August 2022

All members of the Board believe strongly in the value and importance of good corporate governance and in our accountability to all of Van Elle's stakeholders."

WITHIN THIS SECTION

A team committed towards building future success

Frank Nelson
Non-Executive Chair

Mr Nelson has over 25 years' experience in the housebuilding, infrastructure and energy sectors. Mr Nelson is a qualified accountant and is currently the Senior Independent Director for two quoted companies, HICL Infrastructure PLC and Eurocell plc, and the Chair of private equity-backed contractor and developer DSM SFG Group Holdings Limited. He was previously a Non-Executive Director at Telford Homes Plc, a Senior Independent Director at McCarthy and Stone plc and formerly the Chief Financial Officer of Galliford Try plc.

Mark Cutler
Chief Executive Officer

Mr Cutler was appointed to the Board in August 2018. A graduate of Imperial College London, Mr Cutler is a chartered civil engineer with over 25 years' experience in the infrastructure, construction and utility sectors and has held various senior leadership roles with major UK contractors. In 2005, Mr Cutler was recruited as Managing Director of Morgan Est, before becoming CEO of Barhale. In 2014 he joined Balfour Beatty, initially to lead its UK regional businesses, and more recently was Managing Director of the Balfour Beatty VINCI joint venture for High Speed 2.

Graeme Campbell
Chief Financial Officer

Mr Campbell was appointed Chief Financial Officer in February 2020. Mr Campbell qualified as a chartered accountant in 2000 and was previously the Group Financial Controller of Severfield plc, the UK's market-leading structural steel company and one of the largest structural steel businesses in Europe. Mr Campbell has spent his career in senior finance functions across a range of industrial businesses, including latterly as Group Chief Financial Officer and Company Secretary for ASX-listed international engineering services business Engenco.

David Hurcomb
Independent Non-Executive Director

Mr Hurcomb is the Chief Executive of NG Bailey Group Ltd and has previously enjoyed a successful career across the UK's construction sector, holding executive positions with companies including Carillion plc, Balfour Beatty plc and Mansell plc.

Charles St John
Non-Executive Director

Mr St John is a Chartered Accountant and has held many board level positions spanning over 20 years. This experience covers a range of industries, including within the UK building products and services sectors. Until 2012, Mr St John was a Partner at the private equity firm Cognetas and its predecessor firms, with significant involvement in the growth and development of its investee companies. Mr St John is currently Non-Executive Director of Capstone Foster Care Limited, NHS Blood and Transplant and Whiteline Group Ltd.

Key to Committee membership

- A Audit and Risk Committee
- N Nomination Committee
- R Remuneration Committee
- Committee Chair

Corporate governance statement

Promoting sustainable success

All members of the Board believe strongly in the value and importance of good corporate governance and in our accountability to all of Van Elle's stakeholders.

The Company has adopted the Quoted Companies Alliance Corporate Governance Code (the "QCA Code") on the basis that it is the corporate governance code most suited to the size, risks, complexity and operations of the business.

The Board is ultimately responsible for the Company's strategic aims and long-term prosperity; it seeks to achieve this by ensuring that the right financial resources and human talent are in place to deliver the Company's strategy and objectives. Our culture is fundamental to the successful delivery of our strategic objectives. The Board assesses and monitors the culture by specific reference to employees, their engagement and matters of culture during Board meetings as well as regular discussion on the Group's vision and values.

Board composition and operation

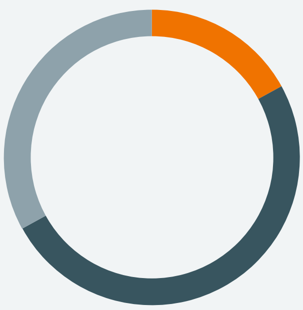
The QCA Code requires that the boards of AIM companies have an appropriate balance between executive and non-executive directors, of which at least two should be independent.

The Board currently comprises two Executive and three Non-Executive Directors, one of whom is the Chair. The Non-Executive Directors are considered independent of the Company and, other than their fees and shareholdings as set out on pages 61 and 62, have no other financial or contractual interest in the Company.

There is a clear division of responsibilities between the Chair and the Chief Executive Officer. The role of the Chair is to manage the Board in the best interests of its stakeholders, to ensure that shareholders' views are communicated to the Board and to be responsible for ensuring the Board's integrity and effectiveness.

The role of the Chief Executive Officer is to manage the Group's operations on a day-to-day basis, to ensure that Board decisions are implemented effectively and to develop and propose the Group's strategy to the Board. The Group's business model and strategy are described in detail in the strategic report. The strategy of improving business performance, developing foundations for growth and market leadership were closely monitored by the Board through reporting at Board meetings. Specific strategy updates are also held periodically with the senior management team, the most recent update being in April 2022. During this update progress on strategic actions was reviewed in the context of market developments and financial targets were updated to ensure financial resources are directed to growth areas.

Board composition



Key

Chair	1
Non-Executive	3
Executive	2

Meeting attendance

Director	Board meetings
Frank Nelson (Chair)*	●●●●●●●●●●●●
David Hurcomb*	●●●●●●●●●●●●
Charles St John*	●●●●●●●●●●●●
Mark Cutler*	●●●●●●●●●●●●
Graeme Campbell*	●●●●●●●●●●●●

* Committee member.

Key

● Attended meeting
● Not due to attend

Board composition and operation continued

The Board is satisfied that it has a balanced composition, with relevant sector and public market skills and expertise, details of which can be seen in the biographies on page 48. Directors maintain their expertise through attending relevant training and networking events and through ongoing experiences in other organisations.

The Board controls the Group by delegating day-to-day responsibility to the Executive Management and Operational Directors. There are a number of matters which are reserved for decision only by the Board of Directors. These matters fall under the general headings of: strategy and management; capital structure; internal controls; significant contracts; shareholder communications; Board membership; executive remuneration; delegations of authority; corporate governance matters; and Group policies.

The Board held formal Board meetings 12 times during the year. Board meetings are conducted to a set agenda with a pack of comprehensive briefing papers circulated to all Directors prior to each scheduled meeting. The Board also met on an ad hoc basis several times during the year to discuss various matters. The discussions of these more informal meetings are minuted in line with Board meetings.

Directors are able, if necessary, to take independent professional advice in the furtherance of their duties at the Company's expense.

The Board conducted an appraisal of its own performance during the financial year ended 30 April 2019. The output of this appraisal indicated that the Board and its Committees operate effectively. Following several changes to the Board in the previous two financial years and a period of consistency and stability in the current financial year, the Board is in the process of conducting an appraisal of Board performance which will be concluded in September 2022.

Board Committees

The Board has delegated specific responsibilities to the Audit, Remuneration and Nomination Committees. All Board Committees have their own terms of reference, which are published on the Company's website.

Audit and Risk Committee

The Audit and Risk Committee comprises all Non-Executive Directors and is chaired by Charles St John. The Committee has primary responsibility for monitoring the quality of internal controls, ensuring that the financial performance of the Group is properly measured and reported, and reviewing reports from the Group's auditor.

The Audit and Risk Committee met on four occasions during the year. Further details on the work and responsibilities of the Audit and Risk Committee are shown on pages 52 to 54.

Nomination Committee

The Nomination Committee comprises all Non-Executive Directors and is chaired by Frank Nelson. The purpose of the Committee is to establish a formal, rigorous and transparent procedure for the appointment of new Directors to the Board.

The Nomination Committee did not meet during the year as the consistency of the Board resulted in no specific requirement to meet. However, the Committee comprises all members of the main Board and as such the duties of the Committee in respect of evaluation of the composition of the Board and succession planning for Directors and other senior executives have been fulfilled by discussion at Board meetings. Further details on the work and responsibilities of the Nomination Committee are shown on page 55.

Remuneration Committee

The Remuneration Committee comprises all Non-Executive Directors and is chaired by David Hurcomb. The Committee is responsible for determining the contractual terms, remuneration and other benefits of the Executive Directors.

The Remuneration Committee met on three occasions during the year. The Remuneration Committee report is set out on pages 56 and 57.

Directors

Each of the Directors is subject to election by the shareholders at the first annual general meeting after their appointment. Thereafter, all Directors are subject to retirement by rotation in accordance with the Articles of Association. The service contracts of Executive Directors require six months' notice.

The Non-Executive Directors have received appointment letters setting out their terms of appointment. All Non-Executive Directors are appointed for an initial period of three years, continuing thereafter subject to not less than three months' notice.

The appointment of new Non-Executive Directors to the Board is considered by the whole Board.

Risk management and internal control

The risk management framework is presented on pages 38 and 39 which sets out how the Board identifies, assesses and takes mitigating action to manage risk.

The Board has overall responsibility for ensuring that the Group maintains a system of internal control to provide it with reasonable assurance regarding the reliability of financial information that is used within the business, and for external publication and the safeguarding of assets. There are inherent limitations in any system of internal control and accordingly even the most effective system can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Group's organisational structure has clear lines of responsibility with operational and financial responsibility for operating segments delegated to Operational Directors.

The Group's risk management programme, which assesses key risks and the required internal controls that are delegated to Directors and managers within the Group, is reviewed regularly to ensure that it continues to meet the Board's requirements.

Going concern basis

In determining whether the Group and Company annual consolidated financial statements can be prepared on the going concern basis, the Board considered all factors likely to affect its future development, performance and financial position, including cash flows, liquidity position and borrowing facilities and the risks and uncertainties relating to its business activities.

The following factors were considered as relevant:

- the Group's net funds position;
- the Group's order book and the pipeline of potential future orders;
- the borrowing facilities available to the Group; and
- the extent of liabilities from ongoing claims and associated insurance cover.

The Group has reduced the total level of debt during the year by £3.7m with early repayment of outstanding hire purchase and loan debt absorbed on the acquisition of ScrewFast on 1 April 2021 as well as continual repayment of other outstanding hire purchase liabilities. No new debt finance was taken during the year. Remaining debt finance of £1.1m as at 30 April 2022 relates to hire purchase agreements with a maximum maturity date of August 2025.

In October 2020 the Group secured up to £11m of asset backed lending facilities on a revolving basis over four years secured against the Group's receivables and certain tangible assets. There are no financial covenants associated with the facilities and they remain undrawn to date.

The Group has faced supply chain challenges during the year including a lack of availability and price inflation as well as wage inflation. Some of the impact of these issues has been mitigated through higher pricing but unrecovered inflationary increases and the disruption caused by material shortages has had a negative effect on contract margins during the year. These issues are starting to moderate with access to raw materials improving and inflationary cost increases continuing but to a lesser extent than in the current financial year. Inflationary cost increases are being managed through contract pricing mechanisms.

Detailed forecasts have been prepared for the period to 31 August 2023. These forecasts reflect a continuation of the post-COVID-19 recovery and consider the continuation of cost inflation and material availability challenges. These forecasts demonstrate a healthy cash flow and headroom across the period to August 2023.

Reverse stress testing has been carried out and the Board is satisfied that the scenarios in which the level of trading is such that the Group experiences a cash outflow of such a level that further debt facilities would be required are remote.

Based on this review the Directors conclude that the Group and Company are able to operate within the level of their current financial resources for a period of at least 12 months from the date of approving the financial statements. The full statement in respect of going concern is included in note 2 to the consolidated financial statements.

Forward-looking statements

The annual report and accounts includes certain statements that are forward-looking statements. These statements appear in several places throughout the strategic report and include statements regarding the Group's intentions, beliefs or current expectations and those of its officers, Directors and employees concerning, amongst other things, the results of operations, financial condition, liquidity, prospects, growth and strategies of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated.

Shareholder relationships

Our CEO and CFO are the key contacts for shareholders on any matters relating to the Group, its governance and investor relations. Additionally, the Chair and Non-Executive Directors make themselves available to meet with shareholders as necessary.

The AGM allows the Board to communicate with all investors, institutional or private, and provides shareholders the opportunity to ask questions and raise issues, as well as formally vote on resolutions circulated to shareholders in the Notice of AGM prior to the AGM. Copies of the Notice of AGM are also published on our website.

The Board has an ongoing programme of scheduled meetings with institutional and significant private shareholders, as well as analysts, following our full and half year results announcements. These meetings provide the CEO and CFO the opportunity to update shareholders on the Group's performance and the direction of future strategy.

Details of the Group's corporate governance policies can be found at https://van-elle.co.uk/corporate-governance/.

Approval

The Board approved the corporate governance report on 2 August 2022.

By order of the Board

Graeme Campbell
Company Secretary
2 August 2022

Audit and Risk Committee report

Charles St John
Chair of the Audit and Risk Committee

Director	Attendance
Frank Nelson*	●●●●
David Hurcomb*	●●●●
Charles St John (Chair)*	●●●●
Mark Cutler**	●●●●
Graeme Campbell**	●●●●

* Committee member.
** Attended by invitation.

Key
● Attended meeting
● Not due to attend

Activities during the year

The following matters were considered at the Committee meetings held during the year:

Financial statements and reports:

- reviewed the preliminary results announcements, annual report and accounts, interim results announcement and trading update and received reports from the external auditor;
- reviewed management representation letters, going concern reviews and significant areas of accounting estimates and judgements (including provisions for impairment of trade receivables and contract assets, valuation of the contingent consideration payable in respect of ScrewFast, provisions for insurance claims, exceptional and non-underlying items and the carrying value of intangible assets);
- reviewed output of third party review of revenue recognition ahead of half year results announcement; and
- reported to the Board on the appropriateness of accounting policies and practices.

Risk management:

- reviewed the risk register, which identifies the Group's key risk areas, the probability of these risks occurring and the impact they would have on the Group. Mitigating actions and internal controls are assigned to each risk, with an internal assessment of the residual risk to which the Group is exposed;
- reviewed the output of the internal controls review performed on key finance processes and controls and agreed a schedule of controls reviews and testing; and
- reviewed and approved the new anti-fraud and tax evasion policy.

External audit and non-audit work:

- reviewed the relationship with the external auditor including its independence, objectivity and effectiveness;
- reviewed, considered and agreed the scope and methodology of the audit work to be undertaken by the external auditor;
- agreed the terms of engagement and fees to be paid to the external auditor;
- recommended to the Board that an audit tender process be undertaken following the publication of the annual report and accounts for the year ending 30 April 2022: and
- reviewed and approved the Group policy on non-audit services and reviewed any non-audit fees.

Compliance:

- met with the external auditor without Executive Management being present.

Dear Shareholder,

I am pleased to present the report on the activities of the Audit and Risk Committee (the "Committee") for the year. In this report I set out the Committee's role and responsibilities and explain the activities undertaken during the current financial year.

Role and responsibilities

The primary function of the Committee is to assist the Board in fulfilling its responsibilities regarding the integrity of financial reporting, audit, risk management and internal controls. This comprises:

- monitoring and reviewing the Group's accounting policies, practices and significant accounting judgements; and
- reviewing the annual and interim financial statements and any public financial announcements and advising the Board on whether the annual report and accounts is fair, balanced and understandable.

In relation to the external audit, the Committee is responsible for:

- approving the appointment and recommending the reappointment of the external auditor and its terms of engagement and fees;
- considering the scope of work to be undertaken by the external auditor and reviewing the results of that work;
- reviewing and monitoring the independence of the external auditor and approving its provision of non-audit services;
- monitoring and reviewing the effectiveness of the external auditor;
- overseeing the Group's procedures for its employees to raise concerns through its whistleblowing policy;
- monitoring and reviewing the adequacy and effectiveness of the risk management systems and processes; and
- assessing and advising the Board on the internal financial, operational and compliance controls.

Membership and attendance

The Quoted Companies Alliance Corporate Governance Code recommends that all members of an audit committee be non-executive directors, independent in character and judgement and free from any relationship or circumstances which may, could or would be likely to, or appear to, affect their judgement, and that one such member has recent and relevant financial experience.

Accordingly, the Committee comprises all Non-Executive Directors, with the Chair, as a Chartered Accountant, having recent and relevant financial and accounting experience. Regular Committee meetings are also normally attended by the Chief Executive Officer, the Chief Financial Officer, the external auditor and the Company Secretary, who acts as Secretary to the Committee. Other members of management are invited to attend depending on the matters under discussion. The Committee meets regularly with the external auditor with no members of management present. The Committee has met four times during the reporting period with all members having been present.

External audit

The Committee also approves the appointment and remuneration of the Group's external auditor and satisfies itself that it maintains its independence regardless of any non-audit work performed by it. The Group adopts the following policy governing the performance of non-audit work by the auditor. The auditor is permitted to provide non-audit services which are not, and are not perceived to be, in conflict with auditor independence, providing it has the skill, competence and integrity to carry out the work and it is the most appropriate adviser to undertake such work in the best interests of the Group. All assignments are monitored by the Committee. Details of services provided by, and fees payable to, the auditor are shown in note 9 of the consolidated financial statements.

Whilst the Committee has not adopted a formal policy in respect of rotation of the external auditor, one of its principal duties is to make recommendations to the Board in relation to the appointment of the external auditor. Various factors are considered by the Committee in this respect including the quality of the reports provided to the Committee, the level of service provided and the level of understanding of the Group's business.

BDO LLP has been the Company's external auditor for eleven years in total and six years since IPO. Given the length of time BDO LLP has held office, the Committee considers it appropriate to hold a tender process after this year's audit has concluded.

Rotation of the audit partner has taken place in the current year as the auditor is required to rotate the audit partner responsible for the Group and subsidiary audits every five years.

