TClarke

Annual Report and Financial Statements

2021

FACILITIES MANAGEMENT

RESIDENTIAL & HOTELS

INFRASTRUCTURE

TECHNOLOGIES

ENGINEERING SERVICES

Who we are

TClarke remains at the forefront of the Building Services industry. Our innovation and expertise are employed in the design, installation, integration and maintenance of the mechanical and electrical systems and technologies that a 21st century building needs for control, performance and sustainability.

We currently operate from twenty locations serving the whole of the UK. We are a proud employer of local people in the towns and cities that we serve.

Our reputation for high quality and the successful application of new technologies has been built over 130 years operating in five market sectors:

Engineering Services

Leading in mechanical, electrical and technology infrastructures, offsite manufacture (DfMA) and digital systems integration. Incorporating Modern Methods of Construction (MMC) that deploy prefabrication, pre-assembly and design standardisation.

Technologies

We design and deliver the critical mechanical and electrical infrastructure for data centres. We are a leader in smart buildings technologies.

Infrastructure

We focus on healthcare, education, defence and growth areas of public sector infrastructure where high-level skills are most valued.

Residential & Hotels

This sector is a comparable size to Infrastructure and covers all types of residential accommodation including luxury hotels, affordable homes, student accommodation and private residential.

Facilities Management

We operate in the higher value and specialist areas of FM, with clients like Canary Wharf Contractors, BAE Systems, CBRE and UK and USA Airforce Bases.

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2021 in Numbers

2021 underlying and reported numbers are the same as there are no non-underlying items.

Group Revenue
£327.1m
2020: £231.9m

Underlying Operating Margin
2.7%
2020: 2.6%

Underlying Operating Profit
£8.8m
2020: £6.0m

Profit Before Tax
£7.8m
2020: £1.2m

Underlying Earnings Per Share
14.99p
2020: 10.29p

Earnings Per Share
14.99p
2020: 2.87p

Dividend
4.85p
2020: 4.4p

Forward Order Book
£534.2m
2020: £456m

Net Cash
£5.3m
2020: £10.2m

For further information and for a definition of underlying, forward order book and dividend, see page 09 of the Group Financial Review.
See page 101 for definition and calculation of net cash.

Chairman's Statement

TClarke has continued to grow and deliver outstanding performance and results in 2021. Our revenue of £327m has exceeded the target of £300m that we set at the start of 2021. Our operating profit is £8.8m; over £6.5m of which was delivered in the last 6 months of the year at a margin of 3.3% as our revenues accelerated.

The success of our strategies and deliveries, the quality of our products, services and methods, and the strength and depth of our client relationships have enabled significant progress to be made in the achievement of our medium term revenue target of £500m.

While we continue to grow and deliver in our core Engineering Services markets, we are also delivering significant growth and performance in our strategic growth sectors, particularly Technology, in which we have developed capabilities, leadership and new client relationships. These are making a significant and growing contribution to our revenue growth and target. This growth and performance is supported by strong financial, management and delivery disciplines which are constantly and consistently applied across the Group. The forward order book stands at a record level of £534m, an increase of 17% on the year, of which £379m represents committed revenue for 2022. The proportion of the order book represented by Technology has risen to 25% from 10% in 2020.

We know that our shareholders and investors value our progressive dividend stream. We continue to be fully committed to a progressive dividend policy while at the same time balancing the needs and interests of all stakeholders. We are proposing a 2021 final dividend of 4.1p per share, which together with the interim dividend paid in October 2021 brings the full 2021 dividend to 4.85p per share – an increase of 10%.

TClarke is committed to becoming a more sustainable business, delivering improved environmental and sustainability targets and performance. It is TClarke's ambition to be a Business Champion with Build UK demonstrating our commitment to the Construction Leadership Council's zero carbon change programme CO²nstruct Zero. The Environmental, Social and Corporate Governance section of the report sets out to explain in detail our approach.

Our growth and success is delivered through the skills, experiences, focus and commitment of our people, subcontractors and suppliers in all areas of the business. We continue to invest heavily in our resources to ensure we have the capacity to deliver our growth ambitions. We are strongly committed to developing and adding to the skills and experience of our people through our national apprenticeship schemes and our personal and management development frameworks, and to be the employer of choice in our markets. For example, we currently have 195 apprentices representing 16% of our people whilst the industry norm is just 5%. This is a significant investment made with the long term belief in TClarke.

I look forward to 2022 and beyond, confident in our ability to deliver our growth strategy. We have the capacity, a healthy order book and many opportunities. The TClarke brand is very strong, built upon our reputation for high quality engineering, reliability, and delivery on time. This is made possible through the collective efforts of all our people. It is their outstanding effort that has allowed us to be so optimistic for the future and I want to thank them all for their hard work and dedication.

Iain McCusker
Chairman
8th March 2022

Chief Executive's Report

Ready to Deliver

TClarke is a trusted engineering partner to blue chip clients and principal contractors. Within this report I set out our strategic plans and achievements for the past year but more importantly describe with confidence how the business is achieving its goals.

Last year we committed to a strategy of moving TClarke to the next level and we described very clearly and concisely our ambitions, whilst adapting quickly and decisively to the continually changing circumstances that the country faced.

TClarke aims to be a £500m revenue business with sustainable margins of 3% supporting a progressive dividend policy. Our business is underpinned by strict financial and operational controls and strong governance. Our growth ambitions are supported and financed without the need for often risky and distracting acquisitions.

New Revenue Streams

Within our business model we target five market sectors (the breakdown of which can be found on pages 6 and 7). Our established annual revenues for the business are around £330m and our strategy to reach revenues of £500m is based upon these five established sectors and the new revenue streams described below which should easily generate an additional £170m of annual revenues.

- Securing larger projects outside of London with typical project values of £5m – £10m and £10m+.
- Securing data centres particularly in the UK, with typical project values of £25m - £50m with the European data centre market remaining an aspiration.
- Securing healthcare projects across the UK with typical project values ranging from £200k to £20m+.
- Developing innovative smart building solutions which bring recurring revenue streams.

I am confident that our £500m revenue target can be achieved by organic growth whilst remaining true to the established engineering strengths of the business.

This strategy is evidenced by the continuous growth of our forward order book; our order book stood at a record £534m as at 31st December 2021 (£456m 31st December 2020). The order book growth has been achieved whilst continuing to follow our selective tendering approach.

Investing in the Best People

Differentiated by the quality of our people and their relentless drive to deliver the most successful projects, the ability to grow our business and meet our ambitions could not be achieved without the dedication of our great teams. Our careful attention to resource planning will ensure we always match our capacity to our available teams.

Being one of the few industry trainers of apprentices across the UK leads to a wealth of future talent, designed to deliver both engineering operatives and future leaders in volume and quality to meet our needs. The ability to deliver projects primarily with a trusted reliable workforce ensures that our reputation for quality and delivery on time is more secure compared to that of our competitors whose models are dependent upon the use of sub-contractors.

Scale and Resource Across the UK

TClarke is very well established in its London heartland and 2021 has seen significant progress in ensuring that we can offer our clients the same scale and breadth of services across the UK. During 2021 we expanded our capacity in our Engineering Services Divisions in Falkirk, Peterborough and Newcastle; the increased opportunities are now translating into additional revenues for these locations.

Our teams in Manchester and Peterborough have been successful in securing four projects valued in excess of £25m for an international financial institution at several locations including two solar farm projects covering 1,800 m² and our new Oxford office celebrated its successful opening by securing a project at the prestigious Oxford Saïd Business School.

We continue to invest in our own purpose-built facility at Stansted, that supports Modern Methods of Construction (MMC). The use of offsite prefabrication benefits our clients and can bring programme certainty and factory standard quality, and by utilising less on-site resources gives us more capacity to deliver additional revenues as a part of our strategy to achieve £500m revenue.

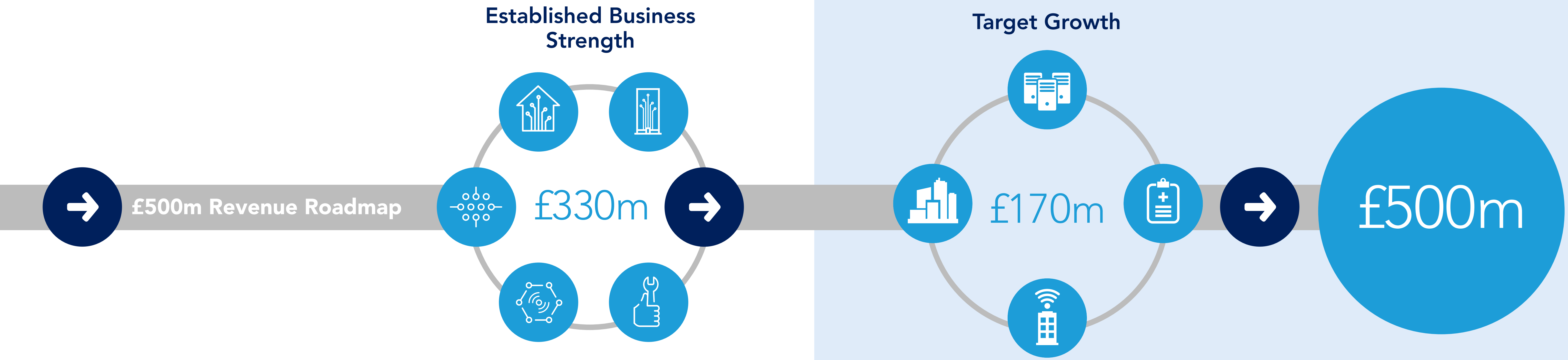
Previously our regional teams would have focused on the smaller to medium sized projects, often teaming up with local partners. Today from our three operating divisions that serve 20 UK locations, we offer the full range of Engineering Services, alongside all the complementary technology and smart building solutions, backed up by technical expertise.

TClarke is proud to be based in the communities it serves and wants to ensure that we offer our teams the best environments to collaborate, share knowledge and build exciting careers. In October our team in Manchester moved to larger premises in Salford Quays, in early 2022 our teams in Falkirk will be moving to new offices in Eurocentral, Scotland and our London Head Office will relocate to 30 St Mary Axe whereby our teams will operate from a single productive floor space.

Exponential Growth in Data Centre Opportunities

The growth in the demand for data centres has been fuelled by the needs of cloud storage, more devices being connected to the internet (IoT), gaming, streaming services, e-commerce, the arrival of 5G and the working from home revolution.

The UK data centre market is the largest in Western Europe. Brexit and the switch to new UK specific data protection



• Engineering Services • Technologies
• Infrastructure • Residential and Hotels
• Facilities Management

• Data Centres • Healthcare
• Smart Buildings • Large Projects Outside London

£330m is the normalised annual turnover revenue for our core markets and is not a forecast for turnover in 2022

Chief Executive's Report continued

legislation has led many organisations to open or expand data centre facilities. Several large-scale developers have entered the data centre market in the last 12 months. Arizton Advisory and Intelligence predict the UK data centre market size to reach £6bn by 2026.

At the end of 2021 TClarke were active on 5 data centre projects with a collective value of £150m with further opportunities of additional phases. Depending on the pace of our clients' expansion plans this value could grow by negotiation by an additional £75m. Through 2022 we are aware of and tracking bidding opportunities of circa £900m and a further pipeline of project opportunities that will build out well into 2026.

The strength of the TClarke balance sheet and the depth of our engineering resources means we expect to see strong growth within our revenues in the technologies sector. This could represent at least 30% of our expanded annual revenues in 2022 and beyond.

Healthcare, Healthcare, Healthcare

The 2021 UK Government Spending Review confirmed a total of £100bn of investment in economic infrastructure up to 2024-25. The Chancellor of the Exchequer announced that this includes a £5.9bn capital investment in the National Health Service (NHS) in addition to the £12bn per year that was promised in September 2021. The NHS has launched a six year National Framework Agreement for the provision of Smart Building Solutions, TClarke has successfully secured a place on this framework agreement.

Secured orders in healthcare schemes now stand at £42m. In addition, we have preferred bidder status for a further £63m of projects. Whilst it takes longer to convert a tender to a secured order in this sector there are tremendous opportunities both as a participant in one of the seven frameworks we are on, but also from standalone capital projects.

Example of secured projects within the Group include:

- Modernising Medicine - Kings College Hospital NHS Foundation Trust
- Emergency Department Refurbishment - Royal Devon and Exeter Hospital NHS Foundation Trust
- New MRI and Oncology Unit – Royal Cornwall Hospitals Trust
- Infrastructure Upgrade – University Hospitals Bristol and Weston NHS Foundation Trust
- Emergency Department Refurbishment - Luton and Dunstable University Hospital

A Smart New World

Our clients are setting ambitious decarbonisation plans. Smart Buildings - new or retrofits - will be integral to UK plans to reduce its carbon footprint and control energy consumption. The global smart building market is projected to triple in the next decade. The increasing costs of energy and legislation related to the environment in areas such as carbon emission and pollution are all driving building owners towards smart building solutions.

Our technologies business recently secured the Smart Buildings contract for the European Bank of Redevelopment at One Bank Street, including the role of Master Systems Integrator.

Taking part in the smart buildings revolution involves the design and installation of the building's mechanical, electrical, security and safety systems – all existing TClarke strengths. As we move forward each project opportunity that we bid has the ability to lead to a Smart Building Opportunity for our Technologies Division. Furthermore, by utilising our shared workforce and project teams, the more of our services from our Mechanical, Electrical and Technologies teams that are selected, the more compelling the value engineering solutions we can offer to our clients.

The Specialist Contractor of Choice

Risks and rewards are highest for larger, more complex projects such as commercial offices, luxury hotel and leisure complexes, hospitals and major education or research facilities. This drives clients and principal contractors towards engineering services providers such as TClarke which have the necessary skills governance and financial strength required to mitigate those risks.

In London the excellent performance of our engineering services teams has not only completed significant schemes such as Project Green and 1 Newman Street, but has also been rewarded with landmark wins such as the Apple fit out at Battersea Power Station, Plot A2 at Canada Water and Building S4 at the International Quarter London, our 4th successive project win at this development in Stratford.

TClarke has experienced a mini boom in luxury and high-end hotels. We successfully completed the Pan Pacific Hotel, and the Hilton City Canopy Hotel in London and work continues on the Peninsular Hotel at Hyde Park Corner. This is another major market sector where the quality of our work and collaborative approach is highly valued and has led to TClarke becoming the preferred contractor on significant hotel schemes in London's West End.

Our UK North and UK South teams both won significant major residential projects as part of our targeted tendering approach. Building our order book with these quality residential projects and quality relationships is key to sustainable long-term growth and repeat business. The trend towards more complex, high value residential developments featuring a range of luxury facilities has substantially increased the complexity and value of package of works in those projects.

Our Infrastructure teams remain focused on the major areas of public sector infrastructure where complexity and new technologies play to our skill and quality advantages. During the year we enjoyed ongoing success in education, delivering 63 education projects and adding 36 new education projects in the forward order book.

Educational projects that were completed last year include:

- Foxgrove School, Leatherhead
- Nanksar Primary School, Hillingdon
- Pinner High School, Harrow
- Tring School, Hertfordshire
- Turing House, Richmond
- Uckfield College, East Sussex

In summer 2021, a further 50 new schools were announced within the second round of the UK government's School Rebuilding Programme which is due to deliver 500 rebuilding projects over the next decade we are confident that this sector will continue to be a good revenue stream.

Summary and Outlook

Our people share our vision for the future of TClarke. We are a business with people on the ground delivering our projects. Their innovation, commitment and dedication is something that this business is rightly proud of.

Our order book will translate to record revenues; TClarke can offer our clients the widest possible solutions from a single contractor, utilising our resources so that they are assured we have the ability to deliver. That's why we believe TClarke remains the contractor of choice for so many and we remain focused on maintaining our market leading position.

We start 2022 in excellent shape and well placed to deliver a strong future performance.

Mark Lawrence
Group Chief Executive Officer
8th March 2022

On our Journey to £500m Turnover

Our five market sectors can support a step change in scale for TClarke and 2021's wins have set us in a strong position.

Engineering Services

£174m
Forward order book
2020: £175m

£116m
2021 Revenue – 2020 £81m

	No. of 2021 Projects	Projects in Order Book
Commercial Offices	36	31
Leisure	15	13
Retail	22	18
Other	18	9
Totals	**91**	**71**

Technologies

£135m
Forward order book
2020: £47m

£50m
2021 Revenue – 2020 £32m

	No. of 2021 Projects	Projects in Order Book
Manufacturing and Prefabrication	6	7
Data Centres	6	7
Smart Buildings	20	19
Other	4	5
Totals	**36**	**38**

Infrastructure

£104m
Forward order book
2020: £100m

£79m
2021 Revenue – 2020 £59m

	No. of 2021 Projects	Projects in Order Book
Defence	8	10
Education	63	36
Healthcare	56	36
Prisons	4	3
Other Government	16	8
Totals	**147**	**93**

Residential & Hotels

£103m
Forward order book
2020: £115m

£56m
2021 Revenue – 2020 £42m

	No. of 2021 Projects	Projects in Order Book
Hotels	5	4
New Build	102	76
Refurbishment	6	5
Totals	**113**	**85**

Facilities Management

£18m
Forward order book
2020: £19m

£26m
2021 Revenue – 2020 £18m

	No. of 2021 Projects	Projects in Order Book
Long Term Frameworks	1,614	1,128
Planned and Reactive Maintenance	16,820	11,752
Totals	**18,434**	**12,880**

Our Strategy

A Strategy to Deliver Profitable Growth

Our medium term strategy focuses on delivering organic growth generating £500m annual revenuesby leveraging our attractive market positions to deliver a well balanced range of engineering service to our customers along with a sustainable profit and cashflow generation.

2021 Volumes to Exceed £300m by:

- Focusing on our 5 core markets
- Expanding our data centre business

2021 Achievement

- Turnover £327m
- Data centre turnover £40m

Sustain a 3% Operating Margin by:

- Successful targeted tendering
- Operational efficiency and economies of scale

2021 Achievement

- First half 1.7%
- Second half 3.3%

£500m
Annual Revenue

Expand Growth Organically by:

- Data centre business
- Large projects across UK
- Healthcare offering
- Energy efficient smart building solutions

2021 Achievement

- Orderbook record £534m
- Technology orders £135m up from £47m in 2020
- Major project wins across UK
- Place won on NHS Smart Building Framework
- Building two large solar farms

Maintain our Premium Position in our Core Markets by:

- Focusing on our 5 core markets
- Building long term relationships
- Remaining contractor of choice for major London projects

2021 Achievement

- Orderbook replenished and increased
- Technology business expanded
- 90% of turnover from repeat clients

Group Financial Review

The Group has delivered a very strong set of results for the year, with revenue returned to 2019 levels and a record run rate in quarter 4 of £100m revenue providing confidence for our prospects for 2022 and beyond. We end 2021 with a record order book of £534m (2020: £456m), with £379m of this due for delivery in 2022 alone (2020: £257m due for delivery in 2021). The rate of growth is particularly strong within the Technologies sector where we are currently working on five large data centre schemes totalling £150m. Technologies are forecast to represent a third of the Group's turnover for 2022, up from c.15% at present. We reported at the outset that revenue and profit for 2021 would be slanted towards the last six months of the year and this has proved to be the case, with revenue and profit both accelerating rapidly during the period. The operating margin of 3.3% for the second half of the year restores profit margin. Our growth has not been driven by acquisitions and this will remain our policy going forward.

Performance
Underlying operating profit was £8.8m (2020: £6.0m) on revenue of £327.1m (2020: £231.9m). There have been no non-underlying items in 2021 (2020: £3.9m) and therefore underlying and reported numbers are the same for 2021. Earnings per share were 14.99p for the year (2020: 2.87p) on an operating margin of 2.7% (2020: 2.6%). TClarke remains financially secure, ending the year with net cash of £5.3m with £25m of bank facilities at its disposal.

Finance costs were £1.0m (2020: £0.9m), comprising: a £0.2m increase in bank interest and facility fees to £0.5m (2020: £0.3m); the Group's defined benefit pension scheme interest charge of £0.4m (2020: £0.5m); and an interest charge of £0.1m arising from IFRS 16 (2020: £0.1m).

The tax charge for the year was £1.5m (2020: nil), reflecting a more representative effective rate of tax for the Group, with the 2020 charge having been heavily impacted by prior year tax adjustments. TClarke maintains an open and collaborative working relationship in all interactions with HMRC.

The Group paid its 2020 final dividend in full in May 2021 and has maintained its interim dividend. The Board is proposing a final dividend of 4.1p (2020: 3.65p) which if approved at the AGM will be recorded and paid on 20 May 2022. Total proposed dividend therefore rises to 4.85p (2020: 4.4p), an increase of 10%. The dividend is covered 3 times by underlying earnings. TClarke recognises that many of its shareholders invest for dividends.

Summary of Financial Performance

	2021 £m	2020 £m
Revenue	**327.1**	231.9
Operating profit		
– Underlying[1]	**8.8**	6.0
– Reported	**8.8**	2.1
Profit before tax		
– Underlying[1]	**7.8**	5.1
– Reported	**7.8**	1.2
Profit after tax		
– Underlying[1]	**6.3**	4.3
– Reported	**6.3**	1.2
Profit for the year	**6.3**	1.2
Earnings per share - basic		
– Underlying[2]	**14.99p**	10.29p
– Reported	**14.99p**	2.87p
Dividend per share[3]	**4.85p**	4.4p

1. Underlying operating profit, profit before tax and operating margin are stated before amortisation of intangible assets and restructuring costs.
2. Underlying earnings per share is calculated by dividing underlying profit after tax by the weighted average number of shares in issue.
3. Dividend per share represents the interim and final dividend proposed or paid for the year in question.

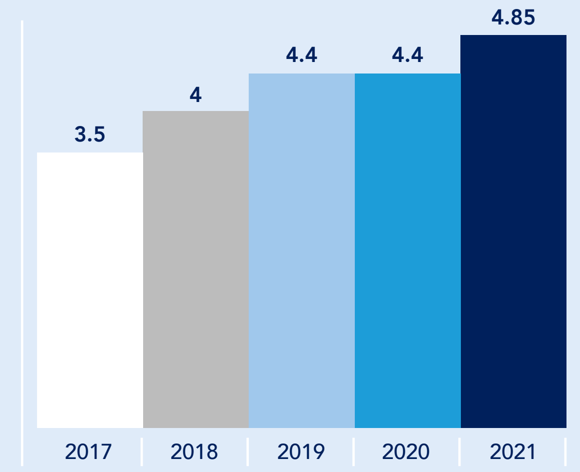
Forward Order Book

Market sector	2021 £m	2020 £m	% change
Infrastructure	**104.6**	99.9	5%
Residential & Hotels	**102.7**	115.1	(11%)
Technologies	**134.8**	46.8	188%
Engineering Services	**174.0**	175.2	(1%)
Facilities Management	**18.1**	19.0	(5%)
Total	**534.2**	456.0	17%

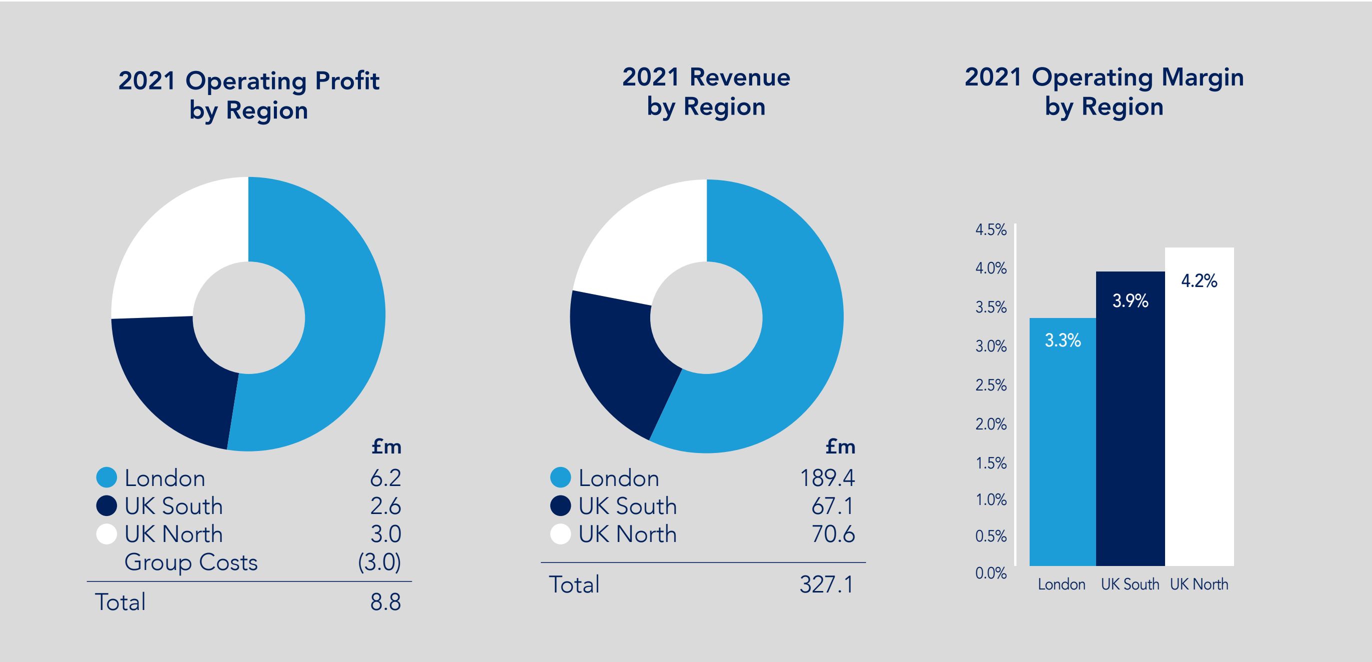
Forward Order Book comprises jobs which are secured through contracts or letters of intent.

Progressive Dividend Policy

2017 - 2021



Group Financial Review continued



London
Revenue from our London operations rose to £189.4m (2020: £134.6m), generating an underlying operating profit of £6.2m (2020: £4.9m). Underlying operating margin was 3.3% (2020: 3.6%). The growth in revenue has been primarily driven by the success of our data centre offering where in addition to our current five live projects the tendering pipeline identifies many further opportunities. Our core Engineering Services have also continued to deliver strongly, with work on a number of high-profile shell and core commercial and hotel developments, with many of which offering future fit-out opportunities.

UK South
Revenue from UK South rose to £67.1m (2020: £55.1m), with the region delivering an underlying operating profit of £2.6m (2020: £2.7m) and giving rise to an underlying operating margin of 3.9% (2020: 4.9%). The region has developed a high-quality customer base providing a significant quantity of repeat business and is particularly strong in infrastructure with many projects being undertaken in defence, education and healthcare.

UK North
Revenue rose to £70.6m (2020: £42.2m) with the region delivering an underlying operating profit of £3.0m (2020: £0.7m) and giving rise to an underlying operating margin of 4.2% (2020: 1.7%). This strong performance has been driven by the completion of our first major engineering services project in Liverpool, our continued success in winning and delivering a number of educational projects through our Leeds office and Scotland's residential work. In addition our Manchester office has recently started work on a significant engineering services project for a major financial institution.

Forward Order Book
The closing Forward Order Book of £534m represents a 17% increase compared to last year's, with the largest increase being in respect of Technologies (up 188%), driven by the success of our data centre business.

Cash Flow and Funding
Cash balances totalled £20.3m at 31 December 2021 (2020: £25.2m). The £15m RCF was drawn down at both 31 December 2021 and 2020, resulting in net cash of £5.3m at the 2021 balance sheet date (2020: £10.2m). The movement in cash can be largely attributed to VAT following the introduction of the Construction Industry reverse charge VAT regime on 1 March 2021 and repayment of deferred amounts. The Group has also self-funded the increase in turnover, with working capital increasing by £6.5m over the year.

The Group has a £15.0m revolving credit facility, which is committed until 31st August 2024, and a £10.0m overdraft facility which is repayable on demand. Interest on overdrawn balances is charged at 2.0% above base rate, and interest on balances drawn down under the revolving credit facility is charged at a margin above SONIA, fixed for the duration of each drawdown. The Group was compliant with the terms of the facilities throughout the year ended 31st December 2021 and the Board's detailed projections demonstrate that the Group will continue to meet its obligations in the future.

The Board's projections show that TClarke is expected to maintain a healthy cash position throughout the next three-year period, and we do not anticipate seeking any additional facilities during this time.

The Group also has in place £50.1m of bonding facilities (2020: £40.1m), of which £24.3m were unutilised at 31st December 2021 (2020: £27.0m).

Net Assets and Capital Structure
The Group is funded by equity capital, retained reserves and bank facilities, and there are no plans to change this structure or to raise new capital. Shareholders' equity is £26.5m (2020: £15.7m).

Goodwill stood at £25.3m at the year-end (2020: £25.3m). The Board has undertaken an impairment review in respect of goodwill and has concluded that no impairment is necessary.

Defined Benefit Pension Scheme Obligations
The most-recent formal actuarial valuation of the Group's defined benefit pension scheme at 31st December 2018 showed a deficit of £24.9m, representing a funding level of 59%. Following the valuation the Group committed to a deficit reduction plan to eliminate the deficit over a 12 year period, and throughout 2021 it continued to make additional contributions at the agreed rate of £1.5m per annum. The Group also continues to provide security to the pension scheme in the form of a charge over property assets up to a combined market value of £3.1m. A new formal funding valuation is being carried out as at 31 December 2021 and the results will be reported in next year's Annual Report & Financial Statements.

The methodology underlying the formal valuation differs from that used for the annual IAS 19 valuation included in these financial statements, particularly in respect of the calculation of financial assumptions. When calculated in accordance with IAS 19 the deficit stood at £23.9m at 31st December 2021, representing a reduction of £6.3m over the year, recognised primarily through the Statement of Comprehensive Income. The reduction was predominantly driven by an increase in the discount rate applied.

Financial Risk Management
The Group's main financial assets are contract and other trade receivables, and bank balances. These assets represent the Group's main exposure to credit risk, which is the risk that a counterparty will fail to discharge its obligations, resulting in financial loss to the Group. The Group may also be exposed to financial and reputational risk through the failure of a subcontractor or supplier.

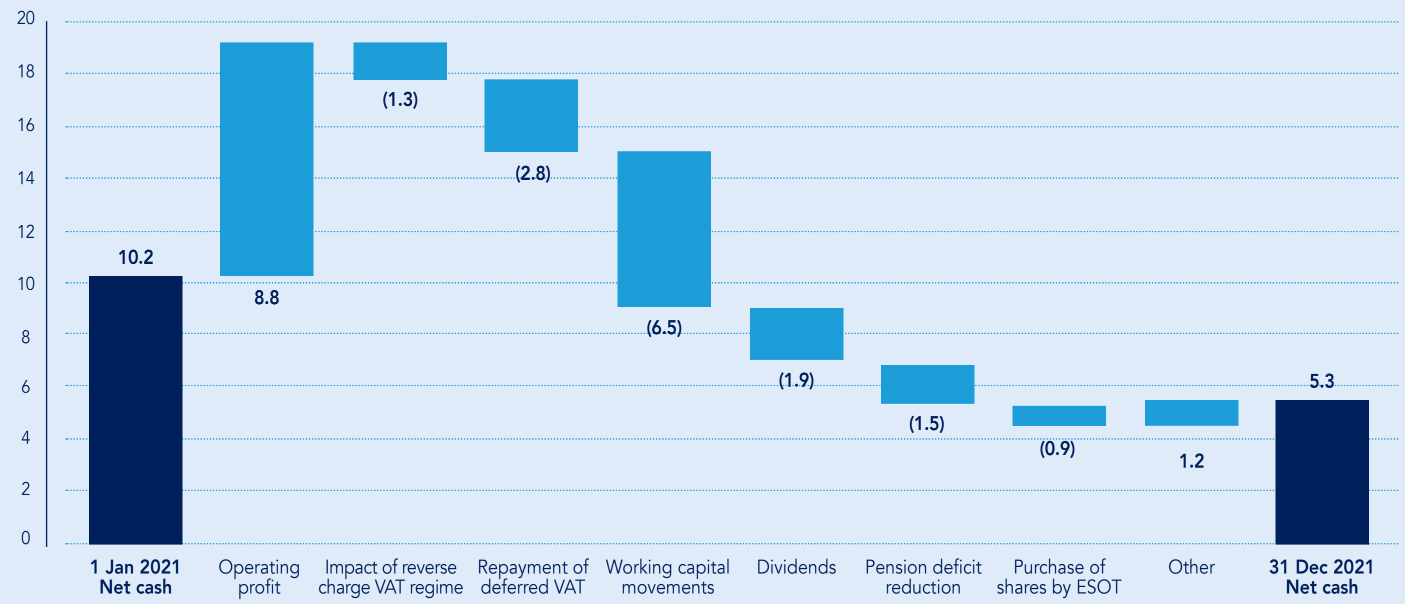
The financial strength of counterparties is considered prior to signing contracts and reviewed as contracts progress where there are indications that a counterparty may be experiencing financial difficulty. Procedures include the use of credit agencies to check the creditworthiness of existing and new clients and the use of approved suppliers' lists and Group-wide framework agreements with key suppliers.

We have performed a thorough analysis of our supply chain during the year to ensure we comply with the Government's new IR35 off payroll working requirements, a process which will continue in the future.

Accounting Policies
The Group's consolidated financial statements are prepared in accordance with the requirements of the Companies Act 2006 and in accordance with UK-adopted international standards. There have been no new accounting policies adopted in the year.

Trevor Mitchell
Group Finance Director
8th March 2022

Cash Performance (£m)



Business Model

Our strategic advantages give us market leadership. Our service mix allows us to deliver value at each stage of the project. Our delivery is underpinned by our core values, known as **The TClarke Way**.

Our strategic advantages

Our People
- We directly employ professional engineering staff and operatives and run industry leading apprenticeship and future leader schemes to sustain our talent pipeline.

Market Opportunities
- The UK Government has recently published a pipeline of £650bn infrastructure projects focussing on schools, hospitals, power networks, roads and railways. TClarke has a strong market presence in a number of these market sectors
- Net Zero - We offer a wide range of energy efficient smart building solutions.
- Data Centres – significance number of data centres are being built in the UK and Europe over the next five years.

Integrated Services and Technology
- We offer a broad range of engineering services. We are a high-technology business and leaders in the delivery of complex installations utilising Modern Methods of Construction (MMC) that deploy prefabrication, pre-assembly, design standardisation and the use digital technologies.

Nationwide Coverage
- We cover the whole of the UK with 20 offices.

Reputation
- Our performance maintains our brand reputation for total reliability, safety, delivery and quality.

What we do

Attractive market positions

Attractive positions in our markets where we operate with scale, operational capability at both national and regional levels as well as project delivery including processes and expertise

Client relationships

Building long term relationships with our blue chip customer base

Sustainability

Committed to achieving net zero carbon across our own operations and supply chain offering energy efficient solutions to our customers

Design and Engineering Capability

Experienced engineers supported by internal prefabrication facility to deliver modern methods of construction

Performance excellence

The delivery of high quality projects safely, on time and to budget across the business

Project Management

Experienced high quality project management delivered through our own workforce

The value we create for our stakeholders

Shareholders
- Shareholder returns – we aim to generate long-term sustainable shareholder returns through the execution of our strategy
- Dividend – we have a progressive dividend policy increasing dividends by 38% over the last five years.

Clients
- We aim to deliver projects safely on time and to budget using our workforce, design and project management skills. We adopt a collaborative and open approach to work which maximises value, efficiency and productivity
- ESG activities support our customers on their path to achieving net zero emissions.

Our People
- Industry leading career paths and project work to take pride in Currently 40 participants in Future Leaders Programme and 195 apprentices in training.

Supply Chain Partners
- We work to build strong, collaborative relationships with our suppliers including co-operative design and development activities
- We support our suppliers to meet high standards of compliance expected by us and our customers

Communities/Society
- We are focused on social sustainability by ensuring our actions directly and positively impact the communities we serve, and this in turn generates wider value for society. We benefit many communities through the creation of local employment and advancement opportunities.

Environmental
- Support our customers through implementing energy efficient smart building solutions
- Building of solar farms and installation of heat pumps.
- Type 1 and type 2 emissions per £1m of turnover have dropped 16% since 2019.

Section 172 Statement

Section 172 of the Companies Act requires each Director to act in the way they consider, in good faith, would most likely promote the success of the Company for the benefit of its shareholders. In doing this, the Director must have regard, amongst other matters, to:

- The likely consequences of any decision 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 reputation for high standards of business conduct;
- The need to act fairly between members of the Company.

The Board of Directors have complied with these requirements.

As a Board we have always taken decisions for the long term, and collectively and individually our aim is always to uphold the highest standards of conduct. Similarly, we understand that our business can only grow and prosper over the long term if we understand and respect the views and needs of our customers, colleagues and the communities in which we operate, as well as our suppliers, the environment and the shareholders to whom we are accountable. This is reflected in our business principles, and the Sustainability section on pages 16 to 25 sets out in more detail how we manage our relationships with them.

Summary of how the Board Engages with our Stakeholders
The following table describes how the Directors have had regard to the matters set out in section 172(1) (a) to (f) and forms the Directors' statement required under section 414CZA of the Companies Act 2006.

Iain McCusker
Chairman
8th March 2022

Stakeholder Group	Why we engage	How we engage	What matters to this Group
Shareholders and potential shareholders	• Continued access to capital is important for the long term success of our business • We work to ensure that our shareholders and their representatives have a good understanding of business	• Corporate website, social media • Results announcements and presentations, AGM • Shareholder and analyst meetings with management • Private investor events	• Long term value creation • Growth opportunity • Financial stability • Culture • Transparency • Dividend policy
Our employees	• The Company's long-term success is predicated on the commitment of our workforce to the values embodied in the TClarke Way • We engage with our workforce to ensure that we are fostering an environment that they are happy to work in and that best supports their well-being	• Designated Non-Executive Director has Board responsibility for engagement with the workforce • The TOMMY employee hub • TClarke Career Pathway and Training Academy • TClarke Future Leaders Programme • Whistleblowing Policy • Business-wide health, wellbeing and mindfulness campaigns	• Health and safety • Fair employment • Fair pay and benefits • Diversity and inclusion • Training, development and career opportunities • Ethics and sustainability
Our pensioners	• Our pensioners continue to feel part of TClarke through retirement so they feel part of the business that they helped to develop and grow.	• AGM • Pensioner newsletter • Corporate Website	• Safety of pension • Financial stability • Engagement
Clients	• Our purpose is to design, install, integrate and maintain the full range of technology-enabled mechanical and electrical services and the digital infrastructure to create a 21st century building • We aim to build long-term lasting relationships with principal contractors and clients and remain the contractor of choice for landmark projects and developments.	• TClarke has deep, long-term partnerships with both major principal contractors and with property/facility owners and developers • We offer a full, comprehensive service during the lifecycle of a project through design, procurement, installation and maintenance	• Total reliability in project delivery • Quality of product • Health and safety • Responsible use of personal data • Environment • Ethics and sustainability
Suppliers	• Our suppliers are fundamental to the quality of our product and services and to ensuring we maintain the high standard of work we set ourselves • Suppliers must demonstrate that they operate in accordance with recognised standards that uphold human rights and safety, prohibit modern slavery and promote sustainable sourcing	• TClarke employ a formal supply chain management selection process to build our approved and preferred supply chain list. • Key supply chain partners are invited to TClarke's Health, Safety and Environmental meetings to understand Health & Safety best practice • Regular performance reviews of all key supply chain partners for total reliability in project delivery	• Fair trading and payment terms • Anti-bribery • Ethics and slavery • Environment and sustainable sourcing
Community and environment	• We aspire to be responsible members of our community as it reflects our principle to do the right thing • We are committed to minimising the impact of our business operations on the environment • The community and environment is also important to our workforce, customers and shareholders	• TClarke is proactive in its corporate responsibility to the local and wider community in which we work • We encourage employee involvement in community projects and programmes	• Charitable donations and sponsorships • Volunteering • Energy usage • Recycling • Waste management

Environmental, Social and Governance Report

Sustainability the TClarke Way

Active Collaboration with World Class Partners; Positive Action in our Areas of Direct Control
We recognise the impact climate change has on the environment and society and accept the known environmental implications of our engineering works and procedures. We are committed to minimising the impact our business operations have on the environment and continue to actively manage our energy efficiency.