Internal audit

The Group does not have a formal internal audit function. During the year the finance team has performed targeted reviews and visits to operations as well as high-level reviews of key finance processes and controls. The results of these reviews were communicated to the Committee. A schedule of detailed controls reviews and operating effectiveness testing has been established for the next 18 months based on the output of the key finance process and controls reviews. This schedule of testing has been prioritised based on risk.

The Committee also commissioned an independent review of contract revenue recognition ahead of the interim results announcement to provide additional assurance over reported contract positions in H1.

This approach is considered appropriate and proportionate given the size of the business and the extensive work performed by the external auditor; however, the need to establish a separate independent internal audit function is kept under constant review.

Internal controls and risk management

The Board is responsible for the effectiveness of the Group's internal control systems, which have been designed and implemented to meet the requirements of the Group and the risks to which it is exposed.

The Group has a robust risk management process that follows a sequence of risk identification and assessment of probability and impact, and assigns an owner to manage mitigation activities. Throughout the year, the Group risk register and the methodology applied were the subject of review by senior management and updated to reflect new and developing areas which might impact business strategy. The Committee reviews the Group risk register each year to assess the actions being taken by senior management to monitor and mitigate the risks. The Group's principal risks and uncertainties are described on pages 38 to 41.

The following key elements comprise the internal control environment which has been designed to identify, evaluate and manage, rather than eliminate, the risks faced by the Group in seeking to achieve its business objectives and ensure accurate and timely reporting of financial data for the Company and the Group:

- an appropriate organisational structure with clear lines of responsibility;
- an experienced and qualified finance function, which regularly assesses the risks facing the Group;

Internal controls and risk management continued

- a comprehensive annual strategic and business planning process;
- systems of control procedures and delegated authorities, which operate within defined guidelines, and approval limits for capital and operating expenditure and other key business transactions and decisions;
- a robust financial control, budgeting and rolling forecast system, which includes regular monitoring, variance analysis and key performance indicator reviews;
- procedures by which the consolidated financial statements are prepared, which are monitored and maintained using internal control frameworks addressing key financial reporting risks arising from changes in the business or accounting standards; and
- established policies and procedures setting out expected standards of integrity and ethical standards which reinforce the need for all employees to adhere to all legal and regulatory requirements.

Significant accounting matters

The Committee assesses whether suitable accounting policies have been adopted and whether management has made appropriate estimates and judgements. The Committee reviews accounting papers prepared by management which provide details on the main financial reporting judgements.

The Committee also reviews reports by the external auditor on the full year results which highlight any issues arising from the work undertaken. Areas of audit and accounting risk reviewed by the Committee included:

- Revenue recognition – the Group's policy on revenue recognition, detailed in note 2 to the consolidated financial statements, is in accordance with IFRS 15. The Committee has reviewed the estimates and judgements applied by management and is satisfied with management's conclusions.
- The carrying value of trade receivables and contract assets – the Group holds material trade receivable balances and contract asset balances, and the calculations of provisions for impairment are estimates of future events and therefore uncertain. The Committee has reviewed the current year provisions (including the application of IFRS 9) against trade receivables and contract asset balances and is satisfied with management's conclusions that the provisioning levels are appropriate.
- Contingent consideration – a contingent sum, based on performance over a 26-month period, is due on 31 August 2023 in respect of the acquisition of ScrewFast Foundations Limited on 1 April 2021. The Committee has reviewed the estimates and judgements applied by management in the amount of contingent consideration payable and is satisfied with management's conclusions.
- Provisions for legal and other claims – the Group holds material provisions in respect of legal and other claims. The Group carries insurance and any reimbursements, where material and virtually certain, are treated as separate assets. The calculations of the provisions contain management estimates and judgement on the likely outcome of the claims. The Committee has reviewed the estimates and judgements applied by management and is satisfied with management's conclusions.
- The carrying value of intangible items – the carrying value of goodwill has been tested for impairment. This testing includes sensitivities of future forecast performance, discount rates used and other key assumptions. The Committee has reviewed the estimates and judgements applied by management and is satisfied with management's conclusion that no impairment is required.

Going concern

In determining whether the Group and Company annual consolidated financial statements can be prepared on the going concern basis, the Board considered all factors likely to affect its future development, performance and financial position, including cash flows, liquidity position and borrowing facilities and the risks and uncertainties relating to its business activities.

The following factors were considered as relevant:

- the Group's net funds position;
- the Group's order book and the pipeline of potential future orders;
- the borrowing facilities available to the Group; and
- the extent of liabilities from ongoing claims and associated insurance cover.

The Group has reduced the total level of debt during the year by £3.7m with early repayment of outstanding hire purchase and loan debt absorbed on the acquisition of ScrewFast on 1 April 2021 as well as continual repayment of other outstanding hire purchase liabilities. No new debt finance was taken during the year. Remaining debt finance of £1.1m as at 30 April 2022 relates to hire purchase agreements with a maximum maturity date of August 2025.

In October 2020 the Group secured up to £11m of asset backed lending facilities on a revolving basis over four years secured against the Group's receivables and certain tangible assets. There are no financial covenants associated with the facilities and they remain undrawn to date.

The Group has faced supply chain challenges during the year including a lack of availability and price inflation as well as wage inflation. Some of the impact of these issues has been mitigated through higher pricing but unrecovered inflationary increases and the disruption caused by material shortages has had a negative effect on contract margins during the year. These issues are starting to moderate with access to raw materials improving and inflationary cost increases continuing but to a lesser extent than in the current financial year. Inflationary cost increases are being managed through contract pricing mechanisms.

Detailed forecasts have been prepared for the period to 31 August 2023. These forecasts reflect a continuation of the post-COVID-19 recovery and consider the continuation of cost inflation and material availability challenges. These forecasts demonstrate a healthy cash flow and headroom across the period to August 2023.

Reverse stress testing has been carried out and the Board is satisfied that the scenarios in which the level of trading is such that the Group experiences a cash outflow of such a level that further debt facilities would be required are remote.

Based on this review the Directors conclude that the Group and Company are able to operate within the level of their current financial resources for a period of at least 12 months from the date of approving the financial statements. The full statement in respect of going concern is included in note 2 to the consolidated financial statements.

Charles St John
Chair of the Audit and Risk Committee
2 August 2022

Nomination Committee report

Frank Nelson
Chair of the Nomination Committee

Director	Attendance
Frank Nelson (Chair)*	No meetings
David Hurcomb*	No meetings
Charles St John*	No meetings
Mark Cutler**	No meetings
Graeme Campbell**	No meetings

* Committee member.
** Attended by invitation.

Key
- Attended meeting
- Not due to attend

Activities during the year

The following matters were considered during the year:

- evaluated the balance of skills, experience, independence, diversity and knowledge on the Board;
- reviewed succession planning for the Executive Directors and the senior management team;
- reviewed and approved the recommendations to be made to shareholders for the election of Directors at the Annual General Meeting; and
- reviewed the Committee's report in the annual report and accounts and recommended approval to the Board

Dear Shareholder,

As Chair of the Nomination Committee, I present our report detailing the role and responsibilities of the Committee and its activities during the year.

Role and responsibilities

The key responsibilities of the Committee are:

- assessing whether the size, structure and composition of the Board (including its skills, knowledge, experience, independence and diversity, including gender diversity) continue to meet the Group's business and strategic needs;
- examining succession planning for Directors and other senior executives and for the key roles of Chair of the Board and Chief Executive Officer; and
- identifying and nominating, for approval by the Board, candidates to fill Board vacancies as and when they arise, together with leading the process for such appointments.

Membership and attendance

The Code recommends that the members of a nomination committee should be independent non-executive directors. The Company complies with this Code recommendation. By invitation, the meetings of the Committee may be attended by the Chief Executive Officer and the Chief Financial Officer. The Chair of the Board normally chairs the Committee, except where it is dealing with their own reappointment or replacement. In this instance, the Committee is chaired by another Non-Executive Director nominated as Sub-Committee Chair. The Company Secretary acts as the Secretary to the Committee.

Board member stability has resulted in no specific requirement for the Committee to meet during the year. The Committee comprises all members of the main Board. The duties of the Committee in respect of evaluation of the composition of the Board and succession planning for Directors and other senior executives have been fulfilled by discussion by the Committee members at Board meetings.

Election of Directors

On the recommendation of the Committee and in line with the Company's Articles of Association, all Directors will stand for re-election at the Annual General Meeting. The biographical details of the Directors can be found on page 48. The Committee considers that the performance of each of the Directors standing for election at the Annual General Meeting continues to be effective and each demonstrates commitment to their role.

Frank Nelson
Chair of the Nomination Committee
2 August 2022

Remuneration Committee report

David Hurcomb
Chair of the Remuneration Committee

Director	Attendance
Frank Nelson*	●●●
David Hurcomb (Chair)*	●●●
Charles St John*	●●●
Mark Cutler**	●●●
Graeme Campbell**	●●●

* Committee member.
** Attended by invitation.

Key
● Attended meeting
● Not due to attend

Activities during the year

Matters considered and decisions reached by the Committee during the year included:

- reviewed and approved the remuneration policy for 2021/22;
- reviewed and approved Executive Director and senior management team salaries for 2021/22;
- reviewed and approved the parameters of the Annual Bonus Plan, including performance measures and targets for 2021/22 for the Executive Directors and senior management team; and
- considered and approved LTIP awards to the Executive Directors and senior management.

Dear Shareholder,

On behalf of the Remuneration Committee, I am pleased to present the Remuneration Committee report for the current financial year.

Role and responsibilities

The role of the Committee is to recommend to the Board a strategy and framework for remuneration for Executive Directors and the senior management team to attract and retain leaders who are focused and incentivised to deliver the Company's strategic business priorities, within a remuneration framework which is aligned with the interests of our shareholders and thus designed to promote the long-term success of the Company.

The Committee's main responsibilities are:

- establishing and maintaining formal and transparent procedures for developing the policy on executive remuneration and for fixing the remuneration packages of individual Directors, and monitoring and reporting on them;
- determining the remuneration, including pension arrangements, of the Executive Directors;
- monitoring and making recommendations in respect of remuneration for the tier of senior management one level below that of the Board;
- approving annual long-term incentive arrangements together with their targets and levels of awards;
- determining the level of fees for the Chair of the Board; and
- selecting and appointing the external advisers to the Committee.

Membership and attendance

The Committee comprises all independent Non-Executive Directors. By invitation, the meetings of the Committee may be attended by the Chief Executive Officer and the Chief Financial Officer. David Hurcomb chairs the Committee except where it is dealing with his own remuneration. The Company Secretary acts as the Secretary to the Committee.

The Committee met three times during the year.

The Committee plans to meet formally at least twice a year and at such other times as the Board or the Committee Chair requires.

Remuneration decisions and outcomes for 2021/22

In the previous financial year the Committee's focus was on ensuring a balanced approach to remuneration considering the significant impact of the COVID-19 pandemic on business performance, the utilisation of the government's Coronavirus Job Retention Scheme and the significant contribution of the Executive Directors and senior management in response to the global pandemic in protecting cash, reducing costs and safeguarding the health of employees.

Members of the Board agreed a voluntary pay reduction of 20% from April 2020 to June 2020 followed by a 10% reduction in July 2020. In addition to this, throughout April 2020 to July 2020 senior management agreed up to 20% pay reductions whilst continuing to work.

The base salary increase usually effective from 1 June 2020 was deferred for all employees until 1 January 2021. The Committee agreed that in light of COVID-19 no salary increase or bonus be awarded to members of the Board in respect of the year ended 30 April 2021.

As detailed within this report the current year has been a positive year of recovery following the COVID-19 pandemic with high levels of activity across all divisions as the Company's core markets have recovered strongly. High levels of demand within the construction sector have created labour inflationary pressures during the year. The Committee has considered and agreed pay rises for Executive Directors and senior management during the year to ensure retention of key skills and experience to deliver the Group's strategic business priorities. Pay rises for Executive Directors were capped at the inflationary rises for the employees processed on 1 January 2022.

In setting the Annual Bonus Plan for 2021/22 bonus targets continued to be set above market expectations and internal budgets in recognition of the current year being a year of recovery post-pandemic whilst also needing to retain expertise in a competitive market, a key component of delivering growth opportunities as markets recover. Performance achieved against financial and operational targets and ahead of market expectations has resulted in a bonus payable to Executive Directors, senior management and other employees in respect of current year at levels below the maximum level achievable.

No LTIP or CSOP awards vested during the year. An issue of LTIP awards was made on 27 September 2021 to Executive Directors and some members of the senior management team. The 2021 LTIP issue is based on long-term outcomes with a three-year vesting period. Targets are based 50% on total shareholder return and 50% on return on capital employed in 2023/24. No CSOP awards were issued in the current year.

The Committee considers that the remuneration framework for the Executive Directors remains broadly fit for purpose and so is not proposing any significant changes.

Remuneration report

As an AIM-listed entity, the Company is not required to fully apply the Listing Rules of the Financial Conduct Authority or the BIS Directors' Remuneration Reporting Regulations and hence is not required to present a Board report on remuneration in accordance with those rules. Nevertheless, the Board considers it appropriate for the Company to provide shareholders with information in respect of executive remuneration that follows the spirit of the Regulations and will include some details of the Directors' remuneration policy and the annual report on remuneration, which together form the Directors' remuneration report.

David Hurcomb
Chair of the Remuneration Committee
2 August 2022

Directors' remuneration policy

Introduction

The Committee considers the remuneration policy annually to ensure that it remains aligned with the business' needs and is appropriately positioned relative to the market. We use target performance to estimate the total potential reward and benchmark it against reward packages paid within the sector.

Principles adopted

The principles adopted, taken from the Association of British Insurers ("ABI"), are as follows:

- remuneration structures should be appropriate to the specific business, efficient and cost effective in delivery;
- complexity is discouraged in favour of simple and understandable remuneration structures;
- remuneration structures should seek to align executive and shareholder interests including through a meaningful level of personal shareholding;
- remuneration structures should promote long-term focus through features such as deferral and measuring performance over the long term;
- structures should include performance adjustments (malus) and/or clawback provisions;
- pay should be aligned to long-term sustainable success and the desired corporate culture throughout the organisation; and
- the Remuneration Committee ensures that rewards properly reflect business performance.

Balancing short and long-term remuneration

Based on our view of current market practice, and the principles of our remuneration policy, we have established the remuneration policy set out in this report. Fixed annual elements, including salary, pension and benefits, are to recognise the status of our executives and to ensure current and future market competitiveness. The short and long-term incentives are to motivate and reward them for making Van Elle Holdings plc successful on a sustainable basis.

The shareholding linkage cements the relationship between the Executive Directors' personal returns and those of Company investors. Long-term incentives, in the form of conditional share awards, are granted annually and Executive Directors are expected to retain vested shares (after they have paid income tax and National Insurance contributions in respect of the awards) until they have met their shareholding requirement.

The Committee reserves discretion to flex the weighting of annual bonus KPIs from year to year to ensure that the Executive Directors are incentivised to drive performance through the Company's core strategic objectives.

Performance measures and targets

The performance measures used in the annual conditional share awards include total shareholder return and return on capital employed targets. The annual bonus scheme performance measures are profit before tax, year-end cash and cash equivalents and performance against personal objectives.

The Committee has selected these performance conditions because they are central to the Company's overall strategy and are key metrics used by the Executive Directors to oversee the operation of the business. The performance targets are determined annually by the Committee following consultation with the Audit and Risk Committee and are typically set at a level that is above the level of the Company's forecasts.

Differences in remuneration policy for all employees

All employees of the Company are entitled to base salary, benefits and a pension. An employee bonus scheme is reviewed annually. The maximum opportunity available is based on the seniority and responsibility of the role.

The Committee has regard to pay structures across the wider Group when setting the remuneration policy for Executive Directors. The Committee considers the general basic salary increase for the broader workforce when determining the annual salary review for the Executive Directors.

Overall, the remuneration policy for the Executive Directors is more heavily weighted towards performance-related pay than for other employees. The level of performance-related pay varies within the Group by grade of employee and is calculated by reference to the specific responsibilities of each role as appropriate.

Statement of consideration of employment conditions elsewhere in the Group

The Remuneration Committee invites the Chief Executive Officer to present on the proposals for salary increases for the employee population generally and on any other changes to remuneration policy within the Company. The Committee limits any salary increase for the Executive Directors to the inflationary increase available to employees unless there has been a change in role or alignment to market levels.

The Chief Executive Officer consults with the Committee on the KPIs for Executive Directors' bonuses and the extent to which these should be cascaded to other employees. The Committee approves the overall annual bonus cost to the Company each year. The Committee has oversight over the grant of all LTIP and CSOP awards across the Company.