In key areas of environmental sustainability, the nature of our work as specialist engineers means that our strongest impacts can be generally achieved by collaborating with progressive clients and principal contractors nationwide upon whose programmes we work.

By doing so, our teams not only adhere to and help deliver benchmark standards for sustainable performance, we also support the achievement of groundbreaking sustainability targets and the highest standards of environmental performance, from Passivhaus, to Well Building and BREEAM standards of quality.

In many areas of social sustainability, TClarke can and does take the lead, creating social value and strong performance for the benefit of all our stakeholders, supporting fully the ethos and objectives of Section 172 of the Companies Act.

Non-financial Information Statement
This section (pages 16 to 25) provides information as required by regulation in relation to:

- Environmental matters
- Our employees
- Social matters
- Human rights
- Anti-bribery and corruption

Other related information
- Our business model (pages 12 - 13)
- Principal risks (pages 26 - 29)

Task Force on Climate-related Financial Disclosures (TCFD)

This is our first reporting period subject to compliance with TCFD. TCFD was created by the Financial Stability Board to improve and increase reporting of client-related financial information with the aim of providing the financial markets with clear, comprehensive high-quality information on the impacts of climate change. The reporting requirements are focussed on four thematic areas that represent core elements of how companies operate as illustrated below:

Governance
Disclose the organisation's governance around climate-related risks and opportunities.

Strategy
Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's business, strategy, and financial planning where such information is material.

Risk Management
Disclose how the organisation identifies assess and manages climate-related risks.

Metrics and Targets
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Governance

Governance Structure

Board

Responsible for:
- Setting the environmental strategy and monitoring overall performance against targets
- Reviewing key climate-related risks and opportunities, and overseeing mitigation strategies as part of the bi-annual review of principal and Emerging risks
- Considering climate change as part of stakeholder engagement

Group Management Board

Responsible for:
- Reviewing and monitoring climate-related risks at least bi-annually, as part of the principal and emerging risks Reviews and establishing effective mitigation and controls to manage risks
- Ensuring appropriate action is being taken to meet our environmental targets, through review of quarterly reporting on climate change issues, including proposed metrics and KPI's

Climate Change Delivery Group

Chaired by the Group Managing Director this group is responsible for:
- Identifying all climate-related risks and opportunities, including and developing appropriate mitigation strategies
- Establishing action plans to deliver our environmental targets, tracking progress against the targets and reporting to the PLC Board/Audit Committee and Management Board
- Embedding accountability in each business area for delivery of the targets and monitoring progress and actions
- The group meets quarterly and comprises senior business leaders from across the group, who also lead working groups in their respective business to deliver actions required

Audit Committee

Responsible for supporting the Board in it's responsibilities with respect to climate change, including:
- Considering climate change risks as part of the bi-annual review of principal and emerging risks
- Overseeing compliance with, and progress on, climate change reporting

Working Groups

Responsible for:
- Delivering the relevant actions related to their area to meet our environmental targets
- Day-to-day management of climate-related risks
- Embedding the climate change culture and mindset within their business area
- Working groups are led by senior business leaders from across TClarke supported by colleagues within their area

Direct and advise

Report and escalate

Climate Strategy

Our Strategy for Responding to Climate Change

Overview of our climate-related risks and opportunities
The scale of ambition and speed of change required to meet net zero emission targets, along with the changes in temperature and weather patterns present both risks and opportunities to our business. These risks and opportunities, along with a summary of the work we are doing to address them, are presented in the table below. Short-, medium- and long-term timeframes are defined in our risk methodology as one year or less, one to three years and three or more years respectively, and this is reflected in the table below.

Risk/opportunity type and description	Our response
Opportunities Commercial opportunities from the transition towards net zero will continue to shape our portfolio and strategy. **Timeframe:** Short, medium and long-term **Impacted businesses:** Group-wide	The decarbonisation of heat presents significant opportunities for our technology businesses as electric heating solutions are sought for homes, offices and buildings. We are currently installing heat pumps across the UK and are building solar farms. We believe our smart building offering affords significant opportunities for our business as our customers seek to reduce their carbon footprints. We are on the NHS Smart building framework. Our prefabrication facility at Stansted enables us to have far less labour onsite, minimising journeys and reducing our carbon footprint which is attractive to our customers. It is our ambition to take a leading role as a Build UK business champion within the Construction Leadership Council's CO²nstruct Zero programme which is the industry's response to the climate challenge. Whilst decarbonisation creates significant market opportunities across all time frames we continue to focus on our five market sectors in order that TClarke doesn't become dependent on the rate of take up of technologies such as air source heat pumps.
Risks We have a strategy of reaching net carbon zero by 2030. There is a risk that the cost/availability of an electric charging network delay achievement of this target. **Timeframe:** Short, medium and long-term **Impacted businesses:** Group-wide	One of the key actions in reducing our carbon footprint is the decarbonisation of our fleet; currently this is not practical due to: 1 Availability of electric vehicles 2. Charging network across the UK 3. Ranges of vehicles before a charge 4. Costs associated with moving to an electric fleet As such the plan is to move to an electric fleet between 2025 and 2030. In addition decarbonisation of the economy may raise costs of other items across the cost base. In a low margin industry any material cost increases will need to be able to be passed on to customers. There is a risk that this may not be possible. The likely impact would be to extend the time frame for TClarke becoming net carbon zero.
Impacts **Timeframe:** Short, medium and long-term **Impacted businesses:** Group-wide	Overall we believe the market opportunities available to TClarke significantly outweigh potential cost risks. It is the Board's expectation that costs risks will be mitigated through market price changes and or lengthening of the decarbonisation timeframe.

Climate Strategy

Our Climate Change Scenario Analysis

Transition Risk Analysis
To further understand the risk that climate change could have on our business, we undertook a high-level scenario analysis, where we considered scenarios out to 2030. We used two scenarios:

Scenario	Impact
The first assumed that the global response to the threat of climate change is enough to limit global average temperature increases to no more than 1.5°C above pre-industrial levels (as set out in the Paris Agreement) by 2100 (the 1.5°C scenario). In this scenario, rapid changes are made to progress decarbonisation goals: coordinated policy, regulation and customer behaviour favours bans on polluting technologies, and support for low-carbon solutions.	Under this scenario significant market opportunities are available to TClarke as building owners seek to substantially reduce their carbon footprint. These opportunities are forecast to significantly outweigh the cost risks faced by the Group.
The second scenario assumed that the 1.5°C target is missed by some margin, comparable to a 4°C global average temperature increase (the 4°C scenario). In this scenario, changes are less rapid and less comprehensive, and emissions remain high, so that the physical ramifications of climate change are more apparent by 2030.	The main impacts of this scenario were increased weather events of escalating severity and frequency, which could increase disruption to our sites and to our customers, market opportunities are likely to be less and risks significantly higher than 1.5°C scenario due to extreme weather events.

Risk Management

The process for identifying, assessing and managing climate related risks are identified in Strategy above.

Our key climate risk is detailed in the Key Risk Assessment on page 29

Environmental Sustainability

Climate Metrics and Targets

TClarke recognises and accepts the known environmental implications of its engineering works and procedures and is committed to minimising the impact our business operations have on the environment.

In key areas of environmental sustainability, the nature of our work as specialist engineers means that our strongest impacts can be generally achieved by collaborating with progressive clients and contractors nationwide upon whose programmes we work. By doing so, our teams not only adhere to and help deliver benchmark standards for sustainable performance; we are also support the achievement of ground breaking sustainability targets and the highest standards of environmental performance, from Passivhaus, to Well Building and BREEAM standards of quality.

We are committed to leading our industry in the efficient consumption and preservation of critical resources. Through creative design and implementation, programmatic inclusion of renewable resources, and operational excellence, we have and will continue to take strides in adopting new technology and working practices for resource management. The TClarke collaborative approach will be for all disciplines to operate as an integrated part of the overall project team, in a partnering environment, and carry this philosophy through the design stages and the delivery phase. This will deliver a healthier and more sustainable environment, as well as associated cost efficiencies, to the benefit of our people, customers, and the communities in which we operate.

Our Pathway to Net Zero
In December 2020 we committed to achieving net zero emissions across our own business operations by 2030. We refer to Scope 1 & Scope 2 carbon emissions as our 'business operations carbon as these scopes relate to our own use of energy from direct operations under our control. This is the carbon emitted from fuel used on our sites and in company vehicles, and electricity used on sites and in offices.

This year TClarke has taken action to reduce our emissions in the quickest and most effective way possible using simple solutions such as:

- Procurement policy – change in our procurement policy so that all new electricity contracts are procured on renewable tariffs
- Fleet – at Group level we have begun the process of preparing our fleet to move from internal combustion engines to electric vehicles, along with the infrastructure required to support this
- Buildings – the ongoing auditing of our buildings' energy use now documents and reports on the associated carbon emission reductions, highlighting not only the consumption and cost that will be saved by implementing energy saving recommendations but also the associated carbon emissions. This allows for better decision-making on our priority actions.

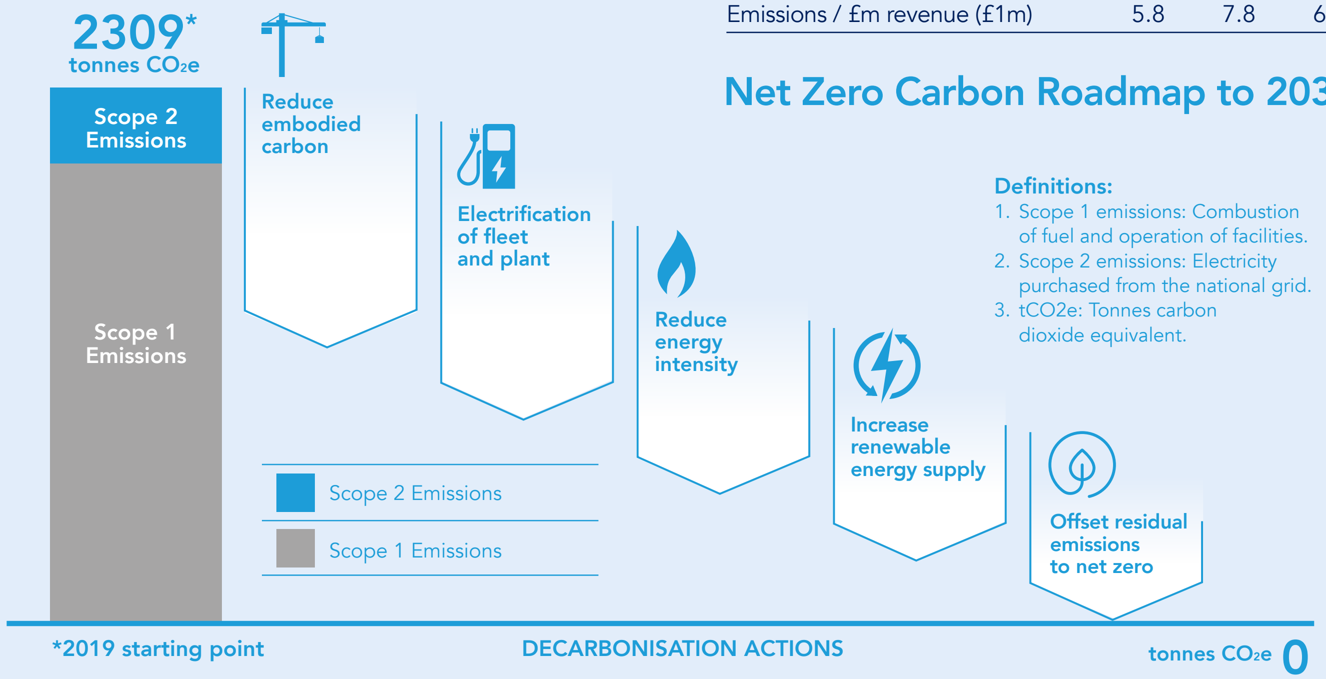
We have commenced the 'audit' of our supply chain carbon footprint. We have become members of BUILD UK and will take a leading role in this Co2nstruct Zero, the industry wide response to carbon reduction as we seek to reduce our Scope 3 emissions from our supply chain. Our assessment of Scope 3 emissions is ongoing.

Greenhouse Gas Emissions (CO2e) Energy consumption was measured across the Group by recording data on the combustion of fuel and the use of electricity at its offices and facilities, and we have collated Scope 1 and Scope 2 emissions data for the year ended 31st December 2021.

Our $CO^{2}e$ emissions have been calculated using UK Government guidelines for conversion of fuels and electricity.

Greenhouse Gas Emissions	2021	2020	2019
Scope 1 emissions (tCO2e)	1,740	1,654	2,098
Scope 2 emissions (tCO2e)	152	164	211
Total Scope 1 & 2 emissions (tCO2e)	1,892	1,818	2,309
Revenue (£m)	327.1	231.9	334.6
Emissions / £m revenue (£1m)	5.8	7.8	6.9

Net Zero Carbon Roadmap to 2030



Definitions:
1. Scope 1 emissions: Combustion of fuel and operation of facilities.
2. Scope 2 emissions: Electricity purchased from the national grid.
3. tCO2e: Tonnes carbon dioxide equivalent.

Social Sustainability

Highlights

60% Reduction in accidents since 2018

16% Of workforce Apprentices

60 DAYS Average supplier payment days

9 YEARS Average length of employee service

40 Future Leaders enrolled on our training programme

19,645 Training days completed in 2021

Our activities effect our employees, supply chain and the communities in which we work. It is critical to the Group's success that our employees, suppliers and subcontractors have the tools they need to deliver our clients programmes of work on time and to the quality expected from TClarke.

We are proud of our talented employees, proud that we have on of the largest apprenticeship schemes within our industry (16% of workforce apprentices), and proud of the long-term, mutually supportive relationships that we have developed with many of our suppliers and subcontractors.

Our People
Positive culture, local opportunities and a pipeline of world class engineers
TClarke recognises that as a specialist engineering company, we can play our role by rooting ourselves in local communities and providing high quality, long term career paths and opportunities for people. Equally we can promote and deliver the highest possible standards of health, safety, wellbeing and respect for people - our own employees and those with whom we work.

Our apprenticeships, advanced future leaders training and our health, safety and wellbeing programmes are by accepted metrics, absolute industry leaders and deliver far beyond the benchmark norms.

This does not happen by chance or without substantial cost or long term investment. TClarke's longstanding commitments and deep cultural focus across these areas is central to who we are, the pride we take in our business and the value that we deliver to our stakeholders.

Diversity and Inclusion
We cultivate an inclusive work environment where everyone has access to the relevant knowledge, technology and services they need to achieve their personal ambitions and drive the business forward. We want to encourage greater diversity within our sector and ensure that no discrimination occurs, however unintentional it may be.

TClarke recognises the need to actively foster and create an environment where everyone is respected and fully empowered to be their best. As an organisation which relies heavily on the qualities its people display daily when working in collaboration with our partners, this idea has strong practical value and application and is embedded within our working culture.

During 2021 TClarke invited Chickenshed to conduct training with a number of our personnel on unconscious bias.

Social Sustainability continued

Chickenshed is a pioneering and inclusive company that bring together people of all ages and from all backgrounds to produce outstanding theatre productions that entertain, inspire, challenge and inform both audience and participants alike.

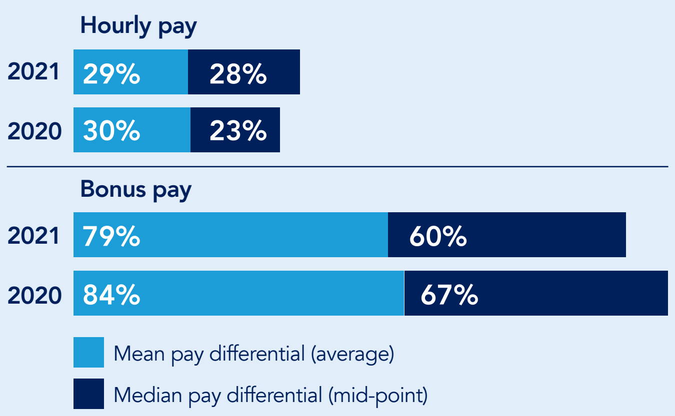
Gender Splits

	2021 Men	2021 Women	2020 Men	2020 Women
Board	6	1	6	1
Senior management (Group Management Team) [1]	6	1	7	1
Group Management Team direct reports	43	21	40	14
All employees	1,121	115	1,119	99
Number of UK employees at 31 December, on which data is based	1,236		1,218	

excludes executive directors [1]

Gender Pay

Gender is just one aspect of diversity, we remain steadfast in our commitment to create a diverse, inclusive culture, one which supports and encourages everyone to give their best, and bring their whole selves to work.



In the construction sector, there is a long-standing lack of women in the industry. For those women who are employed in the industry they are usually in non-delivery or non-client facing roles and often in more junior positions. This means that across construction a significant pay and bonus gap exists between men and women. The small proportion of women employed means that the measures above, particularly the bonus measure, can be volatile from one year to the next.

TClarke have engaged with Women in Construction and have taken on another female apprentice. This follows our female apprentice of the year, Emma Nichols, and our increased focus for women in construction across the group in the last decade with a number of roles being fulfilled by women such as Procurement Director, Quality Manager, Commissioning Manager, Quality Surveyor, Design Manager and Planner.

Human Rights

Whilst TClarke does not have a separate human rights policy, a respect for human rights is implicit in all our employment policies, corporate values and policies on data protection, privacy, modern slavery, anti-bribery and corruption.

Training and Development

The annual TClarke Apprentice of the Year is a key part of our culture and all finalists gain automatic entry to our Future Leaders programme. The standard of entrant is extremely high. Through the usual strict process we managed to get the number down to 3 finalists; Dean Callan (UK North) Emily Lyons (London) Kyle Hancock (UK North) with Dean Callan becoming Apprentice of the Year.

Future Leaders

The Future Leaders Programme identifies strong leadership candidates at various stages of their careers within our business and provides them with continuous additional professional training, networking, and personal development.

We currently have 40 employees enrolled on the Future Leaders Programme.

All Future leaders gain opportunities for growth and career progression and many have moved into management positions across the TClarke Group, some are currently project managing some of the biggest projects TClarke have in London.

Apprentice Intake 2021

We are renowned for our apprentice programme within the industry and have one of the highest intakes in our sector. We currently have 195 apprentices currently working their way through the programme. As a group our normal intake level is around 40 apprentices every September. TClarke's longstanding culture and approach to quality has driven our continued commitment in this area.

Disability

We are committed to an open and inclusive culture, including the fair treatment of disabled people. We give full and fair consideration to job applications made by disabled people. Our procedures include making reasonable adjustments to roles and responsibilities and providing training and support to ensure they have the same opportunities for career development and promotion as other employees.

TClarke Academy

TClarke operates a Career Pathway and Training Academy designed to provide employees with a clear career pathway with training and opportunities for personal and professional growth to achieve their goals. We have successfully rolled out an eLearning platform to ensure all staff are trained in TClarke's procedures and kept up to date with new systems and technologies.

Our Pensioners

Our pensioners like to keep abreast of developments in TClarke. We produce a yearly newsletter to keep our pensioners informed of any matters of interest concerning their pension in addition to news stories on our website.

Health, Safety and Wellbeing

The health, safety and wellbeing of all our employees and suppliers is of paramount importance. TClarke has an 'absolute' accident reporting regime which ensures that each accident, no matter how apparently small or insignificant, is reported and included in our statistics. We are proud of the culture that we have created and maintained.

Innovation

Innovation is key in refreshing our safety behaviour and culture. We operate an ongoing cycle of innovation with new campaigns and the extensive use of traditional and digital platforms in new ways.

We have recently completed our changeover to 'All-Electronic' reporting for our Near Miss Reporting System. Our unique 'You See, You Say' reporting system was one of the first Apps of its kind.

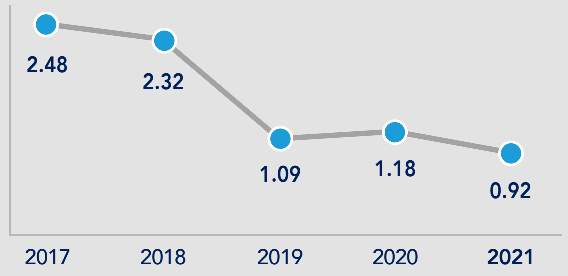
This changeover has made the process quicker, easier, more direct, more economically friendly and far more efficient by being able to address anything that has the potential to cause harm, in a suitably prompt time period.

We have also introduced a series of Electronic inspection Apps to assist with the onsite requirements of ensuring plant/equipment is suitable and fit for use.

Continual Accident Reduction

Persistent focus on accidents and incidents

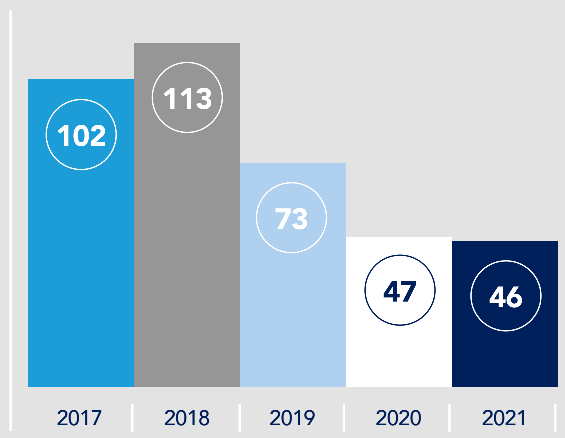
Annual Accident Frequency Rate*



* Accident frequency rate is (number of accidents divided by number of hours) multiplied by 100,000

Annual Group Accidents

2017 -2021



Social Sustainability continued

Continuous Improvement
We have enhanced our PPE policy to ensure our people are greater protected whilst at work. We have introduced a more robust Glove Policy which gives additional protection, whilst maintaining comfort and dexterity. This will enable us to prevent hand injuries and maintain a safe working environment and are environmentally friendly.

TClarke continuously aims to keep Health & Safety at the forefront of everybody's mind and does so by continuing to implement our full range of well-established Health & Safety initiatives. These initiatives include 'Have Your Say' which focuses on drawing out Health & Safety topics and issues for discussion, which encourages engagement and consultation with the employees. The 'You See You Say' reporting card and mobile phone app identify potential Health & Safety risks.

TClarke has a Mindful Worker initiative, supported by a mindful worker campaign. We are proud to have introduced Mental Health First Aid training sessions across the Group to enable staff to become qualified Mental Health First Aiders. Our Green Hearts Mindfulness classes for all staff & supervisors have been well attended and appreciated. The classes cover practical breathing and meditation techniques which help to manage stress. The classes were so successful that we have now created a series of videos. These measures are a big step forward within the construction industry and prove how serious TClarke is about managing every aspect of our employees' mental health, health and wellbeing.

Our Supply Chain
We have forged longstanding relationships with our supply chain partners. Where possible, we use local resources to ensure we harness innovation, achieve consistent quality and meet our responsible business goals. We work with our supply chain partners to help them to enable their own businesses to succeed.

Our strong relationships with our supply chain help us to be an employer of choice and facilitate conversations on subjects such as innovation and future growth. We monitor our subcontractors' performance against set criteria and provide them with constructive feedback.

We are working with our supply chain to help them measure and reduce carbon emissions and plastic use. A key objective for 2022 is to reduce our supplier payment days from our current average of 60 days.

Antibribery & Corruption
TClarke values its reputation for lawful and ethical behaviour and has zero tolerance of any form of bribery or inappropriate inducement to ensure that business can be conducted in a free and fair market. Our anti-bribery and corruption policy has been communicated to all staff and is published on TOMMY, the new TClarke employee hub. Every individual and organisation that acts on the Company's behalf or represents the Company is responsible for ensuring that this principle is upheld and the policy is implemented so that the Company conducts all business in an honest and professional manner in line with the Bribery Act 2010.

Modern Slavery
TClarke is committed to compliance with Modern Slavery Act 2015 go to www.tclarke.co.uk/downloads for full policy.

Customers
Strong Engagement and Leadership
All our client relationships are underpinned by a systematic programme of ongoing engagement. Only through this ongoing collaboration can we continue to evolve as a business, improve our ways of working and continue to meet or exceed the expectations of our clients. TClarke's structure and organisation means that our executive leadership team has direct, personal control and accountability for this engagement.

Delivering Increasing Value to our Customers
Our long history of total reliability, safety and delivery of quality projects enables us to remain long term partners and the contractor of choice for many clients. We operate a collaborative and open approach to work which maximises value, efficiency and productivity. As we increase our leadership in critical areas of technology, manufacturing and our portfolio of engineering specialisms, we keep pace with and in many cases are anticipating our clients requirements.

An Efficient Unified Procurement Operation
Work we have done in recent years has added a series of strategic benefits to our long-standing and effective supply chain partnerships. Across the UK, the last year has shown the value of having such a supportive and loyal group of suppliers in helping to keep our clients programmes on track, around the UK.

A Nationwide Precision Logistics Operation Focused on Efficiency
The scale of our operation is considerable. Every day TClarke's nationwide procurement team ensures the correct delivery of more than 100 orders nationwide. This is a precision logistics operation, dovetailing with our clients' operational requirements. In the last years, as a dividend from group wide structural improvements, we have streamlined and unified our nationwide procurement team, including the introduction of a new digital portal, dashboards, reporting tools and processes.

We have a new simplified approvals process for supply chain membership and a streamlined procurement process which gives our buying teams a stronger support community, better information flows, access to deals and opportunity to concentrate on value creation. We have also been able to create new logistics efficiencies as we share resources, knowledge and relationships across our UK team. In addition to process improvements we are also able to drive increased value through the scale of our Group purchasing.

Community
TClarke understands its corporate responsibility to the local and wider community in which we work.

TClarke is registered with the Considerate Constructors Scheme and monitored against a Code of Considerate Practice designed to raise industry standards and requires us to carry out our construction activity with the greatest care and consideration.

We engage in initiatives with our communities by liaising with local schools, attending career open days, holding skills workshops and offering work placements for young and mature trainees.

In addition to the support we give to providing employment to the local and wider community, TClarke and its people value the contribution we can make through charitable organisations and sponsored events that we support.

Examples of Community Involvement Include
TClarke have engaged with Camden Council to employ young people who are not in employment, education or training (NEETs) for our Camden Town Hall project.

TClarke participate in local job fairs to promote employment in construction and five apprentices were employed from the local area at Battersea Power Station.

TClarke sponsored Bowmer & Kirkland and the Department for Education for their Coast to Coast Ride to raise money for the Talent Foundry, a charity which helps young people from disadvantaged backgrounds develop valuable new employment skills and take that first step into the world of work.

TClarke is one of the lead partners for the new Stanhope Foundation to help London's most vulnerable people.

The Stanhope Foundation is focused on increasing employability among vulnerable and young people in London, so they can find hope and pride through meaningful employment.

TClarke has always made significant efforts to offer the best pathways into meaningful and high-quality employment within the construction and engineering sectors. Whenever we look to extend the opportunities we offer, we aim to ensure that they are meaningful and well supported.

Principal Risks

The Group's risk profile continues to be supported by a strong balance sheet and secured workload, and a continued focus on contract selectivity.

Our Approach

Risk is inherent in our business and cannot be eliminated. Our risk governance model ensures that our principal risks and the controls implemented throughout the Group are under regular review at all levels.

Risk Governance

Group Board
The Board is responsible for setting the Group's risk appetite and for ongoing risk management, including assessing the principal risks that threaten our strategy and performance. The principal risks faced by the Group and the mitigating actions were formally received by the Audit Committee and Board in September 2021 and February 2022.

Audit Committee

The audit committee assists the Board in monitoring risk management and internal control, and formally reviews the Group and divisional risk registers on behalf of the Board.

Group Management Board

The board ensures that inherent and emerging risks across the Group are identified and managed appropriately.

Risk Reviews	Strategy Planning	Delegated Authorities	Divisional Reporting
Twice a year each business unit carries out a detailed risk review, recording significant matters in its risk register. Each risk is evaluated, both before and after mitigation, as to its likelihood of occurrence and severity of impact on strategy. This is then reviewed by the Group Finance Director conferring with the Group Management Board.	Risk management is part of our business planning process. Each year objectives and strategies are set that align with the risk appetite defined by the Board.	The Group has produced a schedule of delegated authorities that assigns approval of material decisions to appropriate levels of management. Such decisions include project selection, tender pricing, and capital requirements. Certain matters are reserved for Board approval.	The divisional risk registers record the activities needed to manage each risk, with mitigating activities embedded in day-to-day operations for which every employee has some responsibility. Rigorous reporting procedures are in place to monitor significant risks throughout the divisions and ensure they are communicated to the Group's board reporting and delegated authorities' process.

Quality Assurance Function

The Quality Assurance Team reviews the divisional risk registers to check that they have been reviewed, maintained, and updated. The Group Finance Director draws from the divisional risk registers when compiling the Group risk register.

Risk and potential impact	Update on Risk Status	Mitigation and Action
Health & Safety (H&S) H&S will always feature significantly in the risk profile of a construction business. Accidents could result in legal action, fines, costs and insurance claims as well as project delays and damage to reputation. Poor H&S performance could also affect our ability to secure future work and achieve targets.	**Improvement** Greater use of Modern methods of construction and prefabrication have reduced number of hours worked on site. Our Health & Safety performance has improved in the year, with a reduction in the number of lost time incidents. Our AFR has fallen to 0.92.	1. The Group Health & Safety Director monitors and responds to legal and regulatory developments. 2. Industry leading health and safety policies and procedures are maintained. 3. All employees receive regular training and updates to ensure they are aware of their responsibilities. 4. Our teams adapted well to new site operating procedures introduced as a result of the pandemic. These procedures remain in place across the whole business, and should enable us to navigate further waves of the pandemic in a productive and safe manner. We are very focused on reducing our AFR (accident frequency rate. 5. Continued focus on 'You See You Say'
Changes in the Economy There could be fewer or less profitable opportunities in our chosen markets. Allocating resources and capital to declining markets or less attractive opportunities would reduce our profitablility and cash generation.	**Improvement** We believe that in the medium to longer term, the markets in which we operate remain favourable and structurally secure. Our order book stands at a record level with many more opportunities currently being bid.	1. We balance our business by strategic management of our order book with a blend of existing markets of Infrastructure, Residential and Hotels, Engineering Services, renewing FM contracts and new markets such as Technologies. 2. The Group monitors its order book to ensure an appropriate balance of work between London and the regions across the various sectors in which it operates.
Insolvency of Key Client, Subcontractor or Supplier An insolvency of a key client could impact cash flow and profitability. An insolvency of a subcontractor or supplier could disrupt projects, cause delay and incur costs of finding a replacement.	**No Change** The pandemic and the introduction of the reverse charge VAT regeime have impacted customers and supply chain balance sheets.	1. We work for a number of large well funded clients. 2. We have a rigorous due dilligence regeime both for existing and new clients. 3. Working with preferred suppliers where possible, which aids visibility of both financial and workload commitments. 4. Regular monitoring of work in progress (uninvoiced income) debts and retentions.
Inadequate Funding and Cash Flow Management A lack of liquidity could impact our ability to continue to trade or restrict our ability to achieve market growth or invest in regeneration schemes.	**No Change** At 31st December 2021 The Group had £20.3m of cash and £10m of unused facilities. Our balance sheet continues to provide assurance for our employees, clients, supply chain and counterparties in an increasingly uncertain market.	1. The Group has a Revolving Credit Facility of £15m committed to 31st August 2024 and an overdraft facility of £10m. 2. Daily monitoring of cash levels and regular forecasting of future cash balances and facility headroom. 3. Regular stress-testing of long-term cash forecasts. 4. Funding of significant projects signed off by Group Finance.

Risk and potential impact	Update on Risk Status	Mitigation and Action
Contract Selection In a market where competition is high a Region might accept a contract with a main contractor that is poor in managing projects. The impact to us is the risk of increasing our costs and causing delays.	**No Change** The quality of our order book in terms of projects and repeat clients enables us to remain highly selective when bidding future work. Over 90% of contracts are with repeat clients.	1. Clear selectivity, strategy and business plan to target optimal markets, sectors, clients and projects which have proven to have delivered favourable outcomes. 2. Weekly calls with all our business leaders are held to discuss new opportunities and customers
Mispricing a Contract If a contract is under priced this could lead to contract losses and an overall reduction in gross margin. If it is over priced the Group will not secure sufficient tenders to secure the order book and grow the business. Miss/pricing contracts may also damage the relationship with the client.	**No Change** Almost all contracts are profitable at a time when the order book is at a record high.	1. A well-established bidding process with experienced estimating teams. 2. Estimating Teams have been office based throughout the pandemic and continue to take off physical drawing measurements rather than using standard measurement rates. 3. All tenders have director/sign off.
Project Delivery Failure to meet client expectations could incur costs that erode profit margins, lead to the withholding of cash payments and impact working capital. It may also result in reduction of repeat business and client referrals.	**No Change** The pandemic caused initial project delays but impacts were promptly renegotiated with our clients and supply chain. This reinforced the strength of our relationships, sector strategy and approach to working with preferred partners. In terms of product availability, a large proportion of products are UK-sourced which helps reduce risk.	1. Contracts of significant size or risk are regularly reviewed by Regional Managing Directors and the Executive Board. 2. Regular performance reviews of all key suppliers and subcontracts. 3. Ongoing assessment and management of operational risk throughout project lifecycle. 4. Train and maintain industry-leading teams of directly employed engineers, surveyors, supervisors and skilled tradespeople. 5. Profit and cash flow are monitored throughout the project lifecycle with regular review at contract and business unit level.
Contract Variations and Disputes Changes to contracts and contract disputes could lead to costs being incurred that are not recovered, loss of profitability and delayed receipt of cash.	**No Change** We continue to monitor the agreement of variations on a, monthly basis. It is the Groups policy not to recognise variations in full until formally agreed (see note 4).	1. Review contract terms at tender stage and ensuring any variations are approved by the appropriate level of management. 2. Well established systems of measuring and reporting project progress and estimated out turns that include contract variations and impact on programme, cost and quality. 3. Use and development of electronic dashboards for project management and change control, and commercial metrics designed to highlight areas of focus and provide early warnings.
Material Availability & Inflation The majority of TClarke contracts are tendered at a fixed price lump sum. Material inflation during the contract period will increase costs and impact profitability.	**Increase** There is currently a significant price inflation and fluctuation on copper and steel and longer lead times generally.	Formal supplier framework agreements are maintained to mitigate this risk, with prices locked in through procurement at the beginning of a contract wherever possible.

Risk and potential impact	Update on Risk Status	Mitigation and Action
Attracting and Retaining Talented People Attracting and retaining appropriately qualified staff to deliver our ambitious growth plan.	**No Change** We have an industry leading apprenticeship scheme with on average 195 apprentices accounting for 16% of our workforce. Our Future Leaders Programmes identifies strong leadership and currently has circa. 40 people.	1. The Group remains committed to providing apprenticeships, career paths and ongoing training and development for all employees. 2. Remuneration packages for all staff are linked to performance and monitored to ensure they remain competitive.
Research and Development (Innovation) A failure to produce or embrace new products and techniques could diminish our delivery to clients and reduce our competitive advantage. It could also make us less attractive to existing or prospective employees.	**No Change** Continued development of TClarke Smart Building Solutions, implemention of business dashboards and development of apps for Procurement, Time Sheets, H&S and Expenses.	Our employees enjoy working on high-profile, innovative projects that provide them with the opportunity to enhance their knowledge and experience. Business and IT come together to promote new innovations across the business.
Cyber Security Investment in IT is necessary to meet the future needs of the business in terms of expected growth, security and innovation, and enables its long-term success. It is also essential in order to avoid reputational and operational impacts and loss of data that could result in significant fines and/or prosecution.	**No Change** In order to protect against increasing levels of UK cyber attack, we continue to invest in established security controls and external security partners who actively advise on strategy. Refreshed security awareness training was rolled out to all our employees over 2020 and 2021.	A dedicated team focused on providing a stable and resilient IT environment, and continued investment in core infrastructure and applications. The Group maintains robust cyber security policies to guard against third party access and malicious attacks. The Group's core systems are outsourced to a third party with robust processes and procedures.
Climate Change and Sustainability The impact of increased costs arising from a zero carbon economy. The loss of key clients through not addressing carbon emissions adequately.	**Increase** The focus on the impacts of climate change has increased significantly. We have begun to communicate our strategy for addressing climate change and the actions we are taking in order to meet the expectations of our stakeholders. Our Strategy is to become a Build UK Business Champion and take a lead role.	1. We have a Climate and Sustainability Committee led by the Group Managing Director to oversee our carbon reduction journey to get to net zero by 2030. 2. The Board considers climate related issues when reviewing and guiding-strategy, major plans of action, risk management policies, annual budgets, and business plans as well as setting the organisations performance objectives.

Long-term Viability Statement

The Directors have assessed the Group's prospects and viability, taking into account its current position and the principal risks outlined on pages 26 to 29.

The nature of the Group's business is long-term. The UK construction market in which the Group operates is subject to considerable peaks and troughs. The Directors consider a three year period as appropriate for assessing the ongoing viability of the Group as most of the projects undertaken by the Group are completed within a three year time horizon from initial tender and the Group uses a three year time frame for the preparation of its strategic business plans and financial projection models.

The Group's prospects are assessed primarily through its strategic business planning process and the ongoing monitoring of the principal risks and mitigating actions. The process is led by the Chief Executive and involves senior management throughout the Group.

All business units formally update their strategic plans on an annual basis. This process, which takes place in the fourth quarter each year, includes:

- an assessment of the business unit's current position taking into account its operating environment and the threats and opportunities it faces;
- the business unit's achievements over the previous twelve months measured against its strategic objectives;
- a detailed review of the risks faced by the business units and the strength of the controls and mitigating actions in place;
- the agreement of financial and strategic targets covering the following three years; and
- the preparation of detailed budgets and projections for the next three years in support of the strategic business plan.