Future policy table

The individual elements of the future remuneration policy are summarised below:

How the element supports our strategic objectives	Operation of the element	Maximum potential value and payment at threshold	Performance metrics used, weighting and time period applicable
Base salary			
To recognise status and responsibility to deliver strategy	Base salary is paid in 12 equal monthly instalments during the year. Salaries are reviewed annually and any changes are effective from 1 January in the financial year.	Increases only for inflation and in line with other employees unless there is a change in role or responsibility or alignment required to market levels.	None.
Benefits			
To provide benefits consistent with the role	The Company pays the cost of providing the benefits monthly or as required for one-off events such as receiving financial advice.	Cost of independent financial advice, car allowance and medical insurance and other benefits from time to time.	None.
Annual bonus			
To ensure a market-competitive package and link total cash reward to achievement of Company business objectives	Annual bonuses are paid following sign off of the financial statements for the year end to which they relate. A clawback facility will apply under which part or all of the cash and deferred bonus can be recovered if there is a restatement of the financial accounts or the individual is terminated for misconduct.	Maximum bonus potential: 100% of salary for the CEO and 80% for the CFO. Maximum bonus potential for Executive Directors is between 30% and 50%. There is no minimum payment at threshold performance.	Reported profit before tax. Performance is measured over the financial year. The Committee has discretion to vary the weighting of these metrics over the life of this remuneration policy.
Pension			
To provide funding for retirement	Defined contribution scheme. Monthly contributions.	3–10% of salary.	None.
Long Term Incentive Plan ("LTIP")			
To augment shareholder alignment by providing Executive Directors with longer-term interests in shares	Annual grants of conditional share awards based on the achievement of profit targets. A clawback facility is in operation under which parts or the whole of the LTIP award can be recovered if there is a restatement of the financial statements or the individual is dismissed for cause.	Maximum grant permitted is 100% of salary. Grant size is determined by reference to achievement of profit targets (50% based on TSR and 50% based on ROCE). Vesting is dependent on service and performance conditions. 25% vests at threshold performance.	Service and performance conditions must be met over a three-year period. 25% vesting if TSR ranked at median within comparator group. 100% vesting if TSR ranked in upper quartile. 25% vesting if ROCE in FY2024 exceeds 15%. 50% vesting if ROCE in FY2024 exceeds 17%. 100% vesting if ROCE in FY2024 exceeds 20%. The Committee has discretion to vary the weighting of performance metrics over the life of this remuneration policy.

Directors' remuneration policy continued

Approach to recruitment remuneration

The Committee will aim to set a new Executive Directors' remuneration package in line with the remuneration policy approved by shareholders.

In arriving at a total package and in considering value for each element of the package, the Committee will consider the skills and experience of a candidate and the market value for a candidate of that experience, as well as the importance of securing the preferred candidate.

Where it is necessary to "buy out" an individual's awards from a previous employer, the Committee will seek to match the expected value of the awards by granting awards that vest over a timeframe like those given up, with a commensurate reduction in quantum where the new awards will be subject to performance conditions that are not as stretching as those on the awards given up.

Policy on Directors leaving the Group

The Committee must satisfy any contractual obligations agreed with the Executive Director. This is dependent on the contractual obligations not being in contradiction with the remuneration policy set out in this report.

If an Executive Director's employment is terminated, in the absence of a breach of service agreement by the Director, the Company may, although it is not obliged to, terminate the Director's employment immediately by payment of an amount equal to base salary and the specified benefits (including pension scheme contributions) in lieu of the whole or the remaining part of the notice period. Payments in lieu of notice may be paid in monthly instalments over the length of the notice period. The Executive Directors are obliged to seek alternative income during the notice period and to notify the Company of any income so received. The Company would then reduce the monthly instalments to reflect such alternative income.

Discretionary bonus payments will not form part of any payments made in lieu of notice. An annual bonus may be payable, at the Committee's discretion, with respect to the period of the financial year served, although it would be paid in cash and normally pro-rated for time and paid at the normal payment date.

Any share-based entitlements granted to an Executive Director under the Company's share plans will be determined based on relevant plan rules.

The default treatment under the LTIP is that any outstanding awards lapse when the individual leaves the Group. However, in certain prescribed circumstances, such as death, ill health, injury or disability, transfer of the employing entity outside of the Group or in other circumstances at the discretion of the Committee (except where the Director is summarily dismissed), "good leaver" status may be applied.

For good leavers, awards will normally vest to the extent that the Committee determines, taking into account the satisfaction of the relevant performance conditions and, unless the Committee determines otherwise, the period that has elapsed between the grant and the date of leaving. Awards will normally vest at the original vesting date, unless the Committee decides that awards should vest at the time of leaving.

Service agreements and letters of appointment

Each of the Executive Directors' service agreements is for a rolling term and may be terminated by the Company or the Executive Director by giving not less than six months' prior written notice.

The Chair and each of the Non-Executive Directors of the Company do not have service contracts. Each of these Directors has a letter of appointment which has an initial three-year term which is renewable and is terminable by the Company or the individual on three months' written notice.

Non-Executive Directors are not eligible to participate in cash or share incentive arrangements and their service does not qualify them for a pension or other benefits. No element of their fee is performance related.

Director	Date of service contract/ letter of appointment
Executive Directors	
Mark Cutler	13 August 2018
Graeme Campbell	23 September 2019
Non-Executive Directors	
David Hurcomb	1 November 2017
Charles St John	24 February 2020
Frank Nelson	20 May 2020

Non-Executive Directors' fees policy

How the element supports our strategic objectives	Operation of the element	Maximum potential value and payment at threshold	Performance metrics used, weighting and time period applicable
To attract Non-Executive Directors who have a broad range of experience and skills to oversee the implementation of our strategy	Non-Executive Directors' fees are set by the Board. The Chair's fees are set by the Committee. Annual fees are paid in 12 equal monthly instalments during the year. Fees are regularly reviewed against those for Non-Executive Directors in companies of similar scale and complexity. Non-Executive Directors are not eligible to receive benefits and do not participate in incentive or pension plans.	Current fee levels are shown in the annual report.	Non-Executive Directors are not eligible to participate in any performance-related arrangements.

Consideration of shareholder views

We take an active interest in shareholder views on our executive remuneration policy. The Committee is also committed to maintaining an ongoing dialogue with major shareholders and shareholder representative bodies whenever material changes are under consideration.

Annual report on remuneration

Single total figure of remuneration

The table below sets out the total remuneration for the Directors in the year ended 30 April 2022 with comparative figures for the year ended 30 April 2021.

	Salary/fees £'000	Benefits £'000	LTIP £'000	Pension £'000	Bonus £'000	**2022 Total £'000**	2021* Total £'000
Executive Directors							
Mark Cutler	292	14	—	29	204	**539**	314
Graeme Campbell	168	12	—	8	93	**281**	178
Non-Executive Directors							
Adrian Barden (resigned 31 August 2020)	—	—	—	—	—	**—**	25
Robin Williams (resigned 31 August 2020)	—	—	—	—	—	**—**	15
Charles St John	46	—	—	—	—	**46**	43
David Hurcomb	46	—	—	—	—	**46**	43
Frank Nelson	97	—	—	—	—	**97**	72
Aggregate emoluments	649	26	—	37	297	**1,009**	690

*Members of the Board agreed a voluntary pay reduction of 20% from April 2020 to June 2020 followed by a 10% reduction in July 2020 as a result of the significant impact of COVID-19 on the business.

Benefits comprise the provision of independent financial advice, car allowance and private medical insurance, valued at the taxable value.

The LTIP relates to the value of long-term awards whose performance period ends in the year under review. An LTIP award reached the end of its vesting period on 13 August 2021; however, the options lapsed as the performance criteria were not met. As a result, this column has a zero figure.

Annual Bonus Plan

Bonuses are earned by reference to the financial year and paid in August following the end of the financial year. The 2022 annual bonus was based 80% on the achievement of stretching profitability and cash targets and 20% on individual objectives aligned to the delivery of key strategic and operational priorities. The targets and bonus outcome for 2022 for each Executive Director are set out below:

	2022 measurement ranges and outcome				**Bonus as % of salary**			
					Mark Cutler		Graeme Campbell	
	Threshold	Target	Maximum	Performance outcome				
Measures	0%	40%	100%		Maximum	Outcome	Maximum	Outcome
Group profit before tax	£2.5m	£3.0m	£4.25m	£3.6m	80%	55%	64%	44%
Year-end cash and cash equivalents	£7.0m	£7.0m	£7.0m	£7.0m				
Total Group measures					**80%**	**55%**	**64%**	**44%**
Individual objectives					20%	12%	16%	10%
Total bonus					**100%**	**67%**	**80%**	**54%**
Base salary*						305,000		173,250
Bonus based on performance outcomes					**67%**	**204,000**	**54%**	**93,000**

* Base salary is the base salary as at 30 April 2022.

Aggregate Directors' emoluments

	2022 £'000	2021 £'000
Salaries	**649**	629
Taxable benefits	**26**	26
Pension allowances	**37**	35
Bonus	**297**	—
Subtotal	**1,009**	690
Employer's NI	**133**	84
Total	**1,142**	774

Payments for loss of office

There were no payments for loss of office in the year.

Payments to past Directors

There were no payments to past Directors in the year.

Share awards granted during the year

During the year, the Executive Directors were granted a conditional share award on 27 September 2021, details of which are shown below:

Director	Scheme	Basis of award	Face value £'000	% vesting at threshold	Number of shares	Vesting date
Mark Cutler	LTIP	100% of salary	300	25	587,628	27/09/24
Graeme Campbell	LTIP	100% of salary	174	25	340,206	30/06/23

The face value of the awards is calculated using the share price at the date of grant, 27 September 2021, at £0.510 per share.

The performance conditions in respect of the awards granted in the year ended 30 April 2022 are shown below:

Performance measure	Weighting	Target 25% vesting	Maximum 100% vesting
Total shareholder return ranking*	50%	Median, ranked 8th or higher	Upper quartile, ranked 4th or higher
Return on capital employed in FY2024	50%	15%	20%

The Executive Directors were granted a conditional share award on 30 September 2020, details of which are shown below:

Director	Scheme	Basis of award	Face value £'000	% vesting at threshold	Number of shares	Vesting date
Mark Cutler	LTIP	100% of salary	285	25	802,816	30/09/23
Graeme Campbell	LTIP	100% of salary	165	25	464,788	30/09/23

The face value of the awards is calculated using the share price at the date of grant, 30 September 2020, at £0.355 per share.

The performance conditions in respect of the awards granted in the year ended 30 April 2021 are shown below:

Performance measure	Weighting	Target 25% vesting	Maximum 100% vesting
Total shareholder return ranking*	50%	Median, ranked 8th or higher	Upper quartile, ranked 4th or higher
Return on capital employed in FY2024	50%	12%	18%

* Measured against a comparator group of 12 companies (i.e. 13 including Van Elle Holdings plc).

Statement of Directors' shareholdings and share interests

We believe that Executive Directors should have shareholdings in the Company to ensure that they are as closely aligned as possible with shareholder interests. Those Directors serving at the end of the year and their immediate families had interests in the share capital of the Company at 30 April 2022 as follows:

	Ordinary shares held at 30 April 2022 Number	Options held at 30 April 2022 Number
Executive Directors		
Mark Cutler	**752,767**	**2,425,542**
Graeme Campbell	**50,000**	**804,994**
Non-Executive Directors		
Charles St John	**100,000**	**—**
David Hurcomb	**65,000**	**—**
Frank Nelson	**140,000**	**—**

Statement of implementation of remuneration policy – year to 30 April 2022

The fees for the financial year for the Non-Executive Directors, David Hurcomb, Charles St John and Frank Nelson, are £46,000, £46,000 and £97,000, respectively.

Approval

The Directors' remuneration policy and the annual report on remuneration, together comprising the Directors' remuneration report, were approved by the Board of Directors on 2 August 2022 and signed on its behalf by the Remuneration Committee Chair.

David Hurcomb
Chair of the Remuneration Committee
2 August 2022

Directors' report

Introduction

The Directors present their annual report and the Group audited financial statements for the year ended 30 April 2022. The strategic report on pages 1 to 46, the corporate governance report on pages 48 to 64 and certain notes to the financial statements are also incorporated into this report by reference.

Business review and future developments

A review of the performance of the Group during the year, including principal risks and uncertainties, key performance indicators and comments on future developments, is given in the strategic report on pages 1 to 46.

Results and dividend

The Group's result for the year is shown in the consolidated statement of comprehensive income on page 74.

No interim dividend was paid during the year. The Board is recommending a final dividend of 1.0p for the year ended 30 April 2022. If approved at the Annual General Meeting on 29 September 2022, the final dividend is payable on 7 October 2022 to shareholders registered on 16 September 2022. The shares will be marked ex-dividend on 15 September 2022.

Financial risk management

Information relating to the principal risks and uncertainties of the Group has been included within the strategic report. Further information relating to the financial risks of the Group has been included within note 24 of the consolidated financial statements.

Directors

The Directors of the Company who held office during the year are:

- M Cutler
- D Hurcomb
- G Campbell
- C St John
- F Nelson

The biographies of the Directors are detailed on page 48. Their interests in the ordinary shares of the Company are shown in the Directors' remuneration report on page 62. In addition to the interests in ordinary shares, the Group operates a performance share plan ("LTIP") for senior executives, under which certain Directors have been granted conditional share awards. Details of the share options granted are detailed in the Directors' remuneration report on pages 61 and 62.

Directors may be appointed by ordinary resolution of the Company or by the Board. In addition to any powers of removal conferred by the Companies Act 2006, the Company may by special resolution remove any Director before the expiration of their period of office.

Directors' indemnities

The Articles of Association of the Company permit it to indemnify the Directors of the Company against liabilities arising from the execution of their duties or powers to the extent permitted by law.

The Company has directors' and officers' indemnity insurance in place in respect of each of the Directors. The Company has entered into a qualifying third party indemnity (the terms of which are in accordance with the Companies Act 2006) with each of the Directors. Neither the indemnity nor insurance provide cover if a Director or officer is proved to have acted fraudulently.

Employees

The Group systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be considered when making decisions that are likely to affect their interest. Employee involvement in the Group is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the Group plays a major role in its performance.

The Group recognises its responsibility to employ disabled persons in suitable employment and gives full and fair consideration to such persons, including any employee who becomes disabled, having regard to their aptitudes and abilities. Where practicable, disabled employees are treated equally with all other employees in respect of their eligibility for training, career development and promotion.

Further details regarding employees are detailed in the sustainable responsible business section on pages 28 to 34.

Share capital

The Company has only one class of equity share, namely 2p ordinary shares. The shares have equal voting rights and there are no special rights or restrictions attaching to any of them or their transfer to other persons.

As at 30 April 2022 the issued share capital of the Company was 106,666,650 ordinary shares of 2p each. Details of the share capital as at 30 April 2022 are shown in note 27 of the consolidated financial statements.

The market price of the Company's shares at the end of the financial year was £0.465 and the range of market prices during the year was between £0.360 and £0.510.

Substantial shareholdings

As at the date of this report, the Company had been notified of the following interests representing 3% or more of the voting rights in the issued share capital of the Company.

Name of holder	Total holding of shares	% of total voting rights
Ruffer LLP	20,984,083	19.67
Otus Capital Management	20,462,441	19.18
Premier Miton Investors	10,442,402	9.79
Gresham House Asset Management	9,646,937	9.04
Close Brothers Assets Management	7,443,260	6.98
NR Holdings	6,009,999	5.63
Janus Henderson Investors	3,678,000	3.45

Corporate governance

The Group's statement on corporate governance is incorporated by reference and forms part of this Directors' report.

Going concern

The statement regarding going concern is set out in note 2 to the consolidated financial statements on page 78.

Disclosure of information to the auditor

Each Director confirms that, so far as they are aware, there is no relevant audit information of which the Group's auditor is unaware, and that each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information, and to establish that the Group's auditor is aware of that information.

Independent auditor

An audit tender process is to be undertaken in August and September 2022 on the basis that BDO LLP has held office for a total of eleven years, six years since IPO. A resolution to appoint the successful party will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on its behalf by:

Graeme Campbell
Company Secretary
2 August 2022

Registered office: Summit Close,
Kirkby-in-Ashfield, Nottinghamshire
NG17 8GJ

Company number: 04720018

Statement of Directors' responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Company financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006, and subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are 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 requirements of the Companies Act 2006. They are also 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 responsible for ensuring the annual report and the financial statements are made available on the Company's website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Approved by the Board of Directors and signed on its behalf by:

Graeme Campbell
Company Secretary
2 August 2022

Independent auditor's report

To the members of Van Elle Holdings plc

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 April 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Van Elle Holdings plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 April 2022 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity, the Parent Company statement of financial position, the Parent Company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities 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 remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- We assessed the trading and cash flow budgets and forecasts approved by the Directors, which cover the period to 31 August 2023. This included challenging the key estimates and judgements and the evidence underpinning them. In doing so, we specifically considered the principal trading and cash flow assumptions, and challenged management on revenue forecasts, margins, and the levels of capital expenditure required to support the forecast levels of activity and corroborated these to post year end trading results. We also challenged judgements taken on legal cash cash flows and earnout payment calculations.
- We assessed the sensitivities undertaken against the level of available cash and contracted funding facilities.
- We considered the results of the reverse stress test undertaken by management and assessed the reasonableness of the Directors' assessment that the scenario that could result in the Group facing a cash shortfall was remote in light of the historic trading results.
- We considered the risks in the Groups risk register and their relevance to forecasts, considered management's observations on supply chain challenges in the prior year and the risk that these recur.
- We also reviewed the disclosures in notes to the financial statements to ensure that they are in accordance with relevant requirements and provided meaningful and transparent information for the users of the financial statements.

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 and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Overview

		2022	2021
Coverage	100% (2021: 96%) of Group profit before tax 100% (2021: 99%) of Group revenue 100% (2021: 90%) of Group total assets		
Key audit matters	Recognition of revenue and attributable profits (or losses) on contracts.	✓	✓
	The valuation of any legal claims against the Group, the recognition of associated insurance reimbursement assets and residual exposure.	✓	✓
Materiality	**Group financial statements as a whole** £287,000 based on 8% of profit before tax (2021: £400,000 based on 0.5% of revenue). Given the return to profit in the period and the focus on profit of the investors, it was considered appropriate to use profit before tax as a benchmark rather than revenue.		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Group manages its central operations from the head office in Kirkby-in-Ashfield to support its subsidiary's day to day operations with regional offices at various locations throughout the UK. As at 30 April 2022, the Group consisted of the Parent Company, two trading subsidiaries in the UK, and three dormant subsidiaries.

The trading subsidiary, Van Elle Limited, is considered to be the only significant component of the Group. The Group engagement team carried out a full scope audit on this significant component of the Group. Our audit work on the trading component was executed at a level of materiality applicable to the individual entity, which was lower than Group materiality.

Although the other trading subsidiary, ScrewFast Foundations Limited, was not considered to be a significant component, a full scope audit was undertaken by the group engagement team.

The Group engagement team have also undertaken a full scope audit on the Parent Company.

Key audit matters

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

Key audit matter		How the scope of our audit addressed the key audit matter
Recognition of revenue and attributable profit (or losses) on contracts: Refer note 6 to the financial statements	Revenue is recognised on the stage of completion of individual contracts. Attributable profit (or loss) is calculated after deducting the costs incurred to date. If the contract is expected to be loss making based on forecast costs and contract revenues, forecast losses are recognised immediately as an expense. The extent of revenue and profit (or loss) to recognise on a particular partially completed contract represents an area of significant judgement within the financial statements, which involves an assessment of both current and future contract performance. The potential outcomes for contracts can have an individual or collectively material impact on the financial statements, whether through error or management bias and as such this was considered a significant audit risk.	We tested the operating effectiveness of controls in the year surrounding the contract tender process, verification of works performed by third party confirmation and senior management consideration of adjustments to the financial statements regarding variable consideration and works performed not yet certified. We obtained a breakdown of contracts making up revenue in the year which we reconciled to the revenue reported per financial statements. We selected a sample of contracts from the breakdown and obtained we obtained a copy of the contract documentation and undertook the following work to substantiate the recognition of revenue from a review of the performance obligations as follows: ▪ We assessed the position adopted by management at the year-end as compared to quantity surveyor applications or external evidence such as customers' certification of work done. ▪ We held meetings with contract managers and enquired on current progress on open contracts and final account negotiations on completed contracts substantiating explanations to supporting correspondence. To check that the criteria we used to select the contracts identified all contracts that presented a potential risk to revenue recognition, we reviewed individual contract assets and trade receivables which we considered presented the greatest risk of exposure either by size or by age. For each material trade receivable or contract asset that had not been tested as part of our contract selection described above, we reviewed post year end correspondence and substantiated to customer certificate and invoice. Where contract assets had not been supported by external certifications we reviewed all other correspondence including support from applications for payment and final account settlements and challenged management's judgement in respect of the recoverability of the amounts recoverable on contracts with reference to our own assessments. **Key observations:** We consider the judgements taken by management in relation to revenue recognition on contracts to be acceptable.

Key audit matters continued

Key audit matter		How the scope of our audit addressed the key audit matter
Valuation of legal claims and recognition of related insurance reimbursement asset: Refer note 25 to the financial statements	Provisions are recognised in respect of legal claims against the business when in the Directors' judgement it is probable that a liability will arise to settle or defend a claim against the business for work done prior to the year end. To the extent that the Group holds insurance policies to mitigate the losses arising as a result of settling the claims a separate insurance reimbursement asset is recognised if the recovery of such an asset is deemed virtually certain. Forming an estimate for the costs of defending or settling the claims involves a significant uncertainty and assessing that it is appropriate to recognise the associated insurance reimbursement asset or not is a significant judgement. The judgements and estimates involved have an individual or collectively material impact on the financial statements, whether through error or management bias and as such this was considered a significant audit risk	We obtained a summary of the claims in the year together with the board's assessment of the likely costs of defending or settling the claims. We agreed the summary to the amounts included in the financial statements. We engaged with the Group's legal advisers, engaged by the Group's insurer, to understand the legal basis of the claims and the relevant defence arguments. We considered additional correspondence since our initial assessment in the prior year to identify whether any adjustment to the estimate was required. We engaged directly with the Group's insurance provider and obtained written confirmation of the extent of insurance cover in place for relevant claims and that the claims were covered and agreed the insurance reimbursement asset to the confirmation from the insurance providers. **Key observations:** We consider the process adopted by management in order to estimate the value of the legal claims provision to be robust and consistent with independent expert analysis. We consider the level of the insurance reimbursement asset to have been correctly recognised.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent company financial statements	
	2022	2021	**2022**	2021
Materiality	£287,000	£400,000	£130,000	£130,000
Basis for determining materiality	8% profit before tax	0.5% revenue	2% gross assets	2% gross assets
Rationale for the benchmark applied	Earnings is a key measure of performance of the group and influence of shareholder assessment. Albeit still suppressed by the COVID-19 pandemic, the Group returned to a profit making position with performance expected to return to normalised levels going forwards.	As this was the second concurrent year of loss, profit before tax was no longer considered to be an appropriate benchmark, and in the economic climate, revenue was considered to be the measure used by stakeholders to assess the Group's performance through the COVID-19 pandemic.	Total assets is considered an appropriate benchmark as the main purpose of the Parent Company is to hold the investments in subsidiaries.	
Performance materiality	£186,000	£260,000	£84,000	£84,000
Basis for determining performance materiality	65% of materiality which is considered appropriate to mitigate potential aggregation risk across the various financial statement areas In setting the level of performance materiality we considered a number of factors including the expected total value of known and likely misstatements alongside management's approach to adjusting for misstatements with a material impact on the financial statements			

Component materiality

Materiality applied to the significant trading component of the Group was calculated at £224,000 (2021: £380,000 – 0.5% of revenue) based on 95% of Group materiality. In the audit of this component, we further applied performance materiality levels of 65% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit & Risk Committee that we would report to them all individual audit differences in excess of £5,000 (2021: £8,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on 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 the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and ▪ the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: ▪ adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or ▪ the Parent Company financial statements are not in agreement with the accounting records and returns; or ▪ certain disclosures of Directors' remuneration specified by law are not made; or ▪ we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

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

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

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:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Group based on our understanding of the Group and sector experience and discussions with management. The most significant considerations for the Group are the Companies Act 2006, corporate taxes and VAT and employment tax legislation and the Health and Safety at Work Act.
- We enquired of those charged with governance, directors and management and obtained and reviewed supporting documentation, concerning the Company's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they had knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We evaluated the directors and 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 inappropriate journal entries to manipulate financial results and management bias in accounting estimates including taking fraudulent judgements on revenue contracts open at year end.

Based on our understanding of the environment and assessment of the incentive and opportunity for fraud we carried out the following procedures:

- We reviewed correspondence with the relevant authorities to identify any irregularities or instances of non-compliance with laws and regulations. We corroborated our enquiries of management through our review of board minutes.
- We used data assurance techniques to identify and analyse the complete population of all journals in the year to identify any which we considered were indicative of management override. We corroborated such journals to supporting documentation. We also reviewed the consolidation journals and other adjustments made in the preparation of the financial statements to check these were in line with our expectation of journals required on consolidation.
- We reviewed the Company's accounting policies for non-compliance with relevant standards. Our work also included considering significant accounting estimates for evidence of misstatement or possible bias and testing any significant transactions that appeared to be outside the normal course of business.
- We considered the appropriateness and application of the revenue and profit recognition policies as summarised in the key audit matters section above.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Greg Watts (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Birmingham, UK
2 August 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

WITHIN THIS SECTION

Consolidated statement of comprehensive income
For the year ended 30 April 2022

	Note	2022 £'000	Restated* 2021 £'000
Revenue	6	**124,915**	84,368
Cost of sales		**(90,842)**	(62,365)
Gross profit		**34,073**	22,003
Administrative expenses		**(29,980)**	(23,320)
Credit loss impairment charge	18	**(159)**	(81)
Other operating income	7	**438**	597
Operating profit/(loss)	9	**4,372**	(801)
Operating profit/(loss) before non-underlying items		**4,372**	(706)
Non-underlying items	8	**—**	(95)
Operating profit/(loss)	9	**4,372**	(801)
Finance expense	11	**(779)**	(607)
Finance income	11	**—**	9
Profit/(loss) before tax		**3,593**	(1,399)
Income tax expense	12	**(1,733)**	(13)
Profit/(loss) after tax and total comprehensive income/(expense) for the year attributable to shareholders of the parent		**1,860**	(1,412)
Earnings per share (pence)			
Basic	13	**1.7**	(1.3)
Diluted	13	**1.7**	(1.3)

* Share-based payments are no longer classified as non-underlying; comparative information for 2021 has been restated to reflect this with no impact on the total comprehensive loss for the year.

All amounts relate to continuing operations. There was no other comprehensive income in either the current or preceding year.

The notes on pages 78 to 103 form part of these financial statements.

Consolidated statement of financial position

As at 30 April 2022

	Note	2022 £'000	Restated 2021 £'000	Restated As at 1 May 2020 £'000
Non-current assets				
Property, plant and equipment	14	**38,719**	38,243	38,566
Investment property	15	**811**	820	829
Intangible assets	16	**3,847**	3,772	1,517
		43,377	42,835	40,912
Current assets				
Inventories	17	**3,773**	3,022	2,702
Trade and other receivables	18	**34,112**	32,038	12,633
Corporation tax receivable		**322**	84	854
Cash and cash equivalents		**6,987**	8,518	12,188
Assets classified as held for sale		**—**	—	683
		45,194	43,662	29,060
Total assets		**88,571**	86,497	69,972
Current liabilities				
Trade and other payables	19	**22,475**	20,833	11,579
Loans and borrowings	20	**—**	230	—
Deferred consideration	22	**50**	—	—
Lease liabilities	21	**1,696**	3,110	3,875
Provisions	25	**7,738**	7,635	241
		31,959	31,808	15,695
Non-current liabilities				
Loans and borrowings	20	**—**	582	—
Deferred consideration	22	**1,170**	1,521	—
Lease liabilities	21	**5,157**	6,307	7,461
Deferred tax	26	**3,674**	1,702	980
		10,001	10,112	8,441
Total liabilities		**41,960**	41,920	24,136
Net assets		**46,611**	44,577	45,836
Equity				
Share capital	27	**2,133**	2,133	2,133
Share premium	27	**8,633**	8,633	8,633
Other reserve		**5,807**	5,807	5,807
Retained earnings		**30,038**	28,004	29,263
Total equity		**46,611**	44,577	45,836

A third Group statement of financial position as at 1 May 2020 has been shown above to show the effect of the prior year restatement of deferred tax as detailed in note 26. These restatements had no impact on the Company.

The financial statements were approved and authorised for issue by the Board of Directors on 2 August 2022 and were signed on its behalf by:

Graeme Campbell
Chief Financial Officer

The notes on pages 78 to 103 form part of these financial statements.

Consolidated statement of cash flows

For the year ended 30 April 2022

	Note	2022 £'000	2021 £'000
Cash flows from operating activities			
Operating profit/(loss)	9	**4,372**	(801)
Depreciation of property, plant and equipment	14	**5,282**	4,844
Amortisation of intangible assets	16	**101**	125
Depreciation of investment property	15	**9**	9
Property on disposal of property, plant and equipment		**(122)**	(272)
Share based payment expense	28	**174**	153
Operating cash flows before movement in working capital		**9,816**	4,058
(Increase)/decrease in inventories		**(750)**	869
Increase in trade and other receivables		**(2,074)**	(10,688)
Increase in trade and other payables		**1,280**	6,437
Increase in provisions		**102**	97
Cash generated from operations		**8,374**	773
Income tax received		**—**	1,408
Net cash generated from operating activities		**8,374**	2,181
Cash flows from investing activities			
Purchases of property, plant and equipment	14	**(4,946)**	(2,135)
Disposal of property, plant and equipment		**384**	899
Disposal of assets held for sale		**—**	700
Acquisition of subsidiary, net of cash acquired		**—**	(780)
Purchases of intangibles	16	**(176)**	—
Net cash absorbed in investing activities		**(4,738)**	(1,316)
Cash flows from financing activities			
Repayment of bank borrowings	20	**(812)**	(12)
Principal paid on lease liabilities	21	**(3,637)**	(3,930)
Interest paid on lease liabilities		**(608)**	(553)
Interest paid on loans and borrowings		**(110)**	(49)
Interest received		**—**	9
Net cash absorbed in financing activities		**(5,167)**	(4,535)
Net decrease in cash and cash equivalents		**(1,531)**	(3,670)
Cash and cash equivalents at beginning of year		**8,518**	12,188
Cash and cash equivalents at end of year		**6,987**	8,518

The notes on pages 78 to 103 form part of these financial statements.

Consolidated statement of changes in equity

For the year ended 30 April 2022

	Share capital £'000	Share premium £'000	Other reserve £'000	Retained earnings £'000	Total equity £'000
At 1 May 2020 (as previously stated)	2,133	8,633	5,807	28,671	45,244
Prior year restatement (note 26)	—	—	—	592	592
At 1 May 2020 (as restated)	2,133	8,633	5,807	29,263	45,836
Total comprehensive loss	—	—	—	(1,412)	(1,412)
Share-based payments	—	—	—	153	153
Total changes in equity	—	—	—	(1,259)	(1,259)
At 30 April 2021 (as restated)	2,133	8,633	5,807	28,004	44,577
Total comprehensive income	—	—	—	1,860	1,860
Share-based payments	—	—	—	174	174
Total changes in equity	—	—	—	2,034	2,034
At 30 April 2022	**2,133**	**8,633**	**5,807**	**30,038**	**46,611**

The notes on pages 78 to 103 form part of these financial statements.

Notes to the consolidated financial statements
For the year ended 30 April 2022

1. General information
The consolidated financial statements present the results of Van Elle Holdings plc (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 30 April 2022. A list of subsidiaries and their countries of incorporation is presented in note 5 of the parent company financial statements on page 106.

Van Elle Holdings plc is a public limited company incorporated and domiciled in the UK under the Companies Act 2006 and limited by shares. The principal activity of the Group is a geotechnical contractor offering a wide range of ground engineering techniques and services including site investigation; driven, bored, drilled and augered piling; and ground stabilisation services. The Group also develops, manufactures and installs precast concrete products for use in specialist foundation applications. Further information on the nature of the Group's operations and principal activities is set out in the strategic report on pages 1 to 46.

The address of the Company's registered office is Van Elle Holdings plc, Southwell Lane Industrial Estate, Summit Close, Kirkby-in-Ashfield, Nottinghamshire NG17 8GJ. The Company has its primary listing on AIM, part of the London Stock Exchange.

The Group's financial statements were authorised for issue by the Board of Directors on 2 August 2022.

2. Basis of preparation
Basis of accounting
The Group financial statements have been prepared in accordance with UK adopted International Accounting Standards ("IAS") in conformity with the requirements of the Companies Act 2006. The Group financial statements have been prepared on the going concern basis and adopting the historical cost convention.

The preparation of financial statements in compliance with adopted IAS requires the use of certain critical accounting estimates, which are outlined in the critical accounting estimates and judgements section disclosed in note 4.

The consolidated financial statements are presented in Sterling, which is also the Group's functional currency. Amounts are rounded to the nearest thousand, unless otherwise stated.

Going concern
In determining whether the Group and Company annual consolidated financial statements can be prepared on the going concern basis, the Directors considered all factors likely to affect their future development, performance and financial position, including cash flows, liquidity position and borrowing facilities and the risks and uncertainties relating to their business activities.

The following factors were considered as relevant:

- the Group's net funds position;
- the Group's order book and the pipeline of potential future orders;
- the borrowing facilities available to the Group; and
- the extent of liabilities from ongoing claims and associated insurance cover.

The Group has reduced the total level of debt during the year by £3.7m with early repayment of outstanding hire purchase and loan debt absorbed on the acquisition of ScrewFast on 1 April 2021 as well as continual repayment of other outstanding hire purchase liabilities. No new debt finance was taken during the year. Remaining debt finance of £1.1m as at 30 April 2022 relates to hire purchase agreements with a maximum maturity date of August 2025.

In October 2020 the Group secured up to £11m of asset backed lending facilities on a revolving basis over four years secured against the Group's receivables and certain tangible assets. There are no financial covenants associated with the facilities and they remain undrawn to date.

The Group has faced supply chain challenges during the year including a lack of availability and price inflation as well as wage inflation. Some of the impact of these issues has been mitigated through higher pricing but unrecovered inflationary increases and the disruption caused by material shortages has had a negative effect on contract margins during the year. These issues are starting to moderate with access to raw materials improving and inflationary cost increases continuing but to a lesser extent than in the current financial year. Inflationary cost increases are being managed through contract pricing mechanisms.

Detailed forecasts have been prepared for the period to 31 August 2023. These forecasts reflect a continuation of the post-COVID-19 recovery and consider the continuation of cost inflation and material availability challenges. These forecasts demonstrate a healthy cash flow and headroom across the period to August 2023.

Reverse stress testing has been carried out and the Board is satisfied that the scenarios in which the level of trading is such that the Group experiences a cash outflow of such a level that further debt facilities would be required are remote.