The business unit strategic plans are formally reviewed and challenged by the Executive Directors prior to presentation to the full Board.

Based on the financial models submitted by the business units, the Group's financial projections are updated and tested using a range of sensitivities to identify potential threats to the financial viability of the Group over the three year projection period. These sensitivities included reductions of 25% and 50% to forecast profitability, as well as an upside scenario to consider demands on working capital. The key assumptions underlying the financial model include the renewal and continuing availability on similar terms of the Group's existing banking facilities, which comprise a £10m overdraft facility repayable on demand and a committed £15m revolving credit facility expiring on 31 August 2024, and the ability to flex the cost base sufficiently to address any significant change in workload. See note 2 on page 72 for further discussion of the key assumptions underpinning the going concern basis of preparation and the financial viability of the Group.

The three year projections demonstrate that taking into account reasonable sensitivities around revenue and profitability, the Group will be able to operate within its existing facilities over the three year projection period, and the Directors are confident that the Group's business model allows sufficient flexibility to meet any significant change in demand for its services. The Group ended 2021 with a record forward order book of £534m, as we move towards our £500m per annum revenue target. The Group is in a strong position both operationally and financially and is well placed to respond quickly to any changes in market conditions whilst remaining profitable.

The Group takes a conservative approach to strategic risk. The business case for all significant investments and entry into or exit from specific markets is reviewed and signed off by the Board. Risk registers are maintained and reviewed regularly throughout the year to identify potential threats to the Group's business, to assess the financial, operational and strategic impact of these threats, and to determine appropriate mitigating actions.

Based on their assessment of prospects and viability above, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three year period ending 31st December 2024.

Strategic Report Approval

The Board confirms that, to the best of its knowledge, the Strategic report on pages 1 to 30 includes a fair review of the development and performance of the business and the position of the Company, and the undertakings included on the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Approved by the Directors and signed on behalf of the Board on 8th March 2022.

Mark Lawrence
Group Chief Executive Officer
8th March 2022

Board of Directors

Executive Directors

Mark Lawrence
Group Chief Executive Officer
Appointed to the Board on 2nd May 2003.
Mark has been with the Company for 36 years and started at TClarke by completing an electrical apprenticeship in 1987. As Group Chief Executive Officer since January 2010, Mark has led strategic change across the Group.

Mike Crowder
Group Managing Director
Appointed to the Board on 1st January 2007.
Mike has over 36 years of significant experience in the Construction industry and started at TClarke as an Apprentice. Mike has overall responsibility for Operations and is responsible for Group Health and Safety.

Trevor Mitchell
Group Finance Director and Company Secretary
Appointed to the Board on 1st February 2018.
Trevor is a Chartered Accountant with extensive experience across many sectors. Prior to his appointment, Trevor had been working with TClarke since October 2016, assisting with simplifying the structure and improving the Group's financial controls and procedures.

Group Management Board

The Group Management Board comprises the Executive Directors and:

Chris Harris
UK North Director

Rob Faro
UK South Director

Garry Julyan[1]
London Director

Kevin Mullen[2]
UK North Director

Anton Malia
UK South Director

Andy Griffiths[2]
Systems Director

1 Statutory director of TClarke Contracting Limited
2 Statutory director of TClarke Services Limited and TClarke Contracting Limited

Associate Members of the Group Management Board

Sally Higgins
Group Procurement Director

Josh Bourne
Group Health & Safety Director

Non-Executive Directors

Iain McCusker
Chairman
Chair of the Nomination Committee

Appointed to the Board on 1st January 2009 and appointed Chairman on 1st October 2015. Iain is a Chartered Accountant and has significant international financial and management experience, Iain is a former member of the Qualifications Board of the Institute of Chartered Accountants of Scotland. He is Senior Visiting Fellow, City, University of London, and Chairman of NPA Insurance.

Peter Maskell
Senior Independent Director – (from 5th May 2021)
Chair of the Remuneration Committee
Non-Executive Director for Employee Engagement

Appointed to the Board on 1st January 2018. Peter worked at Philips Electronics for 37 years after studying Electrical and Electronic Engineering at Kingston University. For the last 20 years, he held a number of senior management positions in both the UK and Europe.

Louise Dier
Independent Director
Chair of the Audit Committee – (from 5th May 2021)

Appointed to the Board on 1st January 2019.
Louise was previously Managing Director of David Chipperfield Architects having joined them in 2013. Louise is also a Trustee of the charity Sported.

Jonathan Hook
Independent Director – (appointed 1st July 2021)

Appointed to the Board on 1st July 2021. Jonathan has recently retired as a partner at PwC where he was the global leader of the Engineering & Construction practice.

Committees
Audit Committee
Nomination Committee
Remuneration Committee
Chair

Corporate Governance Report

Chairman's Introduction
The Board is committed to high standards of corporate governance and complies with the principles contained in the UK Corporate Governance Code 2018 ('the Code'), which took effect for accounting periods starting on or after 1st January 2019. The Code sets out principles to which the Listing Rules require all listed companies to adhere, supported by more detailed provisions. This governance section describes the principal activities of the Board and its committees and how the Company has applied the principles contained within the Code. Our statement of compliance with section 172 of the Companies Act 2006 is set out on pages 14 to 15.

The Board recognises that a high standard of corporate governance is essential to support the growth of our business and to protect and enhance shareholder value. The Directors, whose names and details are set out on page 31, are collectively responsible to shareholders for the long-term success of the Company. The Board does this by supporting entrepreneurial leadership from the Company's executive team whilst ensuring effective controls are established that enable the proper assessment and management of risk. 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 day-to-day management and leadership of the Company is delivered by the Group Management Board, which comprises the Executive Directors and other key members of the Group's senior management team, including representatives of the regional businesses, details of whom are provided on page 31.

During 2021, we undertook a formal, internal evaluation of the Board's and its committees' effectiveness. The results of this exercise are summarised on page 40. I am pleased to report that I am satisfied that the Board and each of the Directors are operating effectively. Louise Dier, non-executive director having served her initial three year term has decided to retire from the Board on 30 April 2022. I am happy to recommend that all Directors standing for election should be elected or re-elected at the 2022 AGM.

As Chairman, I will continue to evolve our governance framework, being mindful of best practice and the latest developments surrounding corporate governance.

Iain McCusker
Chairman
8th March 2022

Statement of Compliance

Statement of Compliance
Throughout the year ended 31st December 2021, the Board considers that it has complied with the principles and provisions of the UK Corporate Governance Code 2018 ('the Code'), other than the tenure of the Chairman, which is explained below. The Code is issued by the Financial Reporting Council (FRC) and is publicly available on the FRC's website, www.frc.org.uk.

Structure of the Board
The Company is managed by the Board of Directors, which currently consists of four Non-Executive Directors (including the Chairman) and three Executive Directors. The Non-Executive Directors who served during the year ended 31st December 2021 were deemed to be independent, notwithstanding their shareholdings held during the year, which are not considered significant by the Board. At the time of his appointment as Chairman, Iain McCusker was considered to be independent, but is not considered to be independent by virtue of his appointment as Chairman.

All Directors are subject to annual re-election unless a Director has been newly appointed during the year, when they will seek election. At the forthcoming AGM on 11th May 2022, all Directors will be retiring and all except Louise Dier, are offering themselves for election or re-election.

All Executive Directors have signed service agreements which take into account best practice and contain a notice period of 12 months from either party. All Non-Executive Directors have letters of appointment specifying their roles, responsibilities and required time commitment to the Board.

The Board maintains procedures whereby potential conflicts of interests are reviewed regularly. The Board has considered the other significant commitments undertaken by the Directors, details of which are provided in their biographies on page 31, and considers that the Chairman and each of the Directors are able to devote sufficient time to fulfil the duties required of them under the terms of their service agreements or letters of appointment.

Iain McCusker was appointed Chairman in October 2015, although he has been a Non-Executive Director since 2009. The Board notes that the Code states that the Chair should not remain in the post beyond nine years from the date of first appointment to the Board, but provides that this period may be extended to facilitate effective succession planning and the development of a diverse Board, particularly in those cases where the Chair was an existing Non-Executive Director on appointment. Therefore, in order to provide continuity and stability given the relative short periods of office of the other Non-Executive Directors, Iain McCusker will stand for re-election at the 2022 AGM and his position as Chairman will be kept under review.

The Chairman is responsible for the leadership and management of the Board and its governance. By promoting a culture of openness and debate, he facilitates the effective contribution of all Directors and helps maintain constructive relations between Executive and Non-Executive Directors. The Chief Executive Officer is responsible for the executive leadership and day-to-day management of the Company, to ensure the delivery of the strategy agreed by the Board. Through his leadership of the Group Management Board, he demonstrates his commitment to health and safety, operational and financial performance.

The Senior Independent Director acts as a sounding board for the Chairman and serves as an intermediary for the other Directors, where necessary. The Senior Independent Director is also an additional point of contact for shareholders if they have reason for concern and where contact through the normal channel of the Chairman, Chief Executive or other Executive Directors has failed to resolve or for which such contact is inappropriate.

Independent of management, the Non-Executive Directors bring diverse skills and experience vital to constructive challenge and debate. The Non-Executive Directors provide the membership of the Audit, Remuneration and Nomination Committees.

Board Diversity
The Board recognises the benefits of Board diversity, including, but not limited to, the appropriate mix of skills, experience, gender, age, ethnicity, background and personality. The Board endorses a balance of diversity and experience to promote Board effectiveness, whilst taking into account the appropriate financial, managerial and industry skills which are relevant to the calibre of a Director of TClarke.

The Board stipulates that new appointments to the Board will be based on merit and suitability to the role, whilst also giving due consideration to diversity. Non-Executive Directors should have the ability to fulfil the requisite time commitment.

Statement of Compliance continued

Board Meetings
The composition of the Board is designed to ensure effective management, control and direction of the Group.

The Board is collectively responsible for the effective oversight of the Company, its businesses and its culture. It also determines the strategic direction and governance structure of the Company to enable it to achieve long-term success and deliver sustainable shareholder value, whilst taking account of the interests of all stakeholders. The Board takes the lead in safeguarding the reputation of the Company and ensuring that the Company maintains a sound system of internal control. The Board's full responsibilities are set out in the schedule of matters reserved for the Board.

Matters Reserved for the Board Include:

- Consideration and approval of the Group's strategy, budgets, structure and financing requirements.
- Consideration and approval of the Group's annual and half-yearly reports and financial statements.
- Consideration and approval of interim and final dividends.
- Consideration and approval of the Group's trading statements.
- Ensuring the maintenance of a sound system of internal controls and risk management.
- Conducting a robust assessment of the principal risks facing the Company and setting risk appetite.
- Changes to the structure, size and composition of the Board as recommended by the Nomination Committee.
- Establishing committees of the Board and determining their terms of reference.

The Board meets regularly to consider and decide on matters specifically reserved for its attention. Board papers are circulated sufficiently in advance of Board meetings to enable time for review. The attendance of individual Directors at formal monthly Board and sub-committee meetings is set out in the table below.

At each Board meeting the Board reviews management accounts in order to provide effective monitoring of financial performance. At the same time, the Board considers other significant strategic risk management, operational and compliance issues to ensure that the Group's assets are safeguarded and financial information and accounting records can be relied upon. The Board monitors monthly progress on contracts formally. Furthermore, the Company's risk appetite is discussed and considered when making key decisions.

Board Committees
The Board has delegated certain responsibilities to the Audit Committee, Remuneration Committee and Nomination Committee, which report directly to the Board. The terms of reference of each committee are available in the Investor section of the Company's website.

The Board also established an Administration Committee at its Board meeting in January 2019 to which it delegated items of a routine and administrative nature. The Committee meets as and when required and is constituted by any two or more Directors. It met 4 times during 2021 to deal with the exercise of options under the TClarke Savings Related Share Option Scheme.

Number of Meetings Attended by the Directors

	Board (Maximum 10)	Audit (Maximum 4)	Nomination (Maximum 2)	Remuneration (Maximum 4)
Iain McCusker	10	–	2	4
Mike Robson (retired 5th May 2021)	4	2	1	2
Peter Maskell	10	4	2	4
Louise Dier	10	4	2	4
Jonathan Hook (appointed 1st July 2021)	4	2	1	2
Mark Lawrence	10	–	–	–
Trevor Mitchell	10	–	–	–
Mike Crowder	10	–	–	–

All Directors attended their maximum possible number of meetings.

Group Management Board
The Group Management Board comprises the Executive Directors and other key members of the Group's senior management team, including representatives of the regional businesses. The role of the Group Management Board is to co-ordinate and direct the efforts of the three regional businesses and the individual offices below them to manage risk and deliver value for the Group as a whole across our target sectors in line with the Group's strategy. The Group Management Board considers Group initiatives on matters such as health and safety, procurement, employee engagement, and the development of new services and areas of expertise. The Group Management Board also reviews the operational effectiveness of the business units in matters such as tender submission and success rates, cash generation and maintenance, and health and safety performance. The Group Management Board is responsible for the implementation of the Group's ESG strategy.

Performance Evaluation
The effectiveness of the contribution and level of commitment of each Director to fulfil the role of a Director of the Company is the subject of continuing evaluation, having regard to the regularity with which the Board meets, the limited size of the Board and the reporting structures which are in place within the Company to monitor performance.

The Chairman primarily, but acting in conjunction with the Chief Executive Officer, undertakes the task of annual evaluation of performance and commitment of individual Board members by conducting individual interviews. The evaluation of the Board as a whole, and its committees, is also undertaken on an annual basis. New Directors receive a formal induction, overseen by the Chairman and Chief Executive Officer in conjunction with the Company Secretary. Training is available for all Directors as and when necessary. The Senior Independent Director, in conjunction with the other independent Non-Executive Directors, undertakes the annual appraisal of the Chairman.

During the year, the Board conducted its annual internal appraisal of its own performance, led by the Chairman in conjunction with the Nomination Committee, covering the composition, procedures and effectiveness of the Board and its committees. The Board members are of the opinion that the Board and its committees operate effectively. Performance is regularly monitored to ensure ongoing obligations are adequately met and the Board regularly considers methods for continuous improvements.

Company Secretary
All Directors have access to the advice and services of the Company Secretary, who is responsible for advising the Board on all governance matters and ensures that the Board receives appropriate and timely information, that Board procedures are followed and that statutory and regulatory requirements are met.

Relationship with Shareholders
The Company recognises the importance of dialogue with both institutional and private shareholders in order to understand their views on governance and performance against strategy.

Presentations are made to brokers, analysts and institutional investors at the time of the announcement of the year-end and half-year results, and there are regular meetings and presentations with analysts and investors throughout the year. The aim of the meetings is to explain the strategy and performance of the Group and to establish and maintain a dialogue so that the investor community can communicate its views to the executive management. All such meetings are reported at Board meetings. In addition, the Chairman is available to meet with major shareholders periodically to discuss Board governance and strategy.

The Board has always invited communication from shareholders and encouraged their participation at the Annual General Meeting. All Board members present at the Annual General Meeting are available to answer questions from shareholders, including the Chairs of the Audit, Remuneration and Nomination Committees, during the meeting and remain available after the meeting to talk informally with shareholders. Notice of the Annual General Meeting is given in accordance with best practice and the business of the meeting is conducted with separate resolutions, each being voted on initially by a show of hands, with the results of the proxy voting being provided at the meeting. Further shareholder information is available in the Investor section of the Company's website.

Internal Control
The Board is responsible for the Group's system of internal control and for reviewing its effectiveness. Such a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Risk management and internal control procedures are delegated to Executive Directors and Senior Management in the Group, operating within a clearly defined divisional structure. Each division assesses the level of authorisation appropriate to its decision-making process after the evaluation of potential benefits and risks. A three-year strategic plan is prepared for each division and updated annually, including the identification and consideration of significant risks to the division's strategic objectives. Progress against the strategy and the management of the risks identified is formally reviewed on a regular basis by the Group Management Board.

The Audit Committee reviews the Company's risk register and monitors risk management procedures as a regular agenda item and receives reports thereon from Group management. The Audit Committee Chairman provides a report on its findings to the Board. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

At its meeting on 23rd February 2022, the Board carried out the annual internal controls and risk management assessment

Statement of Compliance continued

by considering documentation from the Audit Committee. In accordance with the Code, the Board confirms that, for the year ended 31st December 2021, it has carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. The principal risks identified and the controls and mitigating actions in place are described on pages 26 to 29.

Further details concerning the Audit Committee's review of internal controls and risk management processes are included in the Audit Committee report on pages 37 to 39. Historically, the internal audit function has been covered through regular site visits conducted by Quality Assurance and Group finance personnel and the role was expanded in 2018 to include detailed reviews that the Committee felt appropriate. The Audit Committee reviewed the need for a separate internal audit function during 2021 and agreed that the current process worked well and should continue.

Share Capital Structures
The statements within the Directors' report on share capital structures are incorporated by reference into this statement of compliance.

Fair, Balanced and Understandable Assessment
In relation to compliance with the Code, the Board has given consideration as to whether or not the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy and concluded that this is the case. A statement to this effect is included in the Directors' Responsibilities Statement on page 60. The preparation of this document is co-ordinated by the Finance team and the Company Secretary with Group-wide input and support from other areas of the business. Comprehensive reviews have been undertaken at regular intervals throughout the process by Senior Management and other contributing personnel within the Group.

The Directors' responsibilities for preparing the financial statements and supporting assumptions that the Company is a going concern are set out on page 57.

Long-term Viability Statement ('LTVS')
In relation to compliance with the Code, the Board has assessed the prospects of the Group, taking into account the Group's current position and principal risks. The LTVS and supporting assumptions are set out on page 30.

Trevor Mitchell
Company Secretary
8th March 2022

Audit Committee Report

Dear Shareholder
As Chairman of the Audit Committee, I am pleased to present the report of the Audit Committee for the year ended 31st December 2021.

The Audit Committee continues to support the Board by providing detailed scrutiny of the integrity and relevance of the Group's financial reporting, monitoring the appropriateness of the Group's internal control and risk management systems and overseeing the external audit process.

The Audit Committee has continued to follow a programme of meetings which are timed to coincide with key events in the financial calendar. As a Committee, we are committed to discharging our responsibilities effectively and constructively challenge the information we receive. Over the past year, the regular reports the Audit Committee has received from management and the external auditors have been timely and well presented, which has enabled the Committee to discharge its responsibilities effectively. Where necessary, we request additional detailed information so that we may better assess certain issues, and the risks and opportunities presented.

I would like to pay tribute to the late Mike Robson for his significant contribution to the Committee. Mike was chair from November 2015 until his retirement from the Board in May 2021.

Further information concerning the activities of the Audit Committee during the year are set out on the following pages.

Louise Dier
Chair of the Audit Committee
8th March 2022

Matters Considered by the Audit Committee
The Audit Committee met on four occasions during the year ended 31st December 2021. The principal matters discussed at the meetings are set out below.

Principal Matters Considered

July 2021
- Review of the half year results.

September 2021
- Audit plan presented by the external auditors.
- Governance and independence of the external auditors.
- Consideration of the need for a separate internal audit function.
- Review of policy on non-audit services.
- Review of risk register and mitigating actions.
- Consideration of the internal audit work undertaken by the Quality Assurance team.
- Annual assessment of internal controls and risk management.
- Review of Committee's effectiveness.
- Review of risk register and mitigating actions.

February 2022
- Draft Annual Report and Financial Statements for the year ended 31st December 2021, including significant judgements and disclosures therein.
- Finance Director's report on going concern and viability statement.
- Finance Director's report on goodwill impairment.
- Interim report of external auditors detailing their assessment on key risk audit areas.
- Review of risk register and mitigating actions.