Based on the above, the Directors conclude that the Group and Company are able to operate within the level of their current financial resources for a period of at least 12 months from the date of approving the financial statements and therefore the financial statements have been prepared on a going concern basis.

2. Basis of preparation continued

Underlying profit before tax, underlying operating profit and underlying earnings per share

Whilst not defined under International Accounting Standards, the Directors consider that underlying operating profit, underlying profit before taxation and underlying earnings per share measures referred to in these Group financial statements provide useful information for shareholders on the performance of our contracts. Underlying measures reflect adjustments adding back exceptional costs, other non-underlying costs and revenue and the taxation thereon where relevant.

The calculation of underlying basic and diluted underlying earnings per share is shown in note 13.

Adoption of new and revised standards

New standards, interpretations and amendments effective from 1 May 2021

During the year, the Group has adopted the following new and revised Standards and Interpretations. Their adoption has not had any significant impact on the accounts or disclosures in these financial statements:

- IFRS 3 Business Combinations;
- IAS 16 Property, Plant and Equipment;
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and
- Annual Improvements to IFRSs (2018–2020 Cycle): IFRS 1; IFRS 9; Illustrative Examples Accompanying IFRS 16; and IAS 41.

New standards, interpretations and amendments not yet effective

The Group has not early adopted the following new standards, amendments or interpretations that have been issued but are not yet effective:

- IFRS 17 Insurance Contracts including Amendments to IFRS 17 (issued on 25 June 2020);
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current;
- Amendments to IAS 8 – Definition of Accounting Estimates;
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies;
- Amendments to IAS 12 – Deferred Tax Related to Assets and Liabilities arising from a Single Transaction; and
- Amendment to IFRS 17 – Initial Application of IFRS 17 and IFRS 9 – Comparative Information.

3. Significant accounting policies

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of consolidation

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements present the results of the Company and its subsidiaries (the "Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

Any change in ownership in non-controlling interests is accounted for as an equity transaction.

Revenue

Revenue represents the total amounts receivable by the Group for goods supplied and services provided, excluding value added tax and trade discounts. The Group's turnover arises in the UK.

In line with IFRS 15 Revenue from Contracts with Customers the Group recognises revenue based on the application of a principles-based "five-step" model. Only when the five steps are satisfied is revenue recognised.

General and Specialist Piling

The performance obligations and transaction price are defined within signed contracts between the customer and the Group. Each performance obligation represents a series of distinct items of goods that are substantially the same and that have the same pattern of transfer to the customer. This is classified as a series as each distinct item of goods in the series meets the definition of a performance obligation satisfied over time and the same method would be used to measure the entity's progress towards complete satisfaction of the performance obligation as to transfer each item of goods to the customer. Mobilisation (moving the piling rig equipment to the customer site) does not represent a separate performance obligation.

Mobilisation revenue is included within the transaction price of the related performance obligation and recognised over time. The revenue for each performance obligation is recognised over time because each pile enhances an asset that the customer controls. Revenue is recognised as progress towards complete satisfaction of that performance obligation over time occurs using the output method. Progress is determined by completed pile logs.

Notes to the consolidated financial statements continued

For the year ended 30 April 2022

3. Significant accounting policies continued

Revenue continued

General and Specialist Piling continued

For performance obligations where the customer does not simultaneously receive and consume the benefits (e.g. designs, interpretative reports and testing) the work performed by the Group does not create or enhance an asset that the customer controls. Revenue for these performance obligations is recognised at a point in time (e.g. on delivery of report).

Where the performance obligations within a contract are not substantially the same and do not have the same pattern of transfer to the customer, revenue is recognised as progress is made towards complete satisfaction of the performance obligations over time using the input method. Progress is determined based on costs incurred to date.

Ground Engineering Services

The performance obligations and transaction price are defined within signed contracts between the customer and the Group. Each individual service is not considered a separate performance obligation. For performance obligations where the customer does not simultaneously receive and consume the benefits (e.g. interpretative reports and testing) the work performed by the Group does not create or enhance an asset that the customer controls. Revenue for these performance obligations is recognised at a point in time (e.g. on delivery of report). Costs relating to these performance obligations are capitalised and fully amortised at the point in time when the performance obligation is fully satisfied. Contracts may also contain a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer (e.g. bore hole drilling). This is classified as a series as an asset is enhanced that the customer controls, each distinct item of goods in the series meets the definition of a performance obligation satisfied over time and the same method would be used to measure the entity's progress towards complete satisfaction of the performance obligation as to transfer each item of goods to the customer. The revenue for each performance obligation is recognised over time because each item of goods enhances an asset that the customer controls. Revenue is recognised as progress is made towards complete satisfaction of that performance obligation over time using the output method. Progress is determined by completed logs.

Ground Engineering Products

Each performance obligation represents a series of distinct goods that are substantially the same and that have the same pattern of transfer to the customer. Mobilisation (moving the piling rig equipment to the customer site) does not represent a separate performance obligation. Mobilisation revenue is included within the transaction price of the related performance obligation and recognised over time. The revenue for each performance obligation is recognised over time because each pile enhances an asset that the customer controls. Revenue is recognised as progress is made towards complete satisfaction of that performance obligation over time using the output method. Progress is determined by completed pile logs.

Variable consideration

The following types of income are variable consideration and are only recognised when management determines it to be highly probable that a significant reversal in revenue will not occur in a future period:

Liquidated damages ("LADs")

These are included in the contract for both parties. The customer can reduce the amount paid to the Group if it is deemed the Group has caused unnecessary delays or additional work. The Group is also able to claim LADs where it can be proved that the customer has caused unnecessary delays or disruption. The method for claiming this revenue is to include it within the application to the customer, or for the customer to include or exclude it in the application certificate returned to the Group. At the point of making an application for LADs the additional revenue or the reduction in revenue is only recognised when it is highly probable that it will occur.

Standing time

Within the contracts a penalty charge can be made where work is delayed, and the Group assets must stand idle. These charges can be disputed by the customer where blame may not be clear. The revenue for these charges is not recognised until it is highly probable that it will be received.

Adjustments to invoiced variable consideration

Where revenue relating to variable consideration is invoiced to the customer, revenue is adjusted to remove revenue that is not highly probable. This is subsequently recognised only once it becomes highly probable.

Trade receivables

Trade receivables include applications to the extent that there is an unconditional right to payment and the amount has been certified by the customer.

Contract assets

The recoverable amount of applications that have not been certified and other amounts that have not been applied for but represent the recoverable value of work carried out at the balance sheet date are recognised as contract assets within trade and other receivables on the balance sheet.

Contract liabilities

Any payments received in advance of completing the work are recognised within contract liabilities.

3. Significant accounting policies continued

Segment reporting

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

Exceptional items

Such items are those that in the Directors' judgement are one off in nature and need to be disclosed separately by their size or incidence. In determining whether an item should be disclosed as an exceptional item, the Directors consider quantitative as well as qualitative factors such as frequency, predictability of occurrence and significance. This is consistent with the way financial performance is measured by management and reported to the Board. Disclosing exceptional items separately provides an additional understanding of the performance of the Group.

Other non-underlying items

The Group's income statement separately identifies other non-underlying items. Such items are those that in the Directors' judgement occur infrequently and do not reflect the underlying performance of the business and therefore need to be disclosed separately. This is consistent with the way financial performance is measured by management and reported to the Board. Disclosing other non-underlying items separately provides an additional understanding of the performance of the Group. Other non-underlying items include exceptional items as defined above.

Taxation

The income tax expense represents the sum of current and deferred income tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax is based on taxable profits for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Property, plant and equipment

Items of property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly related to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount, or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group, and the cost of the asset can be measured reliably. All other repairs and maintenance expenditure is charged to the statement of comprehensive income during the financial period in which it is incurred.

Freehold land is not depreciated. Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property, plant and equipment and is calculated, using the straight-line method, to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Freehold buildings	–	2%–20% per annum straight line
Plant and machinery	–	8%–20% per annum straight line
Office equipment	–	10%–25% per annum straight line
Motor vehicles	–	10%–25% per annum straight line

Residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its estimated recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of assets are determined by comparing the proceeds of disposal with the carrying value and are recognised in the statement of comprehensive income.

Subsequent expenditure on repairs and refurbishments which does not enhance the value or extend the lives of the related assets is recognised as an expense in the income statement as incurred.

3. Significant accounting policies continued

Investment property

Investment properties are held for long-term rental yields and are not occupied by the Group. They are carried at depreciated historical cost.

Freehold land is not depreciated. Depreciation is provided on all other items of investment property and is calculated using the straight-line method, to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Freehold buildings	–	2%–20% per annum straight line

Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets of the acquired entity at the date of acquisition. Goodwill is capitalised as an intangible asset. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are recognised immediately in the statement of comprehensive income and are not subsequently reversed.

Goodwill is allocated to each of the Group's cash generating units for the purposes of the impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which they arose, identified by operating segment.

Computer software

Costs incurred to acquire computer software and directly attributable costs of bringing the software into use are capitalised within intangible assets and amortised, on a straight-line basis, over the useful life of the software. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The estimated useful life for computer software is five years.

Development costs

Costs associated with the development of new products and techniques are capitalised as intangible assets once technical and commercial feasibility of the asset for sale or use has been established and all the following conditions are met:

- there is the intention to complete the asset;
- there is adequate technical, financial and other resources to complete the asset;
- an asset is created that can be used or sold;
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Impairment of non-financial assets

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash inflows – its cash generating units ("CGUs").

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

Inventories

Inventories are stated at the lower of cost and net realisable value. Inventories are initially recognised at cost, and comprise raw materials and consumables held in storage or on project sites and work in progress. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value comprises the estimated selling price in the ordinary course of business less applicable variable selling expenses. Provision is made for obsolete, slow-moving or defective items where appropriate.

3. Significant accounting policies continued

Financial assets and liabilities

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). Financial liabilities are measured at amortised cost or FVTPL.

The classification of financial assets is based on the way a financial asset is managed and its contractual cash flow characteristics.

Financial assets are measured at amortised cost if both of the following conditions are met and the financial asset or liability is not designated as at FVTPL:

- the financial asset is held with the objective of collecting or remitting contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the financial asset is held with the objectives of collecting contractual cash flows and selling the financial asset; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

The Group's principal financial instruments comprise cash and cash equivalents, trade receivables, trade payables and interest bearing borrowings. Based on the way these financial instruments are managed and their contractual cash flow characteristics, all the Group's financial instruments are measured at amortised cost using the effective interest method.

The amortised cost of financial assets is reduced by impairment losses as described below. Interest income, foreign exchange gains and losses, impairments and gains or losses on derecognition are recognised through the statement of comprehensive income.

Trade receivables and trade payables are held at their original invoiced value, as the interest that would be recognised from discounting future cash flows over the short credit period is not considered to be material.

Cash equivalents comprise short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. An investment with a maturity of three months or less is normally classified as being short term. Cash and cash equivalents do not include other financial assets.

Impairment losses against financial assets carried at amortised cost are recognised by reference to any expected credit losses against those assets. The simplified approach for calculating impairment of financial assets has been used. Lifetime expected credit losses are calculated by considering, on a discounted basis, the cash shortfalls that would be incurred in various default scenarios over the remaining lives of the assets and multiplying the shortfalls by the probability of each scenario occurring. The allowance is the sum of these probability weighted outcomes.

Government grants

Government grants relating to the Coronavirus Job Retention Scheme are recognised in the statement of comprehensive income within cost of sales and administrative expenses over the period necessary to match the grant on a systematic basis to the costs that they are intended to compensate.

Retirement benefit cost

The Group operates a defined contribution pension scheme for the benefit of employees. The Group pays contributions to publicly or privately administered pension insurance schemes on a mandatory, contractual or voluntary basis. Contributions to defined contribution pension schemes are charged to the consolidated statement of comprehensive income in the year to which they relate.

Leased assets

The Group recognises a right-of-use asset and a corresponding lease liability for all lease agreements in which it is the lessee (with the exception of short-term and low-value leases as defined in IFRS 16 which are recognised as an operating expense on a straight-line basis over the term). The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. The right-of-use asset recognised initially is the amount of the lease liability, adjusted for any lease payments and lease incentives made before the commencement date, in accordance with IFRS 16.24.

3. Significant accounting policies continued

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation because of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions represent management's best estimates of expenditure required to settle a present obligation at the balance sheet date, after considering the risks and uncertainties that surround the underlying event.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group can control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets arising from tax losses is restricted to those instances where it is probable that taxable profit will be available in the foreseeable future against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds of the issue.

Share-based payments

The Group operates three equity-settled share-based payment plans, details of which can be found in note 28 to the consolidated financial statements.

The fair value of share-based awards with non-market performance conditions is determined at the date of the grant using a Black-Scholes option pricing model. The fair value of share-based awards with market-related performance conditions is determined at the date of grant using a Monte-Carlo simulation. Share-based awards are recognised as expenses based on the Company's estimate of the shares that will eventually vest, on a straight-line basis over the vesting period, with a corresponding increase in the share option reserve.

At each statement of financial position date, the Company revises its estimates of the number of options that are expected to vest based on service and non-market performance conditions. The amount expensed is adjusted over the vesting period for changes in the estimate of the number of shares that will eventually vest. The impact of the revision of the original estimates, if any, is recognised in the statement of comprehensive income such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves. Options with market-related performance conditions will vest based on total shareholder return against a selected group of quoted market comparators. Following the initial valuation, no adjustments are made in respect of market-based conditions at the reporting date.

Contingent consideration

Contingent consideration is classified as a liability and is measured at fair value on the acquisition date. At each future reporting date contingent consideration will be remeasured to fair value with changes included in the income statement in the post-combination period.

Business combinations

The acquisition method of accounting is used in accounting for the acquisition of businesses. In accordance with IFRS 3 Business Combinations, the assets and liabilities of the acquired entity are measured at fair value. When the initial accounting for a business combination is determined provisionally, any adjustments to the provisional values allocated are made within 12 months of the acquisition date and are effected from the date of acquisition.

4. Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical accounting judgements

Contracts

The point at which variable consideration becomes highly probable and therefore is recognised in the financial statements requires management judgement. The policy in respect of recognition of variable consideration is detailed in note 3.

Insurance cover for legal and other claims against the Group

When reviewing legal or warranty claims against the Group the Directors assess if the claim will be covered by insurance by reference to the nature of the insurance policy and through direct engagement with the insurance brokers and underwriters and the Directors make a judgement if insurance cover in respect of the claim is virtually certain in relation to the claim. In reality this is when the insurance company has confirmed that the claim against the Group is covered by the policies in place.

Leased assets

In the application of the leasing standard, IFRS 16, right-of-use assets and lease liabilities have been recognised based on the discounted payments required under the lease, taking into account the lease term. The lease term is based on the non-cancellable period of the lease together with periods covered by an option to extend the lease where it is considered reasonably certain that options to extend will be exercised. Judgement is required in determining whether options to extend or terminate the lease will be exercised.

Development costs

Costs associated with the development of new products and techniques are capitalised as intangible assets once technical and commercial feasibility of the asset for sale or use have been established. Judgement is required in determining whether development costs meet the criteria for capitalisation as an intangible asset including whether it is probable that future economic benefits will be derived from the asset.

Underlying profit before tax, underlying operating profit and underlying earnings per share

The Directors consider that the adjusted profit measure provides useful information to shareholders on the underlying trading performance. This is consistent with how business performance is measured internally by the Board. These underlying performance measures are not a recognised measure under IFRS and may not be directly comparable with adjusted measures used by other companies.

The classification of items excluded from underlying profit measures requires judgement including the consideration of the nature, circumstance, scale and impact of a transaction. Significant non-recurring transactions that are not part of the operating activities of the Group are classified as other non-underlying items. Further detail is provided in note 8.

Sources of estimation uncertainty

Contracts

The key estimates in the recognition of contract revenue include the estimate of the recoverable value of work carried out at the balance sheet date shown under contract assets and the outcome of claims raised against the Group by customers or third parties. The estimate is formed based on confirmation of work done at the year end by customers and by its nature changes in the estimate would have a £ for £ consequential impact on the level of revenue and profit recognised. As at 30 April 2022, the Group has recognised estimated recoveries of £2,163,000 (PY:£1,651,000) from customers for the work carried out to the year end date. These recoveries are recognised to the extent considered highly probable however, there is a range of factors affecting potential outcomes as these contracts are completed. The level of management estimation uncertainty is reduced by the certification of work received from customers, approved applications for payment and in house expert opinion.

In addition, the Group recognises impairment provisions in respect of bad and doubtful trade debtors. The estimates necessary to calculate these provisions are based on historical experience adjusted for estimates of known changes in credit risk based on facts and circumstances at the year-end date. The simplified approach for calculating impairment of financial assets has been used. Lifetime expected credit losses are calculated by considering, on a discounted basis, the cash shortfalls that would be incurred in various default scenarios over the remaining lives of the assets and multiplying the shortfalls by the probability of each scenario occurring. The allowance is the sum of these probability weighted outcomes and further details are provided in note 18. Changing these estimates by 25% will not materially change the level of impairment provision recognised.

4. Critical accounting estimates and judgements continued

Sources of estimation uncertainty continued

Goodwill

Impairment tests make assumptions about the amount and timing of future cash flows for each cash generating unit including estimates of growth rates, discount rates and cash conversion rates.