March 2022
- Draft Annual Report and Financial Statements for the year ended 31st December 2021, including significant judgements and disclosures therein.
- Audit representation letter.
- Report of external auditors on their audit of the 2021 Annual report and Financial Statements.
- Consideration of the reappointment of external auditors.
- Independence of external auditors.

Audit Committee Report continued

Significant Judgements, Key Assumptions and Estimates
The Audit Committee pays particular attention to matters it considers to be important by virtue of their impact on the Group's results and remuneration of Senior Management, or the level of complexity, judgement or estimation involved in their application on the consolidated financial statements. The main areas of focus during the year are set out below:

Matters Considered and Actions

Matter Considered: Contract Profit and Revenue Recognition	**Action:** The recognition of revenue and profit on construction contracts involves significant judgement due to the inherent difficulty in forecasting the final costs to be incurred on contracts in progress and the process whereby applications are made during the course of the contract with variations, which can be substantial, often being agreed as part of the final account negotiation.	The Committee considered the consistency and appropriateness of the Group's policies and the effect of IFRS 15 in respect of profit and revenue. Their specific application to a number of large contracts was considered, including key judgements made by management and the external audit thereof. The Committee concurred with management's assessment of the contracts and the revenue recognised.
Matter Considered: Pension Scheme Accounting	**Action:** The Group's defined benefit pension scheme is valued annually by external advisers in accordance with IFRSs. The valuation is subject to significant fluctuations based on actuarial assumptions, including: • discount rates; • mortality assumptions; • inflation; • salary increases; • expected return on plan assets.	The Committee reviewed the basis of the valuation, including the assumptions used, and considered the sensitivity of the pension scheme valuation to changes in those key assumptions. Further details of the valuation, including the key assumptions used, are disclosed in note 22 to the financial statements on pages 96 to 101.
Matter Considered: Carrying Value of Intangible Assets and Investments	**Action:** Intangible assets comprise a significant element of the Group's net assets. As required by IFRSs, the Company conducts an impairment review of these assets every year. The Committee considered the papers presented by the Group Finance Director supporting management's assertion that goodwill is not impaired. Other intangible assets comprise customer relationships on acquisition and are amortised. This assertion was supported by detailed cash flow and profit projections covering a three-year period, including sensitivity analysis and an analysis of secured workload. It also considered the independent auditors' comments on the key assumptions and detailed forecasts made. The issue of impairment involves making significant judgements about individual cash-generating units and the risks they face.	The Committee agreed with management's recommendation that no impairment charge should be made. Further details concerning the make-up of intangible assets, the assumptions used and the sensitivity of the carrying value of intangible assets can be found in note 11 to the financial statements on pages 85 to 86. Aligned to the review of the carrying value of intangible assets, the Committee also considered the carrying value of the subsidiaries in the Parent Company's financial statements.
Matter Considered: Going Concern	Action: The Group conducts a review to ensure it has sufficient working capital to support its 3 year business plan. The review considers impact on working capital requirements of various sensitivities to ensure that plans are sufficiently robust to cater for reasonable worst case scenarios whilst still meeting all bank covenants. The Committee considered the papers presented by the Group Finance Director supporting management's assertion that the Group remains a going concern and has sufficient working capital to support its business plans.	The Committee agreed with management's recommendation that the Group is a going concern. On all scenarios modelled the Group was able to meet all banking covenants with significant headroom. Further details can be found in the long term viability statement on page 30.

Membership of the Audit Committee
The members of the Committee during the year were Mike Robson (Chair to 5 May 2021), Louise Dier (Chair from 5th May 2021), Peter Maskell and Jonathan Hook (from 1st July 2021). Biographies of the current members of the Audit Committee are included on page 31.

Governance
The Committee members are all independent Non-Executive Directors. The Board is satisfied that Louise Dier has the necessary skills and experience to chair the Audit Committee and the Committee as a whole has the requisite recent and relevant financial experience to the construction industry. The Committee routinely meets four times a year, and additionally as required, to review or discuss other significant matters.

The Group Finance Director and the Group Chief Executive Officer attend the meetings; the external auditors also attend parts of the meetings.

The terms of reference of the Committee are available on the Company's website under the Investor section – Governance.

Internal Controls
The Audit Committee receives regular updates on internal controls and has concluded that our controls are adequate and appropriate to our business. Following an independent review of the controls over expenses a number of changes and improvements have been made to the expenses policy and processes.

Internal Audit
The internal audit function is covered through regular site visits conducted by Quality Assurance and Group finance personnel and the remit of the Quality Assurance department was expanded in 2018 to include detailed reviews that the Committee felt appropriate. The Audit Committee reviewed the need for a separate internal audit function during the year and agreed that the current practice worked well and was appropriate to our business.

Risk Management
Assisted by Executive Directors, the Audit Committee has focused on maintaining and improving the procedures to identify, manage and mitigate the risks facing the business and to drill down on selected risks on a rolling basis through the year.

External Audit
The Audit Committee is responsible for overseeing relations with the external auditors, including the approval of fees, and makes recommendations to the Board on their appointment and reappointment. Details of the auditors' remuneration can be found in note 6 to the financial statements on page 81.

The Committee accepts in principle that certain work of a non-audit nature is most efficiently undertaken by the external auditors. The policy on non-audit services provided by PricewaterhouseCoopers LLP ('PwC') is that the Chairman of the Audit Committee reviews and, if appropriate, approves all non-audit services and fees, and any such approval is put to the Audit Committee for review and ratification at the next Committee meeting. Apart from a nominal fee for access to online technical resources, no non-audit services were provided during the year (2020: £nil).

The Company complies with the Competition and Markets Authority's requirements around independence. The independence of the external auditors is essential to the provision of an objective opinion on the true and fair presentation in the financial statements. Auditor independence and objectivity is safeguarded by limiting the nature and value of non-audit services performed by the external auditors and ensuring the rotation of the lead engagement partner at least every five years. The current lead engagement partner has held the position for one year.

The Audit Committee reviews the effectiveness of the audit process through quality service reviews with the external auditors post-audit. At the end of the review process, the Audit Committee decides whether, given the results of the review, to recommend to shareholders that the auditors be reappointed.

Louise Dier
Chair of the Audit Committee
8th March 2022

The Roles and Responsibilities of the Audit Committee Include:

- Monitoring the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance, reviewing significant financial reporting issues and judgements contained therein.
- Reviewing the Company's internal controls and risk management systems and reviewing the need for an internal audit function on an annual basis.
- Making recommendations to the Board, to be put to shareholders, in relation to the appointment of external auditors and their remuneration and terms of engagement.
- Reviewing and approving the audit plan and ensuring it is consistent with the scope of audit engagement.
- Reviewing the independence of the external auditors and reviewing the effectiveness of the audit process.
- Reviewing the extent of non-audit services provided by the external auditors.
- Reviewing the Company's whistleblowing and anti-bribery procedures.

Nomination Committee Report

Dear Shareholder
As Chairman of the Nomination Committee, I am pleased to present the report of the Nomination Committee for the year ended 31st December 2021.

During the year, the Nomination Committee comprised Iain McCusker (Chair), Peter Maskell, Mike Robson (Until 5th May 2021) Louise Dier and Jonathan Hook (from 1st July 2021). Biographies of the current members of the Nomination Committee are included on page 31.

The Nomination Committee met twice during the year to review the structure, size and composition of the Board and its Committees, undertake a Board evaluation process and to consider the formal succession plan for Directors and senior management. The Nomination Committee also recommended to the Board that Jonathan Hook be appointed a Non-Executive Director.

The Committee gives due consideration to diversification in the make-up of the Board but, due to the size of the Company, the most important consideration is to achieve an appropriate mix of skills, knowledge and experience, taking into account the Company's Board Diversity policy. Before any appointment is made by the Board, the Nomination Committee evaluates the balance of skills, experience, independence and knowledge on the Board and, in the light of this evaluation, prepares a description of the role and capabilities required for a particular appointment.

The Committee's succession planning not only takes into consideration the Company's long-term and medium-term needs and natural evolution to the Board, but also short-term needs such as unforeseen departures and contingency for unexpected Board changes. The Committee also formulated succession plans for the Group Management Board taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future.

The performance of individual Directors, the Board, its committees and the Chairman is reviewed annually. In 2021, in order to evaluate the performance of the Board, each member of the Board was asked to complete a detailed questionnaire. The responses to the questionnaire were summarised and were reviewed and discussed by the Nomination Committee and subsequently shared with and discussed by the Board. Topics covered in the review included strategy, risk management and the conduct and effectiveness of Board meetings. Whilst acknowledging that there are always opportunities for development and improvement, the Directors have concluded that the Board had effectively discharged its duties during the year.

As part of the evaluation process, as Chairman of the Nomination Committee and acting in conjunction with the Chief Executive Officer, I undertook the task of annual evaluation of performance and commitment of individual Board members by conducting individual interviews. The review of my own performance and commitment was undertaken by the Senior Independent Director.

Based upon the evaluation of the Board, its committees and the continued effective performance of individual Directors, the Committee recommended to the Board that those directors wishing to be considered stand for re-election at the Company's AGM in 2022.

Iain McCusker
Chair of the Nomination Committee
8th March 2022

The Roles and Responsibilities of the Nomination Committee Include:

- Regularly reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and making recommendations to the Board with regard to any changes.
- Evaluating the balance of skills, experience, independence and knowledge on the Board and preparing or approving a description of the role and capabilities required for a particular appointment.
- Responsibility for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise.
- Satisfying itself with regard to succession planning for Directors and senior management, taking into account the challenges and opportunities facing the Company and the skills and expertise needed on the Board in the future.
- Making recommendations to the Board concerning membership of the Audit and Remuneration Committees.
- Reviewing annually the time required from Non-Executive Directors.

Remuneration Committee Report

Dear Shareholder
I am pleased to present the remuneration report for the year to 31st December 2021. This report aims to set out how the Group pays our Directors, decisions made on their pay and how much they have received in the last financial year.

The report is split into two sections:

- A summary of the Directors' Remuneration Policy, which was approved at the AGM 24 June 2020 and which is reproduced this year for information purposes only, as it is unchanged.
- The Annual Report on Remuneration, which includes this letter and will be subject to an advisory shareholder vote at our AGM on 11 May 2022.

Performance and Reward for 2021
2021 marked the start of our 3 year growth plan to achieve £500m annual turnover. The first year of this plan has been successfully delivered; 2021 revenue has been restored to £327m, our order book is at record levels with £379m already secured for 2022. There is a well founded confidence of achieving our growth ambitions.

	2021	2020
Revenue	**£327.1m**	£231.9m
Underlying operating profit	**£8.8m**	£6.0m
Underlying EPS	**14.99p**	10.29p
Dividend per share	**4.85p**	4.4p

The Executive Directors' targets were set by the Remuneration Committee at the start of 2021. Financial performance of TClarke combined with and the performance of the Executive Directors in executing against the strategic annual bonus objectives set for them resulted in a bonus of 91% of salary being payable to each of the Executive Directors.

LTIP awards granted in 2019, which vest on three year performance to 31 December 2021, will vest in full. On this basis earnings per share growth over the three-year period to 31st December 2021 was 14%. This was above the stretch vesting condition of EPS growth rate exceeding RPI by more than 10% for the LTIP award granted in 2019 and, as a result, the award will vest in full on 24th April 2022.

Further information on the actual targets set, and performance against them, is provided on page 50.

Remuneration Policy
The Committee expects the 2020 remuneration policy to remain effective until the 2023 AGM. Our remuneration policy is designed to be sustainable and simple, and to encourage the effective stewardship that is vital to delivering our strategy of creating long-term value for all stakeholders. It promotes long term sustainable performance through significant deferral of remuneration through shares. Executive Directors are expected to build and maintain substantial personal shareholdings in the business. Our policy ensures that performance-related components will form a significant proportion of the overall remuneration package, with maximum rewards earned only through the achievement of challenging performance targets based on measures aligned with our long-term strategy.

Implementation of the Remuneration Policy for 2022

The key highlights of how we intend to apply it for 2022 are:

- Fixed Pay – the percent increase in Executive Directors base salaries on 1 January 2021 is in line with the wider workforce.
- Variable pay – annual bonus maximum will be 150% of salary and a normal LTIP award of 50% of salary will be made in March 2022. An additional LTIP award of 50% of salary will also be made as an incentive to support the growth plan; the achievement of which would substantially increase total shareholder returns (TSR).
- Performance measures – will continue to be focused on simple and transparent measures. For the annual bonus, underlying profit before tax and interest will apply for two-thirds of the opportunity and key strategic objectives aligned with the Group's Median term plan to deliver £500m revenue in a sustainable manner will apply for the remaining one-third of bonus. For the LTIP, 50% will be based on stretching earnings per share and 50% based on stretching TSR targets.
- Employee share schemes: Long-Term Incentive Plan, Save As You Earn Share Option Scheme – Shareholders approved the employee share scheme on 5 May 2021 for a 10 year period.

Alignment with Shareholders
We are mindful of our shareholders' interests and are keen to ensure a demonstrable link between reward and value creation. We are proud of the support we have received in the past from our shareholders, with over 97% approval of the Directors' remuneration report received last year at the 2021 AGM. We hope that we will continue to receive your support at the forthcoming AGM in 2022.

Peter Maskell
Chair of Remuneration Committee
8th March 2022

The Role and Responsibilities of the Remuneration Committee Include

- Determining the service contracts and base salary levels for the Executive Directors and other senior management.
- Setting remuneration policy for all Executive Directors and the Company's Chairman, taking into account relevant legal and regulatory requirements, the provision of the code and associated guidance.
- Approving the design of, and determining targets for, any performance-related pay schemes operated by the Company and approving the total annual payments made under such schemes.
- Determining the policy for, and scope of, pension arrangements for each Executive Director and other designated senior executives.
- Reviewing the design of all share incentive plans for approval by the Board and shareholders.
- Agreeing the policy for authorising claims for expenses from the Directors.

Directors' Remuneration Policy

This part of the Directors' remuneration report summarises the Directors' Remuneration Policy for the Company which was approved by the shareholders at the 2020 AGM.The policy came into effect on the 24th June 2020 and is next due to be put to the shareholders for approval at the 2023 AGM.

Policy Overview

The primary objective of the remuneration policy is to promote the long-term success of the Company. In working towards the fulfilment of this objective, the Committee takes into account a number of factors when formulating the remuneration policy for the Executive Directors, including the following:

- the need to provide a remuneration structure that is sufficiently competitive to attract, retain and motivate Executive Directors of an appropriate calibre to deliver long-term, sustainable growth of the business;
- the alignment of interests between executives and shareholders through share ownership and appropriate recovery and withholding provisions;
- internal levels of pay and employment conditions across the Group as a whole;
- the principles and recommendations set out in the UK Corporate Governance Code and the views of institutional shareholders and their representative bodies; and
- periodic external comparisons of market trends and practices in similar companies taking into account their size (and in particular their FTSE ranking) and complexity.

Our remuneration structure is intended to be simple and transparent, and to contribute to the building of a sustainable performance culture. Our policy ensures that performance-related components will form a significant proportion of the overall remuneration package, with maximum total potential rewards earned only through the achievement of challenging performance targets based on measures selected to promote the long-term success of the Company.

The main elements of the remuneration package for Executive Directors are a base salary, benefits and pension provision, as well as an annual bonus plan and shares awarded under a long-term incentive plan ('LTIP'), both of which are subject to stretching performance conditions. The Committee has determined that this structure will provide an appropriate balance between fixed and performance-related pay elements. The Committee will continue to review the remuneration policy to ensure it takes due account of remuneration best practice and that it remains aligned with shareholders' interests.

How the Executive Directors' Remuneration Policy Relates to the Wider Workforce

The Committee does not directly consult with employees regarding the remuneration of Directors. However, the pay and conditions elsewhere in the Company are considered when designing the policy for Executive Directors and continue to be considered in relation to implementation of the policy. The Committee regularly monitors pay trends across the workforce and salary increases will ordinarily be (in percentage of salary terms) in line with those of the wider workforce. Reflecting the UK Corporate Governance Code and investor guidelines, new external Executive Director appointees will also have company pension contributions set in line with the level offered to the majority of the salaried workforce (in percentage of salary terms).

The remuneration policy described here provides an overview of the structure that operates for the most senior executives in the Company. Employees below executive level have a lower proportion of their total remuneration made up of incentive-based remuneration, with pay driven by market comparators and the impact of the role in question. Long-term incentives are reserved for those judged as having the greatest potential to influence the Group's strategic direction, earnings growth and share price performance.

How Shareholders' Views are Taken into Account

The Committee seeks to engage with its major shareholders when any significant changes to the remuneration policy are proposed. The Committee also considers shareholder feedback received in relation to the Directors' remuneration report and at the AGM each year, and this, plus any additional feedback received from time to time, is considered as part of the Committee's annual review of remuneration policy. The Committee also closely monitors developments in institutional investors' best practice expectations.

Summary Director Policy Table

The table below summarises the remuneration policy for Directors.

Element of Remuneration: Salary

Purpose and Link to Strategy

- To provide competitive fixed remuneration to attract and retain Executive Directors of superior calibre in order to deliver growth for the business

Operation

- Normally reviewed annually with changes typically effective 1st January
- Paid in cash on a monthly basis
- Comparison against companies with similar characteristics are taken into account as part of the review
- Internal reference points, the responsibilities of the individual role, progression within the role and individual performance are also taken into account

Maximum Opportunity

- There is no prescribed maximum annual basic salary or salary increase. Details of the current salary levels are set out in the Annual Report on Remuneration on page 47
- Any salary increase (in percentage of salary terms) will ordinarily be up to the general increase for the broader employee population; however, a higher increase may be awarded to recognise, for example, an increase in the scale, scope or responsibility of the role and/or to take account of relevant market movements
- Where an Executive Director's salary is set below market levels at appointment, a series of increases may be given (in addition to the factors listed above) in order to achieve the desired salary positioning, subject to satisfactory individual performance

Performance Targets

- None, although the overall performance of the individual and the wider business context is considered as part of the salary review process

Element of Remuneration: Benefits

Purpose and Link to Strategy

- To support recruitment and retention
- To provide a market consistent benefits package

Operation

- Benefits may include a combination of car or car allowance, private medical insurance and life assurance
- Executive Directors will be eligible for any other benefits which are introduced for the wider workforce on broadly similar terms
- Travel allowances or time-limited relocation benefits may be offered if considered appropriate and reasonable by the Committee
- Any reasonable business-related expenses (including tax thereon) can be reimbursed if determined to be a taxable benefit
- Executive Directors are also eligible to participate in any all-employee share plans operated by the Company, in line with prevailing HMRC guidelines (where relevant), on the same basis as for other eligible employees

Maximum Opportunity

- There is no maximum limit but the Committee reviews the cost of the benefits provision on a regular basis to ensure that it remains appropriate
- Participation in the all-employee share plans is subject to the limits set out by HMRC

Performance Targets

- Not applicable

Directors' Remuneration Policy continued

Element of Remuneration: Pension

Purpose and Link to Strategy
- Provide competitive retirement benefits

Operation
- Defined benefit or defined contribution scheme (or cash alternative)
- Where the promised levels of benefits cannot be provided through an appropriate pension scheme, the Group may provide benefits through the provision of salary supplements

Maximum Opportunity
- For Executive Directors appointed externally from 1 January 2020, defined contribution pension contributions (or cash equivalents in lieu) will be aligned with the wider salaried staff
- Current employees, including Executive Directors, who are existing members of the Company's defined benefit scheme may be entitled to continue to accrue benefits under these arrangements rather than participating in the defined contribution (or cash equivalent) arrangements. The maximum pension on retirement at age 65 is 1/60th of final pensionable salary for service before March 2010, and 1/80th of revalued pensionable salary for service thereafter and these rates are consistent for all participants. A salary supplement may be provided in order to compensate the individual up to the value of benefits lost as a results of HMRC limits or if the individual opts-out of the plan

Performance Targets
- Not applicable

Element of Remuneration: Bonus

Purpose and Link to Strategy
- Incentivise annual achievement of performance targets relating to the Company's KPIs
- Maximum bonus only payable for achieving demanding targets

Operation
- Normally payable in cash
- Levels of award are determined by the Committee after the year end based on performance against the targets set at the start of the year
- All bonus payments are at the ultimate discretion of the Committee and the Committee retains an overriding discretion (within the limits of the scheme) to ensure that overall bonus payments reflect its view of corporate performance during the year
- Payments in relation to the annual bonus are subject to withholding and recovery provisions

Maximum Opportunity
- Maximum of 150% of salary per annum
- Target performance would normally result in 60% of maximum becoming payable

Performance Targets
- Group financial measures (e.g. profit-related measures) will apply for the majority of the bonus
- If used, personal or strategic objectives will be applied for the minority of the bonus
- Measures and objectives will be determined over a one-year performance period

Element of Remuneration: Long-Term Incentive Plan

Purpose and Link to Strategy
- Aligned to delivery of strategy and long-term value creation
- Align Executive Directors' interests with those of shareholders
- To promote retention

Operation
- LTIP awards take the form of conditional rights or nil, nominal cost or market value options and are normally granted annually
- Awards vest after three years' subject to the achievement of pre-set performance criteria and continued employment. Awards made from 2020 onwards are subject to a mandatory two-year holding period following the end of the vesting period, other than those sold to cover tax and NI liabilities and dealing costs
- The Committee reviews the quantum of awards annually and monitors the continuing suitability of the performance measures
- The Committee may determine at grant that an amount (in cash or shares) equivalent to the dividends paid or payable on vested shares up to the release date may become payable; any amount payable may assume the reinvestment of dividends over the period
- Awards under the LTIP are subject to withholding and recovery provisions, further details of which are included as a note to the policy table

Maximum Opportunity
- Annual awards of no more than 100% of salary (with this level generally reserved for exceptional circumstances).