Growth rates are estimated with reference to the Board-approved budget for the year ending 30 April 2023 and forecast cash flow projections for the years ending 30 April 2024, 30 April 2025 and 30 April 2026. Subsequent growth rates are estimated with reference to CPI inflation expectations.

The rate used to discount the projected cash flows is a pre-tax risk-adjusted discount rate estimated based on the weighted average cost of capital of a basket of comparable companies plus a risk premium to reflect the size of the Group in comparison to the basket of comparable companies.

Future cash conversion rates are estimated based on historical experience of cash conversion.

The impact of these estimates is detailed further in note 16.

Leased assets

In the application of the leasing standard, IFRS 16, a right-of-use asset and lease liability are recognised based on the discounted payments required under the lease. The discount of future lease payments requires an estimate of the effective interest rate. The estimate of the effective interest rate is based on the Group's incremental borrowing rate on similar assets.

Legal and other claims against the Group

In common with other companies in the sector the Group is involved in matters which give rise to claims from customers. The Board assesses each claim, based on the facts and circumstances relating to each claim and with reference to internal and external expert advice, and recognises a provision for costs of defending and concluding such claims. By their nature changes in the estimate would have a £ for £ impact on the level of the provision recognised.

Business combinations

In the application of IFRS 3 Business Combinations the assets and liabilities of acquired entities are recognised at fair value. The fair value of the assets and liabilities of ScrewFast Foundations Limited has been determined with reference to current market values where available. Adjusting these estimates would have a consequential £ for £ impact on the level of goodwill arising on the business combination.

Contingent consideration

Contingent consideration is based on performance in the post-acquisition period up to 31 May 2023. The calculation of the consideration payable is based on forecasts of future performance. Estimated future performance is based on the current order book and pipeline of work. The rate used to discount the consideration is based on the Group's incremental borrowing rate and adjusting the estimated future profitability up or down by 25% will not have a material impact on the level of consideration paid. The impact of these estimates is detailed further in note 22.

5. Segment information

The Group evaluates segmental performance based on profit or loss from operations calculated in accordance with IFRS but excluding non-recurring items. Inter-segment sales are priced along the same lines as sales to external customers, with an appropriate discount being applied to encourage use of Group resources at a rate acceptable to local tax authorities. Insurances and head office central services costs are allocated to the segments based on levels of turnover. Details of the types of products and services for each segment are given in the operational review on pages 22 to 27. All turnover and operations are based in the UK.

Operating segments – 30 April 2022

	General Piling £'000	Specialist Piling £'000	Ground Engineering Services £'000	Head office £'000	Total £'000
Revenue	38,974	45,771	40,043	127	124,915
Other operating income	—	—	—	438	438
Operating profit/(loss)	1,804	2,998	2,115	(2,545)	4,372
Finance expense	—	—	—	(779)	(779)
Profit/(loss) before tax	1,804	2,998	2,115	(3,324)	3,593
Assets					
Property, plant and equipment	9,341	12,589	8,145	8,644	38,719
Intangible assets	18	3,594	233	2	3,847
Inventories	1,251	1,163	1,320	39	3,773
Reportable segment assets	10,610	17,346	9,698	8,685	46,339
Investment property	—	—	—	811	811
Trade and other receivables	—	—	—	34,434	34,434
Cash and cash equivalents	—	—	—	6,987	6,987
Total assets	10,610	17,346	9,698	50,917	88,571
Liabilities					
Trade and other payables	—	—	—	22,475	22,475
Provisions	—	—	—	7,737	7,737
Deferred consideration	—	—	—	1,220	1,220
Lease liabilities	—	—	—	6,854	6,854
Deferred tax	—	—	—	3,674	3,674
Total liabilities	—	—	—	41,960	41,960
Other information					
Capital expenditure	2,097	2,462	1,207	254	6,020
Depreciation	1,166	1,907	1,296	913	5,282

Notes to the consolidated financial statements continued
For the year ended 30 April 2022

5. Segment information continued
Operating segments – 30 April 2021

	General Piling £'000	Specialist Piling £'000	Ground Engineering Services £'000	Head office £'000	Total £'000
Revenue	27,340	29,345	27,596	87	84,368
Other operating income	—	—	—	597	597
Underlying operating profit/(loss)	295	1,035	247	(2,283)	(706)
Non-underlying items	—	—	—	(95)	(95)
Operating profit/(loss)	295	1,035	247	(2,378)	(801)
Finance expense	—	—	—	(607)	(607)
Finance income	—	—	—	9	9
Profit/(loss) before tax	295	1,035	247	(2,976)	(1,399)
Assets					
Property, plant and equipment	8,496	12,405	8,031	9,311	38,243
Intangible assets	26	3,476	262	8	3,772
Inventories	984	1,208	810	20	3,022
Reportable segment assets	9,506	17,089	9,103	9,339	45,037
Investment property	—	—	—	820	820
Trade and other receivables	—	—	—	32,122	32,122
Cash and cash equivalents	—	—	—	8,518	8,518
Total assets	9,506	17,089	9,103	50,799	86,497
Liabilities					
Trade and other payables	—	—	—	20,833	20,833
Provisions	—	—	—	7,635	7,635
Loans and borrowings	—	—	—	812	812
Deferred consideration	—	—	—	1,521	1,521
Lease liabilities	—	—	—	9,417	9,417
Deferred tax	—	—	—	1,702	1,702
Total liabilities	—	—	—	41,920	41,920
Other information					
Capital expenditure	96	1,154	2,231	203	3,684
Depreciation/amortisation	1,152	1,601	1,137	1,087	4,977

There are no individual customers accounting for more than 10% of Group revenue in the current or preceding year. All revenue is generated in the UK.

6. Revenue from contracts with customers
Disaggregation of revenue – 30 April 2022

End market	**General Piling £'000**	**Specialist Piling £'000**	**Ground Engineering Services £'000**	**Head office £'000**	**Total £'000**
Residential	**13,569**	**6,346**	**33,392**	**—**	**53,307**
Infrastructure	**5,224**	**34,333**	**3,821**	**—**	**43,378**
Regional construction	**20,177**	**4,872**	**2,830**	**—**	**27,879**
Other	**4**	**220**	**—**	**127**	**351**
Total	**38,974**	**45,771**	**40,043**	**127**	**124,915**

Head office revenue relates to revenue generated from the provision of training services.

6. Revenue from contracts with customers continued

Disaggregation of revenue – 30 April 2021

End market	General Piling £'000	Specialist Piling £'000	Ground Engineering Services £'000	Head office £'000	Total £'000
Residential	8,009	6,275	23,085	—	37,296
Infrastructure	6,765	19,302	2,396	—	28,463
Regional construction	12,529	3,768	2,112	—	18,482
Other	37	—	3	87	127
Total	27,340	29,345	27,596	87	84,368

Contract assets

	2022 £'000	2021 £'000
At 1 May	**1,651**	1,258
Transfers from contract assets to trade receivables	**(1,651)**	(1,258)
Excess of revenue recognised over invoiced amount	**2,163**	1,651
Impairment of contract assets	**—**	—
At 30 April	**2,163**	1,651

Contract liabilities

	2022 £'000	2021 £'000
At 1 May	**284**	228
Interest on contract liabilities	**—**	—
Contract liabilities recognised as revenue in the period	**(84)**	(28)
Deposits received in advance of performance	**188**	84
Overpayments received	**—**	—
At 30 April	**388**	284

7. Other operating income

	2022 £'000	2021 £'000
Research and development expenditure credit relating to prior years	**208**	205
Research and development expenditure credit relating to current year	**300**	240
Settlement of litigation	**(70)**	152
	438	597

The research and development expenditure credit relating to prior years relates to the final value of the claim for the year ended 30 April 2021 in excess of the estimate made by management in the previous financial year. The research and development expenditure credit relating to the current year is based on the management estimate of the claim relating to the year ended 30 April 2022.

The charge of £70,000 for settlement of litigation relates to a provision for income recognised in the previous financial year, the recovery of which is now uncertain.

8. Other non-underlying items

	2022 £'000	2021 £'000
Exceptional costs	**—**	95

Prior year exceptional costs relate to the acquisition costs for the purchase of ScrewFast Foundations Limited on 1 April 2021.

The Group's current year non-underlying items are detailed in notes 22 (deferred consideration) and 25 (provisions). These non-underlying items have been recognised within administration costs and have a total value of £12,000.

9. Operating profit/(loss)

Operating profit/(loss) is stated after charging/(crediting):

	2022 £'000	2021 £'000
Depreciation of property, plant and equipment	**5,282**	4,844
Amortisation of intangible assets	**101**	125
Depreciation of investment property	**9**	9
Impairment of investment property	**—**	—
Impairment of goodwill	**—**	—
Impairment of assets classified as held for sale	**—**	—
Lease expense:		
– Plant and machinery on short-term hire	**5,563**	3,911
Profit on disposal of property, plant and equipment	**(123)**	(272)
Fees payable to the Company's auditor for the audit of the Company financial statements	**15**	15
Fees payable to the Company's auditor for other services:	**11**	
– Audit of financial statements of subsidiaries pursuant to legislation	**100**	87
– Taxation compliance	**22**	7
– Non-audit services	**—**	167

10. Staff costs

Staff costs, including Directors, are outlined below. Further details of Directors' remuneration, including details of the highest paid Director, share options, long-term incentive plans and Directors' pension entitlements, are disclosed in the annual report on remuneration on pages 61 and 62.

	2022 £'000	2021 £'000
Employee benefit expenses (including Directors):		
Wages and salaries	**31,838**	24,801
Coronavirus Job Retention Scheme	**—**	(1,660)
Social security contributions and similar taxes	**3,487**	2,616
Defined contribution pension cost	**961**	801
Share-based payments (note 28)	**174**	153
	36,460	26,711
Directors and key management personnel:		
Wages and salaries	**1,652**	1,462
Defined contribution pension cost	**80**	69
Share-based payments (note 28)	**92**	147
	1,824	1,678

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including the Directors of the Company, the Chief Financial Officer and operating unit divisional directors.

Details of the highest paid Director are included in the annual report on remuneration on page 61.

The average number of employees, including Directors, during the year was as follows:

	2022 Number	2021 Number
Administrative	**201**	166
Operative	**400**	348
	601	514

11. Finance income and expense

	2022 £'000	2021 £'000
Finance income		
Interest received on bank deposits	**—**	9
Finance expense		
Finance leases	**608**	553
Loans and borrowings	**49**	7
Unwinding of discount on deferred consideration	**61**	5
Charges on undrawn facilities	**61**	42
	779	607

12. Income tax expense

	2022 £'000	Restated 2021 £'000
Current tax credit		
Current tax on profit/loss for the year	**—**	—
Adjustment for over provision in the prior period	**(238)**	(554)
Total current tax credit	**(238)**	(554)
Deferred tax expense		
Origination and reversal of temporary differences	**842**	(184)
Adjustment for over provision in the prior period	**396**	751
Effect of decreased tax rate on opening balance	**733**	—
Total deferred tax expense	**1,971**	567
Income tax expense	**1,733**	13

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profit/loss for the year are as follows:

	2022 £'000	2021 £'000
Profit/(loss) before income taxes	**3,593**	(1,399)
Tax using the standard corporation tax rate of 19% (2021: 19%)	**683**	(266)
Adjustments for over provision in previous periods	**159**	197
Expenses not deductible for tax purposes	**104**	121
Income not taxable	**(40)**	(39)
Unused tax losses for which no deferred tax asset has been recognised	**—**	—
Tax rate changes	**1,072**	—
Previously unrecognised tax losses used to reduce current tax expense	**(30)**	—
Capital allowances super deductions	**(215)**	—
Total income tax expense	**1,733**	13

During the year ended 30 April 2022, corporation tax has been calculated at 19% of estimated assessable profit for the year (2021: 19%).

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from 1 April 2023. This rate was substantively enacted on 24 May 2021; as a result, deferred tax balances as at 30 April 2022 are measured at 25% resulting in a deferred tax charge of £1,072,000 in the year.

13. Earnings per share

The calculation of basic and diluted earnings per share is based on the following data:

	2022 '000	Restated 2021 '000
Basic weighted average number of shares	**106,667**	106,667

	£'000	£'000
Profit/(loss) for the year	**1,860**	(1,412)
Add back/(deduct):		
Non-underlying items	**—**	95
Underlying profit/(loss) for the year	**1,860**	(1,317)

	2022 Pence	2021 Pence
Earnings per share		
Basic	**1.7**	(1.3)
Diluted	**1.7**	(1.3)
Basic – adjusted*	**2.7**	1.2
Diluted – adjusted*	**2.7**	1.2

There is no dilutive effect of the share options, as in the previous year the performance conditions remained unsatisfied or the share price was below the exercise price.

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders and on 106,666,650 ordinary shares (2021: 106,666,650), being the weighted average number of ordinary shares.

* The adjusted earnings per share is based on profit/(loss) for the year adjusted for non-underlying items of £Nil (2021: £95k) and corporation tax rate changes amounting to £1,072,000 (2021: £Nil) (refer to note 12). This tax rate change is a one-off deferred tax charge relating to future corporation tax rate changes enacted during the year. Share based payment changes have been reclassified from non-underlying profits to underlying profits in the current year and the prior year earnings per share has been restated to reflect this reclassification. The Directors consider this measure provides an additional indicator of the underlying performance of the Group.

14. Property, plant and equipment

	Land and buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Office equipment £'000	Total £'000
Cost					
At 1 May 2020	8,802	46,654	9,011	477	64,944
Additions	25	2,124	1,535	—	3,684
Additions on business combination	—	1,366	—	131	1,497
Disposals	—	(1,609)	(1,566)	(4)	(3,179)
At 1 May 2021	8,827	48,535	8,980	604	66,946
Additions	262	4,464	1,241	53	6,020
Additions on business combination	—	—	—	—	—
Disposals	—	(1,409)	(1,439)	(190)	(3,038)
At 30 April 2022	**9,089**	**51,590**	**8,782**	**467**	**69,928**
Accumulated depreciation					
At 1 May 2020	1,292	19,468	5,268	350	26,378
Charge for the year	401	3,256	1,138	48	4,843
Disposals	—	(1,202)	(1,312)	(4)	(2,518)
At 1 May 2021	1,693	21,522	5,094	394	28,703
Charge for the year	425	3,529	1,238	90	5,282
Disposals	—	(1,316)	(1,270)	(190)	(2,776)
At 30 April 2022	**2,118**	**23,735**	**5,062**	**294**	**31,209**
Net book value					
At 30 April 2021	7,134	27,013	3,886	210	38,243
At 30 April 2022	**6,971**	**27,855**	**3,720**	**173**	**38,719**

14. Property, plant and equipment continued

The amounts shown above include the following right-of-use assets:

	Land and buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 May 2021	3,659	16,514	2,658	22,831
Additions	—	—	1,074	1,074
Transferred to owned assets	—	(8,569)	(299)	(8,868)
At 30 April 2022	**3,659**	**7,945**	**3,433**	**15,037**
Accumulated depreciation				
At 1 May 2021	240	4,908	453	5,601
Charge for the year	119	1,263	701	2,083
Transferred to owned assets	—	(3,522)	(184)	(3,706)
At 30 April 2022	**359**	**2,649**	**970**	**3,978**
Net book value				
At 30 April 2021	3,419	11,606	2,205	17,230
At 30 April 2022	**3,300**	**5,296**	**2,463**	**11,059**

15. Investment property

	Land and buildings £'000
Cost	
At 30 April 2022	**1,315**
Accumulated depreciation	
At 1 May 2021	495
Charge for the year	9
At 30 April 2022	**504**
Net book value	
At 30 April 2021	820
At 30 April 2022	**811**

The Group has one investment property, being the previous head office and depot which is sub-let to a third party.

16. Intangible assets

	Goodwill £'000	Software £'000	Development costs £'000	Total £'000
Cost				
At 1 May 2020	2,179	231	418	2,828
Additions	2,380	—	—	2,380
At 1 May 2021	4,559	231	418	5,208
Additions	—	—	176	176
At 30 April 2022	**4,559**	**231**	**594**	**5,384**
Accumulated amortisation				
At 1 May 2020	1,101	172	38	1,311
Charge for the year	—	27	98	125
At 1 May 2021	1,101	199	136	1,436
Charge for the year	—	17	84	101
At 30 April 2022	**1,101**	**216**	**220**	**1,537**
Net book value				
At 30 April 2021	3,458	32	282	3,772
At 30 April 2022	**3,458**	**15**	**374**	**3,847**

16. Intangible assets continued

Goodwill

Goodwill relates to the purchase of subsidiary undertakings. Goodwill is not amortised but is tested for impairment in accordance with IAS 36 Impairment of Assets at least annually or more frequently if events or changes in circumstances indicate a potential impairment.

Goodwill is allocated to cash generating units ("CGUs") as follows:

	2022 £'000	2021 £'000
Specialist Piling	**890**	890
Ground Engineering Services	**188**	188
ScrewFast	**2,380**	2,380
	3,458	3,458

The carrying value of goodwill allocated to the Specialist Piling and Rail, Ground Engineering Services and ScrewFast CGUs has been compared to its recoverable amount based on the value in use of the CGUs to which the goodwill has been allocated. Each operating segment within the Group has been assessed as a separate CGU, being the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other groups of assets.

The value-in-use calculations use pre-tax cash flow projections based on the Board-approved budget for the year ending 30 April 2023 which takes into account secured orders, the order pipeline, business plans and management actions and forecast future cash flows for the period to 30 April 2026. Subsequent cash flows are extrapolated using an estimated growth rate of 2% in line with long-term CPI inflation expectations.

The rate used to discount the projected cash flows is a pre-tax risk-adjusted discount rate of 12.7% (2021: 12.7%) based on the weighted average cost of capital of a basket of comparable companies plus a risk premium. The same discount rate has been used for each CGU as the principal risks associated with the Group, as highlighted on pages 38 to 41, would also impact each CGU in a similar manner.

The key assumptions to which the assessment of the recoverable amounts of CGUs is sensitive are the projected operating profit for the period to 30 April 2023 and the discount rate applied. For each CGU, management has considered the level of headroom resulting from the impairment tests and performed further sensitivity analysis by changing the base case assumptions applicable to each CGU. The sensitivities tested related to changes in discount rate, changes in operating profit and a combination thereof.

The value-in-use calculations, together with the sensitivity analysis described above, do not indicate an impairment of goodwill is required.

The sensitivity analysis performed indicates that reasonable changes in discount rate or growth rates would not result in an impairment of goodwill; as such the Board is satisfied that no impairment is required.

17. Inventories

	2022 £'000	2021 £'000
Raw materials and consumables	**2,555**	2,065
Work in progress	**1,218**	957
	3,773	3,022

There were no impairment losses relating to damaged or obsolete inventories in the current or previous periods. The cost of materials recognised as an expense within cost of sales is £51,962,000 (2021: £29,591,000).

18. Trade and other receivables

	2022 £'000	2021 £'000
Trade receivables	**20,596**	16,744
Less: provision for impairment	**(430)**	(271)
Trade receivables – net	**20,166**	16,473
Receivables from related parties	**—**	—
Financial assets classified as amortised costs	**20,166**	16,473
Contract assets	**2,163**	1,651
Prepayments	**544**	2,886
Other receivables	**11,239**	11,028
	34,112	32,038

Other receivables of £11.2m (2021: £11.0m) relate to the receivables in respect of the research and development expenditure credit claim for the financial years ended 30 April 2021 and 2022, VAT recoverable and insurance recoveries.

The carrying value of trade and other receivables classified as amortised costs approximates fair value.

18. Trade and other receivables continued

All amounts shown under receivables fall due within one year.

The Group does not hold any collateral as security over trade receivables or contract assets.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and ageing. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

The expected loss rates are based on the Group's historical credit losses experienced over the three-year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers and isolated items not deemed to be indicative of future credit losses.

As at 30 April 2022 the lifetime expected loss provision for trade receivables is as follows:

	Expected loss rate	**Gross carrying amount £'000**	**Loss provision £'000**
Current	**0.0%**	**9,196**	**—**
0–30 days past due	**0.5%**	**7,607**	**39**
More than 30 days past due	**1.0%**	**2,021**	**21**
More than 60 days past due	**15.0%**	**806**	**121**
More than 90 days past due	**25.0%**	**966**	**249**
		20,596	**430**

As at 30 April 2021 the lifetime expected loss provision for trade receivables was as follows:

	Expected loss rate	Gross carrying amount £'000	Loss provision £'000
Current	0.0%	8,000	—
0–30 days past due	0.5%	7,075	35
More than 30 days past due	1.0%	658	6
More than 60 days past due	15.0%	218	32
More than 90 days past due	25.0%	793	198
		16,744	271

Movements in the impairment allowance for trade receivables are as follows:

	2022 £'000	2021 £'000
At 1 May	**271**	190
Increase during the year	**251**	81
Receivable written off during the year as uncollectable	**(92)**	—
Unused amounts reversed	**—**	—
At 30 April	**430**	271

Other classes of financial assets included within trade and other receivables do not contain impaired assets.

19. Trade and other payables

	2022 £'000	2021 £'000
Trade payables	**18,130**	17,324
Other payables	**176**	156
Accruals	**2,583**	2,128
Financial liabilities measured at amortised cost	**20,889**	19,608
Contract liabilities	**388**	285
Tax and social security payments	**1,198**	940
	22,475	20,833

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

20. Loans and borrowings

	2022 £'000	2021 £'000
Non-current		
Bank loans secured	—	582
Current		
Bank loans secured	—	230
Total loans and borrowings	—	812
Maturity of loans and borrowings		
Due within one year	—	230
Between two and five years	—	582
	—	812

21. Lease liabilities

All leases are accounted for by recognising a right-of-use asset as detailed in note 14 and a lease liability except for leases of low-value assets and leases with a duration of 12 months or less.

The Group leases a number of rig assets and vehicles under hire purchase agreements along with some vehicles on long-term hire. Hire purchase agreements have fixed repayments and are repaid over a five-year period; long-term hire agreements are over a four-year period and have been recognised in accordance with IFRS 16. The Group also leases three properties with fixed repayments. The remaining lease periods as at 30 April 2022 in respect of these property leases are 51, 2 and 1 years.

The expense relating to short-term leases and leases of low-value assets is not material to the financial statements.

The following table sets out the movement in lease liabilities during the financial year:

	Land and buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Total £'000
At 1 May 2021	3,933	3,738	1,746	9,417
Additions	—	—	1,074	1,074
Interest expense	133	339	136	608
Principal and interest paid on lease liabilities	(228)	(3,172)	(846)	(4,246)
At 30 April 2022	**3,838**	**905**	**2,110**	**6,853**

The following table sets out the maturity of discounted lease liabilities:

	Carrying value £'000
Due less than 3 months	536
Due between 3 and 12 months	1,160
Current lease liabilities	**1,696**
Due between 1 and 2 years	857
Due between 2 and 5 years	749
Due after 5 years	3,551
Non-current lease liabilities	**5,157**

The maturity of undiscounted lease liabilities is disclosed in note 24.

22. Deferred consideration

The deferred consideration relates to the acquisition of ScrewFast Foundations Limited for consideration of £1,760,000 plus £740,000 payable on 31 August 2023 and up to a further £1,175,000 of which a maximum of £65,000 is payable on 31 August 2022 and a maximum of £1,110,000 is payable on 31 August 2023 subject to achievement of performance criteria. The maximum £65,000 payable on 31 August 2022 is subject to performance over the period 1 June 2021 to 31 May 2022 and the maximum £1,110,000 payable on 31 August 2023 is subject to performance over the period 1 April 2021 to 31 May 2023.

Management's assumptions are that of the further potential payment of £1,175,000 subject to performance criteria, £543,000 will be payable based on current forecasts of performance over the relevant performance periods. This is a reduction of £385,000 on the estimate as at 30 April 2021. A credit of £362,000, being the reduction in the discounted consideration payable, has been recognised as a credit within administrative expenses in the period. Given the size and nature of this credit this is considered to be non-underlying.

The discounted amount payable due beyond one year as at 30 April 2022 is £1,170,000 (2021: £1,521,000) and within one year is £50,000 (2021: £nil). Amounts charged to finance expenses during the year are £61,000 (2021: £5,000).

23. Reconciliation of financing liabilities

The following table sets out the movement in finance liabilities during the financial year:

	Non-current loans and borrowings £'000	Current loans and borrowings £'000	Non-current lease liabilities £'000	Current lease liabilities £'000	Non-current deferred consideration £'000	Current deferred consideration £'000	Total £'000
At 1 May 2021	582	230	6,307	3,110	1,521	—	11,750
Cash flows	(582)	(279)	—	(4,246)	—	—	(5,107)
Non-cash flows:							
Additions to lease liabilities	—	—	807	267	—	—	1,074
Movement in deferred consideration payable	—	—	—	—	(362)	—	(362)
Liabilities classified as non-current at 30 April 2021 becoming current in the year ended 30 April 2022	—	—	(1,957)	1,957	(50)	50	—
Unwind of discount on deferred consideration	—	—	—	—	61	—	61
Interest accruing in the period	—	49	—	608	—	—	657
At 30 April 2022	**—**	**—**	**5,157**	**1,696**	**1,170**	**50**	**8,073**

24. Financial instruments and risk management

The Group's financial instruments comprise cash, lease liabilities and various items such as receivables and payables which arise from its operations.

The carrying amounts of all the Group's financial instruments are measured at amortised cost in the financial statements.

Financial instruments by category

	Amortised cost 2022 £'000	Amortised cost 2021 £'000
Financial assets		
Cash and cash equivalents	**6,987**	8,518
Trade and other receivables	**20,166**	16,473
Contract assets	**2,163**	1,651
Total financial assets	**29,316**	26,642

	Amortised cost 2022 £'000	Amortised cost 2021 £'000
Current financial liabilities		
Trade and other payables	**20,889**	19,608
Secured loans	**—**	230
Deferred consideration	**50**	—
Lease liabilities	**1,696**	3,110
Total current financial liabilities	**22,635**	22,948
Non-current financial liabilities		
Secured loans	**—**	582
Lease liabilities	**5,157**	6,307
Deferred consideration	**1,170**	1,521
Total non-current financial liabilities	**6,327**	8,410
Total financial liabilities	**28,962**	31,358

Capital management

The Group's capital structure is kept under constant review, taking account of the need for, and availability and cost of, various sources of finance. The capital structure of the Group consists of net debt, as shown in note 30, and equity attributable to equity holders of the parent as shown in the consolidated statement of financial position. The Group maintains a balance between certainty of funding and a flexible, cost-effective financing structure with all main borrowings being from committed facilities. The Group's policy continues to ensure that its capital structure is appropriate to support this balance and the Group's operations. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

24. Financial instruments and risk management continued

Financial risk management

The Group's objectives when managing finance and capital are to safeguard the Group's ability to continue as a going concern, to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group is not subject to any externally imposed capital requirements.

The main financial risks faced by the Group are liquidity risk, credit risk and market risk (which includes interest rate risk). Currently, the Group only operates in the UK and only transacts in Sterling. It is therefore not exposed to any foreign currency exchange risk. The Board regularly reviews and agrees policies for managing each of these risks.

Credit risk

The Group's financial assets are trade and other receivables and bank and cash balances. These represent the Group's maximum exposure to credit risk in relation to financial assets.

Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations. It is Group policy to assess the credit risk of all existing and new customers on a contract-by-contract basis before entering contracts. The Board has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Total contract limits are established for each customer, which represent the maximum exposure permissible without requiring approval from the Board.

The counterparty risk on bank and cash balances is managed by limiting the aggregate amount of exposure to any one institution by reference to their credit rating and by regular review of these ratings. The Board regularly reviews the credit rating of the banks where funds are deposited ensuring that only banks with a credit rating of B, or better, are utilised.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due and managing its working capital, debt and cash balances.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for the foreseeable future. The Group also seeks to reduce liquidity risk by fixing interest rates (and hence cash flows) on any long-term borrowings. This is further discussed in the "market risk" section below.

The Board receives rolling three-month cash flow projections on a weekly basis. At the end of the financial year, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down on its asset-based lending facility.

The following table sets out the undiscounted contractual payments and maturities (including future interest charges) of financial liabilities:

	Carrying value £'000	Total £'000	Due less than 3 months £'000	Due between 3 and 12 months £'000	Due between 1 and 5 years £'000
At 30 April 2022					
Trade and other payables	**20,889**	**20,889**	**20,889**	**—**	**—**
Lease liabilities (note 21)	**6,854**	**11,968**	**618**	**1,284**	**10,066**
Deferred consideration	**1,220**	**1,283**	**50**	**—**	**1,233**
	28,963	**34,140**	**21,557**	**1,284**	**11,299**
At 30 April 2021					
Trade and other payables	19,609	19,609	19,609	—	—
Secured loans	812	994	47	231	716
Lease liabilities (note 21)	9,417	13,337	924	2,267	10,146
Deferred consideration	1,521	1,665	—	—	1,665
	31,359	35,605	20,580	2,498	12,527

Market risk – interest rate risk

It is currently Group policy that 100% of external Group borrowings (excluding short-term overdraft facilities) are fixed-rate borrowings. Divisions are not permitted to borrow short or long term from external sources.

25. Provisions

	Warranty provision £'000	Legal and other claims £'000	Total £'000
At 1 May 2021	137	7,498	7,635
Utilised	(47)	(200)	(247)
Additional provision	350	—	350
Released unused	—	—	—
At 30 April 2022	**440**	**7,298**	**7,738**

Warranty provision relates to workmanship claims and is based on potential costs to make good defects and associated legal and professional fees in contesting the claims. The increase in the warranty provision of £350,000 relates to two new claims arising in the year and has been recognised as a cost within administrative expenses in the period. Given the size and nature of this provision this is considered to be non-underlying.

In common with comparable companies in the sector, the Group is involved in a number of disputes in the ordinary course of business which may give rise to claims by customers. The legal and other claims provision includes costs that are likely to be incurred in defending and concluding ongoing claims against the Group. The Group carries insurance and any reimbursements, where material and virtually certain, are treated as separate assets and disclosed within other receivables. In the statement of comprehensive income, the expense relating to a provision is presented net of the amount recognised for the insurance reimbursement. No separate disclosure is made of the detail of such claims or proceedings or the costs recovered by insurance, as the negotiations are ongoing in respect of the claims and further disclosure could be seriously prejudicial to the Group.

26. Deferred tax

Deferred tax liabilities

	Accelerated allowances £'000	Total £'000
At 1 May 2020	1,580	1,580
On business combinations	261	261
Charge to income statement	618	618
Charge to equity	—	—
At 30 April 2021	2,459	2,459
Charge to income statement	1,530	1,530
Charge to equity	—	—
At 30 April 2022	**3,989**	**3,989**

Deferred tax assets

	Unutilised losses £'000	Short-term timing differences £'000	Total £'000
At 1 May 2020 (as restated)	592	8	600
On business combinations	106	—	106
Charge to income statement	51	—	51
Charge to equity	—	—	—
At 30 April 2021 (as restated)	749	8	757
Charge to income statement	(442)	—	(442)
Charge to equity	—	—	—
At 30 April 2022	**307**	**8**	**315**

The Group offsets deferred tax assets and deferred tax liabilities as they relate to income taxes levied by the same taxation authority on the same taxable entity. The net deferred tax liability as at 30 April 2022 is £3,674,000 (2021: £1,702,000).

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 25% (2021: 19%), being the rate, at which deferred tax is expected to reverse in the future (see note 12).

The Group has recognised a deferred tax asset in relation to £1,481,000 (2021: £3,942,000) of tax losses carried forward on the basis that taxable profits will be available in the future against which the losses can be utilised. There are no unused tax losses that have not been recognised (2021: £nil – restated).

26. Deferred tax continued

Restatement

As at 30 April 2020 and 30 April 2021, the Group had not fully recognised a deferred tax asset on all available tax losses carried forward. To the extent it had deferred tax liabilities available against which the unused tax losses could have been utilised, this was in error. The Group also identified that the right of use assets were incorrectly treated in the tax computation for the year ended 30 April 2020. These errors resulted in an overstatement of the deferred tax liability by £592,000 as at 30 April 2020 and 30 April 2021. This has been corrected in these financial statements by restating each of the affected financial statement line items for the prior periods as follows:

	Retained earnings as at 1 May 2020 £'000	Retained earnings as at 30 April 2021 £'000
As previously stated	28,671	27,412
Prior year restatement	592	592
As restated	29,263	28,004

	Deferred tax liability as at 1 May 2020 £'000	Deferred tax liability as at 30 April 2021 £'000
As previously stated	1,572	2,294
Prior year restatement	(592)	(592)
As restated	980	1,702

The restatement has no impact on the consolidated statement of comprehensive income and consolidated statement of cash flows for the year ended 30 April 2021. It also has no impact on the parent company.

27. Share capital

	Number of shares '000	Ordinary shares £'000	Share premium £'000
Authorised			
At 30 April 2022	**106,667**	**2,133**	**8,633**

All shares are allotted, issued and fully paid. The nominal value of all ordinary shares is 2p.

Share options

The maximum total number of ordinary shares which may vest in the future, in respect of conditional performance share plan awards at 30 April 2022, amounted to 8,104,905 (2021: 6,478,575). These shares will only be issued subject to satisfying certain performance criteria (note 28).

28. Share-based payments

The Company operates three share-based incentive schemes for employees, known as the Van Elle Holdings plc Long Term Incentive Plan ("LTIP"), the Van Elle Holdings plc Company Share Option Plan ("CSOP") and the Van Elle Holdings plc Save As You Earn Plan ("SAYE"). All schemes are United Kingdom tax authority-approved schemes and the CSOP and SAYE schemes are tax-advantaged schemes.

The Group recognised total expenses of £174,000 (2021: £153,000) in respect of equity-settled share-based payment transactions in the year.

Long Term Incentive Plan ("LTIP")

The Group operates an LTIP for senior executives. Share options were granted on 27 September 2021 to senior executives and management. The exercise price is 2p, being the nominal value of shares. The options will vest after three years assuming continuing employment with the Company. The extent to which the options will vest is dependent upon the Company's performance over the three-year period set at the date of grant. The vesting of 50% of the awards will be determined by the Company's relative total shareholder return ("TSR") performance and the other 50% by the Company's absolute ROCE performance.

Previous grants of options in August 2019 and September 2020 have not yet vested. The extent to which these options will vest is dependent upon the Company's performance over the three-year period set at the date of grant. The vesting of 50% of the awards will be determined by the Company's relative total shareholder return ("TSR") performance and the other 50% by the Company's absolute EPS performance in respect of the August 2019 grant and absolute ROCE performance in respect of the September 2020 grant.