Performance Targets
- Performance is measured over three years
- Awards currently vest based on performance against stretching earnings per share ('EPS') targets set and assessed by the Committee. However, different financial, strategic or share price-based measures may be set for future award cycles as appropriate to reflect the strategic priorities of the business at that time
- Notwithstanding the performance outcome, the Remuneration Committee retains the discretion to adjust the vesting outcome upwards or downwards (within the scheme limits) to reflect the underlying performance of the Company over the three-year period
- A maximum of 25% vests at threshold, increasing to 100% vesting at maximum on a straight-line basis

Element of Remuneration: Share Ownership Guidelines

Purpose and Link to Strategy
- To increase alignment between Executives and shareholders

Operation
- Executive Directors are required to build and maintain a shareholding of 100,000 shares through the retention of vested share awards or through open market purchases
- Wholly owned shares and vested LTIP shares in the mandatory holding period (net of tax) will count towards the guideline

Maximum Opportunity
- Not applicable

Performance Targets
- Not applicable

Directors' Remuneration Policy continued

Element of Remuneration: Post-employment Share Ownership Guidelines

Purpose and Link to Strategy
- To provide further long-term alignment between Executives and shareholders
- To ensure a focus on successful succession planning

Operation
- Executive Directors will normally be expected to maintain a holding of TClarke shares for two years after their employment as a Director has ceased
- The post-employment guideline will be equal to the lower of: the actual shareholding at the time of ceasing to be a Director and 100,000 shares
- The guideline will apply only to shares acquired from LTIP awards made from 2020 onwards; open market purchases are excluded from the post-employment guidelines
- The specific application of the shareholding guideline will be at the Committee's discretion

Maximum Opportunity
- Not applicable

Performance Targets
- Not applicable

Element of Remuneration: Non-Executive Director

Purpose and Link to Strategy
- To provide competitive fees to attract and retain high-calibre Non-Executive Directors
- To reflect the time commitment and responsibilities of the role

Operation
- The Chairman's fee is set by the Board on the recommendation of the Remuneration Committee. The Non-Executive Directors' fees are set by the Board on the recommendation of the Executive Directors. No Director takes part in discussions relating to their own remuneration
- Non-Executives may be paid additional fees for chairing one of the major Board committees or for holding the Senior Independent Director position
- The fees are set taking into account the time commitment and responsibilities of the role
- In exceptional circumstances, if there is a temporary yet material increase in the time commitments for Non-Executive Directors, the Board may pay extra fees to recognise the additional workload
- Fees are normally paid monthly in cash and are normally reviewed annually
- Directors can be reimbursed for any reasonable business-related expenses (including the tax thereon if determined to be a taxable benefit)

Maximum Opportunity
- There is no prescribed maximum fee or fee increase
- Any increase will be guided by changes in market rates, time commitments and responsibility levels as well as by increases for the broader employee population

Performance Targets
- Not applicable

Notes:

1 The choice of the performance metrics applicable to the 2021 annual bonus scheme reflects the Committee's belief that any incentive compensation should be appropriately challenging and tied to both the delivery of targets relating to a key financial measure, profit, and which support the Company's strategic objectives through individual and/or strategic performance measures intended to ensure that Executive Directors are incentivised to deliver across a range of objectives for which they are accountable. The Committee has retained some flexibility on the specific measures which will be used over the life of the policy to ensure that any measures are fully aligned with the strategic imperatives prevailing at the time they are set. Targets are generally set with reference to the Group's budget, with target performance typically requiring meaningful improvement on the previous year's outturn.

2 The performance condition applicable to the 2021 LTIP awards is earnings per share growth (EPS). EPS was selected by the Remuneration Committee on the basis that it is aligned with the delivery of long-term returns to shareholders and it is the Group's key financial metrics. The Committee has retained flexibility on the measures which will be used for future award cycles to ensure that the measures are fully aligned with the strategy prevailing at the time the awards are granted. LTIP targets are intended to be stretching but achievable taking into account the Group's long-term strategic plan, as well as a range of relevant internal and external reference points.

3 The Committee operates the annual bonus, LTIP and all employee share plans in accordance with the relevant plan rules and, where appropriate, the Listing Rules and HMRC legislation. The Committee, consistent with market practice, retains discretion over a number of areas relating to the operation and administration of the plans. These include, for example, the timing of awards and setting performance criteria each year, dealing with leavers, discretion to retrospectively amend performance targets in exceptional circumstances (providing the new targets are no less challenging than originally envisaged) and in respect of share awards, to adjust the number of shares subject to an award in the event of a variation in the share capital of the Company.

4 For the avoidance of doubt, in approving this Directors' Remuneration Policy, authority is given to the Company to honour any commitments entered into with current or former Directors (such as the exercise of past share awards). Details of any payments to former Directors will be set out in the Annual Report on Remuneration as they arise. Notwithstanding the above, pension arrangements for new appointees after 1 January 2020 will be consistent with the wider workforce.

5 Consistent with HMRC legislation and market practice, the HMRC all-employee share plans do not have performance conditions.

6 The annual bonus and LTIP include withholding and recovery provisions which may be applied in certain circumstances, including following a material misstatement of the Company's financial accounts, gross misconduct on the part of the award-holder or an error in calculating the award outcome. The 2020 annual bonus and awards made under the LTIP from 2020 onwards will be subject to an expanded list of triggers. In respect of the annual bonus, the provisions apply for up to two years following payment, whilst LTIP awards remain subject to the provisions throughout the vesting and holding period (where applicable). Participants in both schemes are now required to acknowledge their understanding of the withholding and recovery provisions to help ensure that the provisions would be enforceable the circumstances arise.

Pay for Performance Scenarios

The charts below provide an illustration of the potential future reward opportunities for the Executive Directors, and the potential split between the different elements of remuneration under four different performance scenarios: 'Minimum', 'Target', 'Maximum' and 'Maximum including the impact of a 50% share price appreciation on LTIP awards'.

Potential reward opportunities are based on TClarke's remuneration policy, applied to the base salaries effective 1 January 2022. The annual bonus and LTIP are based on the maximum opportunities set out under the remuneration policy for normal circumstances; being 150% of salary and 100% of salary respectively. Note that the LTIP awards granted in a year do not normally vest until the third anniversary of the date of grant, and the projected value is based on the face value at award rather than vesting (i.e. the scenarios exclude the impact of any share price movement over the period).

Mark Lawrence

	fixed pay	Annual Bonus	long-term incentives	2022 Total
Minimum	100%			£468,910
Target	48%	41%	11%	£974,910
Maximum	30%	42%	28%	£1,568,910

Mike Crowder

	fixed pay	Annual Bonus	long-term incentives	2022 Total
Minimum	100%			£408,303
Target	49%	40%	11%	£839,553
Maximum	30%	42%	28%	£1,345,803

Trevor Mitchell

	fixed pay	Annual Bonus	long-term incentives	2022 Total
Minimum	100%			£351,218
Target	48%	41%	11%	£730,718
Maximum	30%	42%	28%	£1,176,218

The 'minimum' scenario reflects base salary, pension and benefits (i.e. fixed remuneration) which are the main elements of the Executive Director remuneration packages not linked to performance.

The 'target' scenario reflects fixed remuneration as above, plus a bonus payout of 60% of maximum and LTIP threshold vesting at 25% of maximum award.

The 'maximum' scenario includes fixed remuneration and full payout of all incentives (150% of salary under the annual bonus and 100% of salary under the LTIP) but no movement in share price over the three-year period. Under the 'maximum' scenario, if TClarke share price increased by 50% over the three-year performance period (in effect valuing this element of pay at 150% of salary) the indicative total remuneration value would be £1,788,910 for the Group Chief Executive, £1,533,303 for the Group Managing Director and £1,341,218 for the Group Finance Director.

Approach to Recruitment and Promotions

The remuneration package for a new Executive Director would be set in accordance with the terms of the prevailing approved remuneration policy at the time of appointment and take into account the skills and experience of the individual, the market rate for a candidate of that experience and the importance of securing the relevant individual.

Salary would be provided at such a level as required to attract the most appropriate candidate and may be set initially at a below mid-market level on the basis that it may progress towards the mid-market level over a period of two to three years once expertise and performance has been proven and sustained.

New appointees would receive company pension contributions or an equivalent cash supplement aligned to that offered to the wider salaried workforce at the time of appointment, and would be eligible to receive benefits of the same type and at similar levels as other Executive Directors. If the new appointee were promoted from within the business and was already a member of the defined benefit scheme, they would remain eligible for benefits from it in the same way as other members of the workforce who are members.

The maximum level of variable pay which may be awarded to new Executive Directors will be in line with the policy set above. In addition to this, the Committee may make buyout awards in the form of additional cash and/or share-based elements to replace remuneration forfeited by an executive as a result of leaving his or her previous employer. It will, where possible, ensure that these awards are consistent with awards forfeited in terms of vesting periods, expected value and performance tests.

The Committee may apply different performance measures, performance periods and/or vesting periods for initial awards made following appointment under the annual bonus and/or long-term incentive arrangements, subject to the rules of the scheme, if it determines that the circumstances of the recruitment merit such alteration. LTIP awards can be made shortly following an appointment (assuming the Company is not in a close period), whilst the maximum annual bonus in the year of appointment would generally be pro-rated to reflect the period of service during the year.

Directors' Remuneration Policy continued

For an internal Executive Director appointment, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its original terms.

For external and internal appointments, the Committee may agree that the Company will meet certain relocation and/or incidental expenses as appropriate.

The fee structure for Non-Executive Director appointments will be based on the Non-Executive Director fee policy as set out in the policy table.

Service Contracts and Approach to Leavers
The Company's policy is for Executive Directors to have service contracts which may be terminated with no more than 12 months' notice from either party. The Executive Directors' service contracts are available for inspection by shareholders at the Company's registered office.

No Executive Director has the benefit of provisions in their service contract for the payment of pre-determined compensation in the event of termination of employment. It is the Committee's policy that the service contracts of Executive Directors will provide for termination of employment by giving notice or by making a payment of an amount equal to basic salary in lieu of the notice period. It is the Committee's policy that no Executive Director should be entitled to a notice period or payment on termination of employment in excess of the levels set out in his or her service contract. Incidental expenses may also be payable, if appropriate.

Annual bonus may be payable with respect to the period of the financial year served, although it will be pro-rated for time and paid at the normal payout date. Any share-based entitlements granted to an Executive Director under the Company's share plans will be determined based on the relevant plan rules. In certain circumstances, such as death, ill health, disability, retirement or other circumstances at the discretion of the Committee, 'good leaver' status may be applied. For good leavers, awards will normally vest at the normal vesting date, subject to the satisfaction of the relevant performance conditions at that time and reduced pro-rata to reflect the proportion of the vesting period actually served. Awards subject to a holding period will normally be released following completion of the holding period. Under the plan rules, the Remuneration Committee has overarching discretion to determine that awards vest at cessation of employment and/or to disapply the time pro-rating requirement if it considers it appropriate to do so.

In relation to a termination of employment, the Committee may make payments in relation to any statutory entitlements or payments to settle compromise claims as necessary. The Committee also retains the discretion to reimburse reasonable legal expenses incurred in relation to a termination of employment and to meet any transitional costs if deemed necessary. Payment may also be made in respect of accrued benefits, including untaken holiday entitlement.

There is no provision for additional compensation on a change of control. In the event of a change of control, the LTIP awards will normally vest on (or shortly before) the change of control and the Committee shall determine the extent to which outstanding awards shall vest. Awards may alternatively be exchanged for new equivalent awards in the acquirer where appropriate. Outstanding awards under any/all employee share plans will vest in accordance with the relevant scheme rules. Bonuses may become payable, subject to performance and, unless the Committee determines otherwise.

External Appointments
The Board allows Executive Directors to accept external Non-Executive Director positions provided the appointment is compatible with their duties as Executive Directors. The Executive Directors may retain fees paid for these services. Any appointment will be subject to approval by the Board.

Non-Executive Directors
The Chairman and Non-Executive Directors' terms are set out in letters of appointment. The letters of appointment of the Non-Executive Directors are available for inspection at the Company's registered office during normal business hours.

Annual Report on Remuneration

Single Total Figure Remuneration (Audited)
The table below reports the total remuneration receivable in respect of qualifying services by each Director during the year:

Year ended 31st December 2021

	Total salary and fees £	Taxable benefits £	Annual bonus £	Long-term incentives £	Total £
Executive:					
Mark Lawrence	**418,500**	**26,410**	**380,835**	**190,675**	**1,016,420**
Mike Crowder	**357,000**	**30,803**	**324,870**	**162,685**	**875,358**
Trevor Mitchell	**311,375**	**20,718**	**283,351**	**141,848**	**757,292**
Non-Executive:					
Iain McCusker	**97,000**	**–**	**–**	**–**	**97,000**
Mike Robson	**23,417**	**–**	**–**	**–**	**23,417**
Peter Maskell	**56,200**	**–**	**–**	**–**	**56,200**
Louise Dier	**54,117**	**–**	**–**	**–**	**54,117**
Jonathan Hook	**25,600**	**–**	**–**	**–**	**25,600**

Year ended 31st December 2020

	Total salary and fees £	Taxable benefits £	Annual bonus £	Long-term incentives £	Total £
Executive:					
Mark Lawrence	418,500	26,168	188,325	288,522	921,515
Mike Crowder	357,000	31,226	160,650	246,172	795,048
Trevor Mitchell	311,375	20,718	140,119	214,623	686,835
Non-Executive:					
Iain McCusker	97,000	–	–	–	97,000
Mike Robson	56,200	–	–	–	56,200
Peter Maskell	56,200	–	–	–	56,200
Louise Dier	51,200	–	–	–	51,200

Annual Report on Remuneration continued

The figures in the single total figure remuneration table are derived from the following:

Total salary and fees	The amount of salary and fees received in the year.
Taxable benefits	The taxable value of benefits received in the year. These are a car or car allowance and private medical insurance.
Annual bonus	The 2021 annual bonus was subject to underlying profit before tax targets (two-thirds of bonus) alongside a scorecard of strategic objectives closely aligned with the KPIs of the business (one-third of bonus). The actual performance of £8.8m underlying operating profit resulted in 52% of maximum for this element being payable. The measures selected for strategic objectives reflect a range of key financial and operational goals which support the Company's strategic objectives. The respective targets have not been disclosed as they are considered by the Board to be commercially sensitive. Performance against strategic objectives resulted in 78% of maximum for this element being payable. Overall this resulted in a bonus of 91% of salary (maximum 150%) for Mark Lawrence, Mike Crowder and Trevor Mitchell being payable.
Long-term incentives	The value of LTIP awards that vest in respect of a performance period that is completed by the end of the relevant financial year. For 2021 this includes the 2019 Conditional shares awards which will vest in full on 24th April 2022. The value is based on the 3-month average share price ending 31 December 2021 of 159.77p The performance conditions are detailed on page 52. EPS growth over the three-year period to 31st December 2021 was 14%. The 2020 numbers have been updated to reflect the actual exercise price on 25th April 2021.
Pension-related benefits	The Directors received no pension benefits in 2021 (2020: nil).

Directors' Interests and Minimum Shareholding Requirement ('MSR') (Audited)
Directors' interests in the issued share capital of TClarke plc are set out below. There is a current MSR for the Executive Directors whereby each Executive Director is required to build and maintain a holding of 100,000 shares in TClarke plc. For Non-Executive Directors, the MSR requirement is 2,000 shares in TClarke plc as defined in the Company's Articles of Association.

The beneficial interests of Directors in the Ordinary share capital of TClarke plc at 31st December 2021 and 31st December 2020 were:

	At 31st December 2021 10p Ordinary shares	At 31st December 2020 10p Ordinary shares	Outstanding conditional share awards[1]	Outstanding options held under SAYE	MSR achieved at 31st December 2021
Mark Lawrence	331,285	217,834	870,097	–	100%
Mike Crowder	298,681	201,177	742,252	–	100%
Trevor Mitchell	227,624	142,000	647,313	–	100%
Iain McCusker	2,000	2,000	–	–	100%
Peter Maskell	41,500	41,500	–	–	100%
Louise Dier	2,000	2,000	–	–	100%
Jonathan Hook	20,000	–	–	–	100%

1 The outstanding conditional share awards are subject to performance conditions.

There have been no changes to Directors' interests since 31st December 2021.