The grant of options in August 2018 lapsed in August 2021 as the performance criteria were not met.

28. Share-based payments continued

Long Term Incentive Plan ("LTIP") continued

Details of the maximum total number of ordinary shares, which may be issued in future periods in respect of conditional share awards at 30 April 2022, are shown below.

	2022 Number	2021 Number
At 1 May	**4,619,890**	2,027,194
Lapsed in the year	**(331,395)**	—
Granted in the year	**1,294,388**	2,592,696
Forfeited in the year	**(103,092)**	—
At 30 April	**5,479,791**	4,619,890

The weighted average exercise price for all options is £0.02. Of the total number of options outstanding at 30 April 2022, none had vested or were exercisable.

The weighted average fair value of each option granted during the year was £0.42 (2021: £0.29). The weighted average remaining contractual life for share options outstanding at the balance sheet date was 99 months (2021: 107 months).

The following information is relevant in the determination of the fair value of options granted during the year under the LTIP.

	2022	2021
Option pricing model used	**Monte-Carlo simulation/Black-Scholes**	Monte-Carlo simulation/Black-Scholes
Weighted average share price at grant date	**£0.36**	£0.36
Exercise price	**£0.02**	£0.02
Expected life	**3 years**	3 years
Expected volatility	**40.29%**	56.02%
Dividend yield	**4.94%**	4.94%
Risk-free interest rate (zero-coupon bonds)	**0.84%**	0.32%
Fair value of option (weighted average)	**£0.42**	£0.29

The expected volatility is based on historical volatility over the period since listing. The risk-free rate is the yield of zero-coupon government bonds of a term consistent with the assumed option life.

Company Share Ownership Plan ("CSOP")

The Group operates a CSOP scheme for certain long-serving employees with over ten years' service at the time of listing of the Company.

Details of the maximum total number of ordinary shares which may be issued in future periods in respect of conditional share awards at 30 April 2022 are shown below.

	2022 Number	2021 Number
At 1 May	**1,544,448**	1,559,448
Forfeited in the year	**(27,500)**	(15,000)
At 30 April	**1,516,948**	1,544,448

The weighted average exercise price for all options is £0.81. The weighted average remaining contractual life for share options outstanding at the balance sheet date for the combined grants was 66 months (2021: 78 months).

Of the total number of options outstanding at 30 April 2022, 1,014,448 had vested or were exercisable.

Save As You Earn Plan ("SAYE")

The Group operates a SAYE scheme open to all employees. Under the offering, on 26 February 2019, 1,752,719 share options were granted to 144 participants. The option price was set at £0.53 which represented a 20% discount on the closing share price on 28 January 2019 and was agreed with the United Kingdom tax authority. The options had a term of three years starting on 1 April 2019 maturing on 1 April 2022 when the share price was £0.39. Participants have six months from 1 April 2022 to exercise options.

Details of the maximum total, number of ordinary shares, which may be issued in future periods in respect of conditional share awards at 30 April 2022, are shown below.

	2022 Number	2021 Number
At 1 May	**1,194,237**	1,343,811
Forfeited in the year	**(86,071)**	(149,574)
At 30 April	**1,108,166**	1,194,237

The weighted average remaining contractual life for share options outstanding at the balance sheet date was 5 months (2021: 12 months).

The weighted average fair value of each option granted during the year was £nil (2021: £nil).

29. Reserves

The following describes the nature and purpose of each reserve within equity:

Share premium	The amount of capital contributed in excess of the nominal value of each ordinary share.
Other reserves	The amount of capital contributed in excess of the nominal value of each ordinary share in respect of the "cash box" share placing on 9 April 2020 net of transaction costs.
Retained earnings	All other net gains and losses and transactions with owners not recognised elsewhere.

30. Analysis of cash and cash equivalents and reconciliation to net debt

	2021 £'000	Cash flows £'000	Non-cash flows £'000	**2022 £'000**
Cash at bank	8,480	(1,532)	—	**6,948**
Cash in hand	38	1	—	**39**
Cash and cash equivalents	8,518	(1,531)	—	**6,987**
Loans and borrowings	(812)	861	(49)	**—**
Lease liabilities	(9,417)	4,245	(1,681)	**(6,853)**
Net funds/(debt) including IFRS 16 property and vehicle lease liabilities	(1,711)	3,575	(1,730)	**134**

Cash flows in respect of lease liabilities include interest paid on leases of £608,000 (2021: £553,000) and principal paid of £3,637,000 (2021: £3,930,000).

Non-cash flows in respect of lease liabilities include the purchase of £1,074,000 of fixed assets on long-term hire and interest expense of £608,000 (2021: £553,000).

	2020 £'000	Cash flows £'000	Non-cash flows £'000	2021 £'000
Cash at bank	12,151	(3,671)	—	8,480
Cash in hand	37	1	—	38
Cash and cash equivalents	12,188	(3,670)	—	8,518
Loans and borrowings	—	14	(826)	(812)
Lease liabilities	(11,336)	4,483	(2,564)	(9,417)
Net funds/(debt) including IFRS 16 property and vehicle lease liabilities	852	827	(3,390)	(1,711)

31. Capital commitments

	2022 £'000	2021 £'000
Contracted but not provided for	**2,580**	776

32. Related party transactions

Details of Directors' remuneration and key management personnel remuneration are given in note 10.

During the year, transactions with directors and key management personnel included the purchase of shares on an arm's length basis.

The CEO's spouse is employed by the Group, working on a part time basis within the HR function. Remuneration is on an arm's length basis with a salary of £12,000 paid in the current year (2021: £2,000).

The Group has not made any allowance for bad or doubtful debts in respect of related party debtors nor has any guarantee been given or received during 2022 or 2021 regarding related party debtors.

33. Business combinations in the previous financial year

On 1 April 2021 the Group acquired the entire share capital of ScrewFast Foundations Limited for consideration of £1,760,000 plus £740,000 payable on 31 August 2023 and up to a further £1,175,000 of which a maximum of £65,000 is payable on 31 August 2022 and a maximum of £1,110,000 is payable on 31 August 2023 subject to achievement of performance criteria. The maximum £65,000 payable on 31 August 2022 is subject to performance over the period 1 June 2021 to 31 May 2022 and the maximum £1,110,000 payable on 31 August 2023 is subject to performance over the period 1 April 2021 to 31 May 2023.

ScrewFast Foundations Limited is a specialist helical pile design, fabrication and installation business with patented systems which has been trading for 20 years. The acquisition of ScrewFast allows the Group to broaden its product offering.

The cash outflow of £780,000 under purchase of subsidiary, net of cash acquired, in the consolidated statement of cash flows relates to the following:

	2021 £'000
Initial consideration	1,760
Discounted deferred consideration	1,517
Total consideration	3,277

No debt was settled at the acquisition date. Details of the lease liabilities and loans and borrowings acquired at the acquisition date are shown in the table below which details the effect on the Group's assets and liabilities at the acquisition date of 1 April 2021:

	2021 Fair value and book value £'000
Acquiree's net assets at the acquisition date:	
Property, plant and equipment	1,460
Stock	1,189
Trade and other receivables	1,504
Cash	980
Trade and other payables	(2,818)
Loans and borrowings	(824)
Lease liabilities	(439)
Deferred tax liability	(155)
Net identifiable assets	897
Goodwill	2,380
	3,277

The cash acquired as part of the purchase was £980,000 resulting in an outflow under purchase of subsidiary, net of cash acquired, in the consolidated statement of cash flows of £780,000. No debt was settled as part of the acquisition.

Acquisition costs of £95,000 were incurred as part of the business combination. These costs were classified as exceptional costs in the year ended 30 April 2021 as detailed in note 8.

As at 30 April 2022, management's assumption of the further potential payment of £1,175,000 subject to performance criteria is that £543,000 will be payable based on current forecasts of performance over the relevant performance periods.

This is a reduction of £382,000 on the estimate as at 30 April 2021. A credit of £362,000, being the reduction in the discounted consideration payable, has been recognised as a credit within administration expenses in the period. Given the size and nature of this credit this is considered to be non-underlying.

The total value of consideration is now £2,980,000 being the initial consideration of £1,760,000 and the discounted deferred consideration of £1,220,000 as at 30 April 2022.

34. Post balance sheet events

In order to fully integrate ScrewFast Foundations Limited into the Van Elle Group, on 1 May 2022 the assets and liabilities of ScrewFast Foundations Limited were transferred to Van Elle Limited for consideration equal to the book value of the assets and liabilities. The consideration was in the form of an intercompany loan. All ScrewFast Foundations Limited contracts with third parties were assigned to Van Elle Limited as of 1 May 2022.

Parent company statement of financial position

As at 30 April 2022

	Note	2022 £'000	2021 £'000
Non-current assets			
Investments	5	**6,842**	6,668
Trade and other receivables	6	**10,375**	10,375
		17,217	17,043
Total assets		**17,217**	17,043
Current liabilities			
Trade and other payables	7	**31**	31
		31	31
Net assets		**17,186**	17,012
Equity			
Share capital	9	**2,133**	2,133
Share premium	9	**8,633**	8,633
Other reserve		**5,807**	5,807
Retained earnings		**613**	439
Total equity		**17,186**	17,012

The Company has not presented its own profit and loss account as permitted by Section 408 of the Companies Act 2006. The Company's profit after taxation for the year amounted to £nil (2021: £nil).

The financial statements were approved and authorised for issue by the Board of Directors on 2 August 2022 and were signed on its behalf by:

Graeme Campbell
Chief Financial Officer

The notes on pages 105 to 107 form part of these financial statements.

Parent company statement of changes in equity

For the year ended 30 April 2022

	Share capital £'000	Share premium £'000	Other reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 May 2020	2,133	8,633	5,807	286	16,859
Share-based payment expense	—	—	—	153	153
Balance at 30 April 2021	2,133	8,633	5,807	439	17,012
Share-based payment expense	—	—	—	174	174
Balance at 30 April 2022	**2,133**	**8,633**	**5,807**	**613**	**17,186**

The notes on pages 105 to 107 form part of these financial statements.

Notes to the parent company financial statements
For the year ended 30 April 2022

1. General information
These financial statements were approved and authorised for issue by the Board of Directors on 2 August 2022.

Van Elle Holdings plc is a public limited company incorporated and domiciled in the UK under the Companies Act 2006. The address of the Company's registered office is Van Elle Holdings plc, Southwell Lane Industrial Estate, Summit Close, Kirkby-in-Ashfield, Nottinghamshire NG17 8GJ. The Company has its primary listing on AIM, part of the London Stock Exchange.

2. Basis of preparation
The financial statements of Van Elle Holdings plc (the "Company") are presented as required by the Companies Act 2006. The financial statements have been prepared in accordance with UK adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006. The Company financial statements have been prepared on the going concern basis and adopting the historical cost convention.

The Company financial statements are presented in Sterling, which is also the Company's functional currency. Amounts are rounded to the nearest thousand, unless otherwise stated.

The Directors have taken advantage of the exemption available under Section 408 of the Companies Act and not presented an income statement or a statement of comprehensive income for the Company. The profit for the year is disclosed in the statement of changes in equity. The Company has no direct employees and all personnel costs are borne by the subsidiary company, Van Elle Limited.

The parent company does not maintain a separate bank account and all cash flows are transacted by subsidiary undertakings and therefore a statement of cash flows is not presented.

The parent company does not employ any staff.

The assessment of going concern and the adoption of new accounting standards are consistent with those set out in note 2 of the consolidated financial statements.

3. Significant accounting policies
The policies adopted by the Company are consistent with those set out in note 3 to the consolidated financial statements. The following additional policies are also relevant to the Company financial statements.

Investments
Investments in subsidiary undertakings are valued at cost, being the fair value of the consideration given and including directly attributable transaction costs. The carrying value is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Receivables from Group undertakings
The Company holds intercompany loans with subsidiary undertakings which are repayable on demand. None of these loans are past due nor impaired. The carrying value of these loans approximates their fair value.

Dividends received
Revenue is recognised when the Company's right to receive the payment is established, which is generally when the shareholders approve the dividend.

4. Critical accounting estimates and judgements
The preparation of the Company financial statements requires the use of certain judgements, estimates and assumptions that affect the reported amount of assets, liabilities, income and expenses. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will seldom equal the actual results. The estimates and assumptions relevant to the financial statements are embedded within the relevant notes in the consolidated financial statements.

Carrying value of investments
The key source of estimation uncertainty at the reporting date that has a significant risk of causing a material adjustment to the parent company financial statements is the recoverability of the investments set out in note 5.

The recoverability is estimated based on the expected performance and value of the investments factoring in the potential expected future net cash flow to be generated from the investment. The Company based its estimation on information available when these financial statements were prepared. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected when they occur.

Notes to the parent company financial statements continued
For the year ended 30 April 2022

5. Investments

	2022 £'000	2021 £'000
Cost		
At 30 April	**6,842**	6,668

The undertakings in which the Company has an interest at the year end are as follows:

	Class of share capital held	Proportion of share capital held	Nature of business
Subsidiary undertakings			
Van Elle Limited	Ordinary	100%	Open-site piling, ground stabilisation, restricted access micro piling, site investigation and subsidence repair in the construction/civil engineering sector
Subsidiary undertakings of Van Elle Limited			
A & G (Steavenson) Limited	Ordinary	100%	Dormant
Dram Investments Limited	Ordinary	100%	Dormant
Van Elle 15 Ltd	Ordinary	100%	Dormant
ScrewFast Foundations Limited	Ordinary	100%	Design, supply and installation of helical piles

The registered office of all subsidiary undertakings is Southwell Lane Industrial Estate, Summit Close, Kirkby-in-Ashfield, Nottinghamshire NG17 8GJ.

6. Trade and other receivables

	2022 £'000	2021 £'000
Receivables from related parties	**—**	—
Receivables from Group undertakings	**10,735**	10,735
Financial assets classified as loans and receivables	**10,735**	10,735

The receivables from Group undertakings represent an interest-free loan to the subsidiary which is repayable on demand. In assessing the expected credit loss the general approach has been applied. The subsidiary has resources to repay the loan on demand at the year end and as such the probability of default is considered to be very low and any expected credit loss is immaterial. There has been no change in credit risk since initial recognition.

7. Trade and other payables

	2022 £'000	2021 £'000
Other payables	**31**	31
Financial liabilities measured at amortised cost	**31**	31
	31	31

8. Financial instruments and risk management

The Company's financial instruments comprise receivables and payables, which arise from its operations. The carrying amounts of all the Company's financial instruments are measured at amortised cost in the financial statements.

Financial instruments by category

	Amortised cost	
	2022 £'000	2021 £'000
Financial assets		
Trade and other receivables	**10,735**	10,735
Total financial assets	**10,735**	10,735

	Amortised cost	
	2022 £'000	2021 £'000
Current financial liabilities		
Trade and other payables	**31**	31
Total financial liabilities	**31**	31

Financial risk management

The Company's objectives when managing finance and capital are detailed in note 24 of the consolidated financial statements.

9. Share capital

Authorised	Number of shares '000	Ordinary shares £'000	Share premium £'000
At 30 April 2022	**106,667**	**2,133**	**8,633**

All shares are allotted, issued and fully paid.

10. Share-based payments

For detailed disclosures of share-based payments granted to employees refer to note 28 of the consolidated financial statements.

11. Reserves

The nature and purpose of each reserve are provided in note 29 of the consolidated financial statements.

12. Related parties

Related party income and expenditure comprise dividends receivable from its subsidiary undertaking, Van Elle Limited, and adjustments for group relief. No other income or expenditure is recognised in the Company accounts and any costs incidental to its operation are borne by Van Elle Limited. The remuneration of the Board, who are the key management personnel of the Company and therefore related parties of the Group, is set out in the annual report on remuneration on page 61.

The Company does not maintain a separate bank account and instead maintains an intercompany balance with its subsidiary undertaking in respect of internal funding. The amount outstanding from Van Elle Limited at 30 April 2022 was £10,735,000 (2021: £10,375,000).

13. Ultimate controlling party

The Company does not have an ultimate controlling party.

Shareholder information

Share price information/performance

Latest share price is available at www.van-elle.co.uk/investors. By selecting share price information under the investor information section, shareholders can check the value of their shareholding online or review share charts illustrating annual share price performance trends.

Shareholders can download copies of our annual report and accounts from www.van-elle.co.uk/investors.

Electronic communications

You can elect to receive shareholder communications electronically by signing up to Link's portfolio service. This will save on printing and distribution costs, creating environmental benefits. When you register, you will be sent a notification to say when shareholder communications are available on our website and you will be provided with a link to that information.

Enquiries on shareholdings

Any administrative enquiries relating to shareholdings in Van Elle Holdings plc, such as dividend payment instructions or a change of address, should be notified direct to the registrar, Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL. Your correspondence should state Van Elle Holdings plc and the registered name and address of the shareholder.

Corporate information

Registered office and advisers

Directors

Frank Nelson (Non-Executive Chair)
David Hurcomb (Non-Executive Director)
Charles St John (Non-Executive Director)
Mark Cutler (Chief Executive Officer)
Graeme Campbell (Chief Financial Officer)

Group Company Secretary

Mark Cutler (Chief Executive Officer)
Graeme Campbell (Chief Financial Officer)

Registered office

Southwell Lane Industrial Estate
Summit Close
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Nottinghamshire
NG17 8GJ

Company registered number

04720018

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Registered auditor

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