The Directors' interests over shares as a result of their participation in the TClarke Equity Incentive Plan ('EIP') are as follows:

	Award date	01/01/2021 Number	Granted	Exercised	Lapsed	31/12/2021 Number	Earliest date of exercise	Date of expiry
Mark Lawrence								
Conditional shares	25/04/2018	181,588	–	(181,588)	–	0	25/04/2021	25/04/2028
Conditional shares	24/04/2019	119,344	–	–	–	119,344	24/04/2022	24/04/2029
Conditional shares	01/05/2020	439,601	–	–	–	439,601	01/05/2023	01/05/2030
Conditional shares	28/04/2021	–	311,152	–	–	311,152	28/04/2024	28/04/2031
Mike Crowder								
Conditional shares	25/04/2018	154,934	–	(154,934)	–	0	25/04/2021	25/04/2028
Conditional shares	24/04/2019	101,825	–	–	–	101,825	24/04/2022	24/04/2029
Conditional shares	01/05/2020	375,000	–	–	–	375,000	01/05/2023	01/05/2030
Conditional shares	28/04/2021	–	265,427	–	–	265,427	28/04/2024	28/04/2031
Trevor Mitchell								
Conditional shares	25/04/2018	135,078	–	(135,078)	–	0	25/04/2021	25/04/2028
Conditional shares	24/04/2019	88,783	–	–	–	88,783	24/04/2022	24/04/2029
Conditional shares	01/05/2020	327,025	–			327,025	01/05/2023	01/05/2030
Conditional shares	28/04/2021	–	231,505	–	–	231,505	28/04/2024	28/04/2031

Annual Report on Remuneration continued

The conditional share awards and options will vest subject to continued employment with the Group and satisfaction of the following performance conditions over a three-year period ending 31st December preceding the earliest vesting date.
For the 2019 and 50% of the 2020 and 2021 awards, the following performance conditions apply:

Annual growth rate in underlying EPS above RPI[1]	Proportion of award vesting
Less than 3%	Nil
3%	25%
Between 3% and 10%	Between 25% and 100% on a straight-line basis
Above 10%	100%

1 The base point is based on average underlying EPS for the three years ending with the year preceding date of grant.

The remaining 50% of the 2020 award performance conditions relate to the actions taken by the Executive Directors to enable TClarke to increase retained reserves for the year ended 31 December 2020 (excluding any impact from Pension Deficit Movements). The Remuneration Committee assessed that the performance condition had been met as the 2020 profit after tax was £1.2m. For the shares to vest the Company must not breach any banking covenants for the remainder of the three year period.

The remaining 50% of the 2021 award performance conditions are as follows

Annual growth rate in underlying EPS above RPI[1]	Proportion of award vesting
Less than 20%	Nil
Between 20% and 30%	Between nil and 100% on a sliding scale
Above 30%	100%

The Directors' interests in the TClarke Savings Related Share Option Scheme ('SAYE Scheme') are as follows:

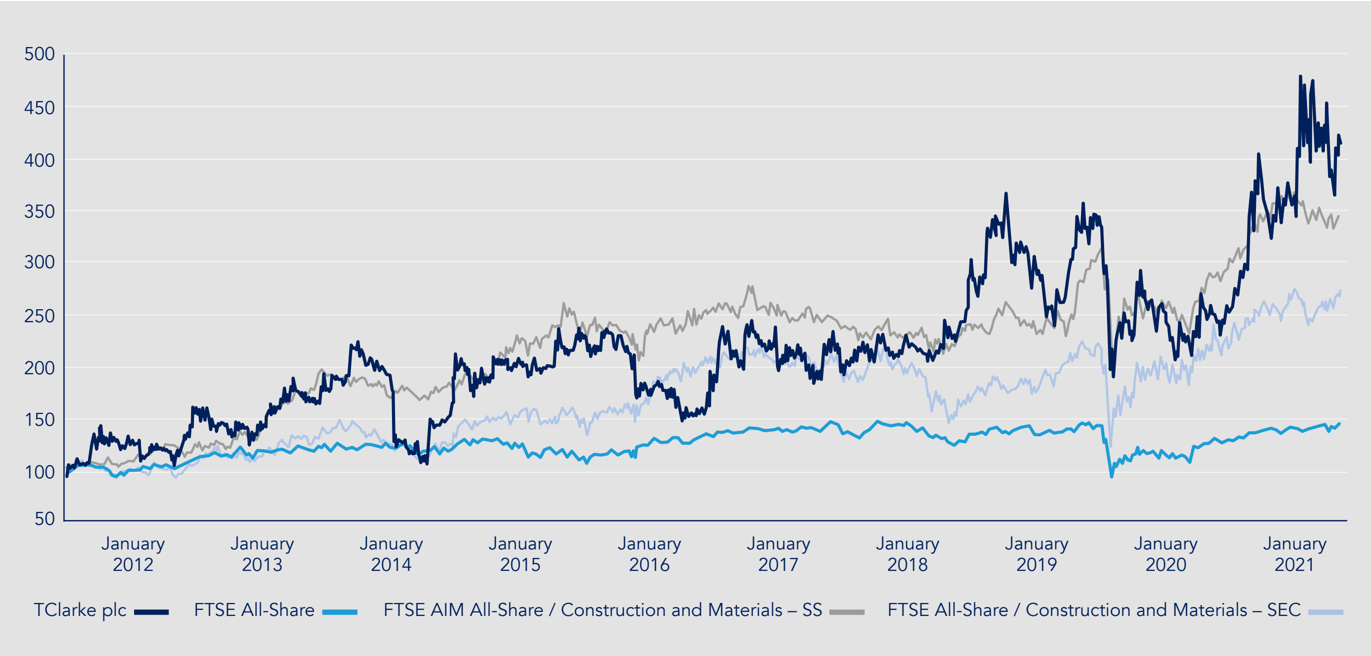
	Award date	01/01/2021 Number	Granted	Lapsed	Exercised	31/12/2021 Number
Mark Lawrence	24/10/2018	4,807	–	–	(4,807)	–
Mike Crowder	24/10/2018	4,807	–	–	(4,807)	–
Trevor Mitchell	24/10/2018	4,807	–	–	(4,807)	–

External Appointments
Mark Lawrence and Mike Crowder do not hold any external appointments. Trevor Mitchell is an Executive Director of It's Purely Financial Limited.

Pensions
At 31 December 2021 none of the Directors were members of the Company pension scheme. (2020: None)

Performance Graph
The graph below shows the total shareholder return that would have been obtained over the past ten years by investing £100 in shares of TClarke plc on 31st December 2011 and £100 in a notional investment in the FTSE All-Share Index and the FTSE All-Share Construction & Materials Index on the same date. In all cases it has been assumed that all income has been reinvested. The FTSE All-Share Index and the FTSE All-Share Construction & Materials Index are considered to be the most appropriate broad equity indices to use as a comparison because the Company is a constituent of both.

Shareholder Return 2012–2021



Total Remuneration (Audited)
The total remuneration figures for the Group Chief Executive Officer during each of the last ten financial years are shown in the table below. The total remuneration figure includes the annual bonus based on that year's performance and LTIP awards based on three-year performance periods ending in the relevant year. The annual bonus payout and LTIP vesting level as a percentage of the maximum opportunity are also shown for each of these years.

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total remuneration (£000s)	266	308	300	436	567	875	1,056	1,137	922	1,016
Annual bonus (%)	0%	9%	0%	24%	32%	69%	100%	78%	30%	61%
LTIP vesting (%)	0%	0%	0%	0%	0%	100%	100%	100%	100%	100%

Ratio of Chief Executive's Remuneration Relative to all UK Employees
The table below shows the ratio of the Group Chief Executive Officer's single total figure of remuneration compared to all UK employees at the 25th percentile, median and 75th percentile. The method used for the calculation is Option C. Three employees were identified at each percentile from the list of all full time employees in the UK. The report will build up over time to show a ten year period on each year accompanied by narrative to explain any movements.

	2021		2020	
	Remuneration (£)	**Pay Ratio**	Remuneration (£)	Pay Ratio
Group Chief Executive Officer	**1,016,420**		921,515	
25th Percentile	**32,984**	**31:1**	30,710	30:1
Median	**46,465**	**22:1**	41,662	22:1
75th Percentile	**61,443**	**17:1**	57,975	16:1

Annual Report on Remuneration continued

Percentage Change in Chief Executive's Remuneration

The table below shows the percentage change in the Group Chief Executive Officer's salary, benefits and annual bonus between the financial year ended 31st December 2020 and 31st December 2021, compared with that of the total amounts for all UK employees of the Group for each of these elements of pay

	2021 £k	2020 £k	Change
Salary:			
Group Chief Executive Officer	**418.5**	418.5	0%
UK employee average	**48.7**	44.6	9%
Benefits:			
Group Chief Executive Officer	**26.4**	26.2	1%
UK employee average	**2.2**	2.0	10%
Annual bonus:			
Group Chief Executive Officer	**380.8**	188.3	102%
UK employee average	**1.5**	1.9	-22%
Average number of UK employees	**1,204**	1,294	

Relative Importance of Spend on Pay (Audited)

The following table illustrates the year-on-year change in total remuneration for all employees in the Group relative to dividends and total operating expenses. Total operating expenses comprise cost of sales and administrative expenses before amortisation of intangible assets and other non-underlying costs.

	2021 £m	2020 £m
Staff costs	**76.3**	72.0
Dividends	**1.9**	1.9
Total operating expenses	**318.3**	225.9

Service Contracts and Letters of Appointment

All Executive Directors have 12-month notice periods from the Company (and 12 months from the Executive Director) in accordance with their service agreements.

Non-Executive Directors have letters of appointment which include initial terms of three years.

Consideration by the Directors of Matters Relating to Directors' Remuneration

The Company's approach to the Chairman's and Executive Directors' remuneration is determined by the Board on the advice of the Remuneration Committee.

During the year, the Remuneration Committee comprised Peter Maskell (Chair), Iain McCusker, Mike Robson (until 5 May 2021) Louise Dier and Jonathan Hook (from 1 July 2021). Biographical information on the Committee members and details of attendance at the Remuneration Committee's meetings during the year are set out on pages 31 and 34 respectively.

The Remuneration Committee has access to independent advice where appropriate. The Committee appointed Mercer Limited ('Mercer') in August 2019 to provide independent advice on remuneration matters. Mercer is a member of the Remuneration Consultants Group and operates voluntarily under the Group's code which sets out the scope and conduct of the role of executive remuneration consultants when advising UK listed companies. Mercer does not undertake any other work for the Company, and the Committee is satisfied that the advice provided by Mercer was objective and independent.

The Committee also receives input from the Group Chief Executive Officer and advice from the Company Secretary. No individuals are present when their own remuneration is being discussed.

Statement of Voting at Annual General Meeting

The Company remains committed to ongoing shareholder dialogue and takes a keen interest in voting outcomes. The following table sets out voting outcomes in respect of the resolutions relating to approving Directors' remuneration matters at the Company's AGM on 5th May 2021:

Resolution	Votes for/ discretionary	% of vote	Votes against	% of vote	Votes withheld
Approval of Directors' remuneration report	10,444,274	97.34%	285,876	2.66%	25,506

Implementation of the Remuneration Policy for the year ending 31st December 2022

A summary of how the Directors' Remuneration Policy will be applied during the year ending 31st December 2022 is set out below.

		2022 Basic salary	2022 Other*	2022 Total	2021 Basic salary	2021 Other*	2021 Total
Mark Lawrence	Minimum	**£440,000**	**£28,910**	**£468,910**	£418,500	£26,128	£444,628
	Target	**£440,000**	**£534,910**	**£974,910**	£418,500	£507,443	£925,943
	Maximum	**£440,000**	**£1,128,910**	**£1,568,910**	£418,500	£1,072,418	£1,490,918
Mike Crowder	Minimum	**£375,000**	**£33,303**	**£408,303**	£357,000	£31,226	£388,226
	Target	**£375,000**	**£464,533**	**£839,553**	£357,000	£441,776	£798,776
	Maximum	**£375,000**	**£970,803**	**£1,345,803**	£357,000	£923,726	£1,280,726
Trevor Mitchell	Minimum	**£330,000**	**£21,218**	**£351,218**	£311,375	£20,718	£332,093
	Target	**£330,000**	**£400,718**	**£730,718**	£311,375	£378,799	£690,174
	Maximum	**£330,000**	**£846,218**	**£1,176,218**	£311,375	£799,155	£1,110,530

* Other for 2022 includes benefits at Minimum level; at target level includes benefits plus bonus payout of 60% of maximum and LTIP threshold vesting at 25% of maximum award in normal circumstances. Maximum level includes benefits plus full payout of bonus and LTIP at Maximum level.

Basic Salary

Salaries of Executive Directors are shown in the table above:

Pension Arrangements

None of the current Executive Directors receive any pension benefit from the Company.

Annual Bonus

The maximum bonus potential for the year ending 31st December 2022 is 150% of salary for all the Executive Directors.

Awards are determined based on a combination of both the Group's financial results, being growth in Group profit before tax (two-thirds of overall bonus) and strategic targets (one-third of overall bonus) being met.

Maximum bonus will only be payable when both the financial results of the Group have significantly exceeded expectations and all strategic targets have been met.

The measures have been selected to reflect a range of key financial and operational goals which support the Company's Growth Plan and ESG initiative. The respective targets have not been disclosed as they are considered by the Board to be commercially sensitive.

The Executive Directors' performance will be assessed individually by the Committee against the measures and targets, relying on audited information where appropriate, and having regard to the value which has been created for shareholders.

Annual Report on Remuneration continued

Long-term Incentives (Audited)
Consistent with past awards, LTIP awards that will be granted in 2021 will vest subject to continued employment with the Group and satisfaction of the following performance conditions over a three-year period ending on 31st December 2023.

Annual growth rate in underlying EPS above RPI[1]	Proportion of award vesting
Less than 3%	Nil
3%	25%
Between 3% and 10%	Between 25% and 100% on a straight-line basis
Above 10%	100%

1 Base point from which performance is measured is based on average underlying EPS for the three years ended 31st December 2020.

Non-Executive Directors
The Company's approach to Non-Executive Directors' remuneration is set by the Board with account taken of the time and responsibility involved in each role. There were no fee increases in 2021. Fees are shown below:

Non-Executive Directors	Position	**2022 base fee**	**Committee fee**	2021 base fee	Committee fee
Iain McCusker	Chairman	**£102,000**	**£0**	£97,000	£0
Peter Maskell	Remuneration Committee Chair	**£53,750**	**£5,000**	£51,200	£5,000
Louise Dier	Audit Committee Chair (from 5 May 2021)	**£53,750**	**£5,000**	£51,200	£2,917
Jonathan Hook	Independent Director	**£53,750**	**£0**	£26,200	£0
Mike Robson	Audit Committee Chair (to 5 May 2021)	**–**	**–**	£21,333	£2,083

On behalf of the Board

Peter Maskell
Chair of the Remuneration Committee
8th March 2022

Directors' Report

The Directors' report should be read in conjunction with the Strategic report on pages 1 to 30 and the Corporate Governance report on pages 31 to 60, both of which form part of this Directors' report. The Directors' report comprises sections of the Annual Report incorporated by reference as set out below which, taken together, contain the information to be included in the Annual Report, where applicable, under Listing Rule 9.8.4.

Directors
The directors who held office during the year and up to the date of signing these financial statements were as follows:

Name	Appointment
Iain McCusker	Chairman
Mike Robson	Independent Director (retired 5 May 2021)
Peter Maskell	Senior Independent Director
Louise Dier	Independent Director
Jonathan Hook	Independent Director (appointed 1 July 2021)
Mark Lawrence	Group Chief Executive Officer
Mike Crowder	Group Managing Director
Trevor Mitchell	Group Finance Director

Brief biographies of current serving Directors, indicating their experience and qualifications, can be found on page 31.

In line with the UK Corporate Governance Code, all the Directors shall be subject to annual election or re-election at the forthcoming Annual General Meeting ('AGM') on 11th May 2022.

Powers of Directors
The powers of the Directors are determined by the Company's Articles of Association, the Companies Act 2006 and the directions given by the Company by resolutions passed in general meetings. The Directors are authorised by the Articles of Association to issue and allot Ordinary shares, to disapply statutory pre-emption rights and to make market purchases of the Company's shares. The Directors currently have shareholder approval for the issue of Ordinary share capital up to a maximum amount of £1,434,941 and for the buyback of Ordinary shares up to a maximum aggregate of 10% of the issued Ordinary share capital. The Directors will be seeking to renew their authorities at the forthcoming AGM.

Going Concern
In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Group and Company can continue in operational existence for the foreseeable future.

As at 31 December 2021 the Group held cash of £20.3m (2020: £25.2m) and had drawn down short-term borrowings of £15m under a revolving credit facility. This resulted in net cash of £5.3m (2020: £10.2m). The Group also has access to a £10.0m overdraft facility. No balances were drawn down under the overdraft facility at either 31st December 2021 or 2020.

The Group uses the above banking facilities as and when required to meet working capital requirements. The revolving credit facility expires on 31st August 2024. The overdraft facility is subject to annual review with any amounts borrowed repayable on demand. The Directors have received confirmation from the bank that they know of no reason why the overdraft facility will not be renewed when it falls due for review.

The Directors have reviewed the Group's forecasts and projections for the next three year period. The model assumes delivery of the 2022-24 Group Business Plan, and that the banking facilities will remain in place throughout the projection period. The projections show that the Group will remain profitable, with a significant amount of headroom against covenants and borrowing limits.

Directors' Report continued

Management have also produced sensitivity analysis to assess the Group's resilience to more adverse outcomes which could arise from one of the principal risks to the business (discussed on pages 26 to 29), including a scenario whereby revenue and profitability remain at current levels and a severe but plausible scenario whereby profitability drops by 50%. Management have also produced an upside scenario which factors in an additional £100m revenue per annun to consider the impact on working capital requirements. In all scenarios, including the reasonable worst case, the Group is able to comply with its financial covenants, operate within its current facilities, and meet its liabilities as they fall due.

Accordingly, the directors consider there to be no uncertainties that may cast significant doubt on the Group's ability to continue to operate as a going concern. They have formed a judgement that there is a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of signing of these financial statements. For this reason, they continue to adopt the going concern basis in the preparation of these financial statements.

Share Capital

The Company's share capital consists of Ordinary shares with a nominal value of 10p each. The issued share capital as at 31 December 2021 was £4,388,286 consisting of 43,882,861 Ordinary shares of 10p each. The Company's issued Ordinary shares are fully paid and rank equally in all respects. There are no restrictions on the size of a holding nor on the transfer of Ordinary shares in the Company or on the exercise of voting rights attached to them, save that:

- certain restrictions may from time to time be imposed by laws and regulations (for example, insider trading laws and market requirements relating to close periods); and
- pursuant to the Listing Rules of the Financial Conduct Authority, whereby certain employees of the Company require the approval of the Company to deal in the Company's shares.

Further details on share capital are shown in note 18 to the financial statements.

Substantial Shareholdings

As at 31 December 2021 the following information has been disclosed to the Company under the FCA's Disclosure Guidance and Transparency Rules ('DTR 5'), in respect of notifiable interests in the voting rights in the Company's issued share capital:

Name of holder	Total voting rights [1]	% of voting rights [2]
Regent Gas Holdings Limited	7,406,624	16.88%
Interactive Investor	4,738,506	10.80%
Hargreaves Lansdown, stockbrokers	3,670,918	8.37%
Heritage Capital Management	2,510,000	5.72%
Barclays Smart Investor	2,301,054	5.24%

1 Total voting rights attaching to the ordinary shares at the Company at the time of disclosure to the Company.

2 Percentage of total voting rights at the date of disclosure to the Company.

As at 8th March 2022, the Company had not been notified of any changes to major shareholdings.

Significant Agreements – Change of Control

The Directors are not aware of any significant agreements that take effect, alter or terminate upon a change of control of the Company following a takeover bid.

The Company has an Equity Incentive Plan ('EIP') in place for Directors and senior management, and an employee share save scheme in place which is available to all employees. The rules of the EIP provide that awards made under the EIP may vest on a change of control of the Company, at the discretion of the Remuneration Committee. The rules of the Savings Related Share Option Scheme provide that in the event of a change of control, outstanding options may be exchanged or replaced with similar options on the same terms. Further details on employee share schemes are disclosed in note 18 to the financial statements.

There are no other known agreements between the Company and its Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid.

Significant Interests

Save for interests in service agreements, none of which extend beyond 12 calendar months, the Directors have no material interest in any contract of significance that would have required disclosure under the continuing obligations of the Financial Conduct Authority Listing Rules, nor have they any beneficial interest in the issued share capital of the subsidiary companies.

Qualifying Third Party Indemnities

The Articles of Association of the Company entitle the Directors, to the extent permitted by the Companies Act 2006 and other applicable legislation, to be indemnified out of the assets of the Company in the event that they suffer any expenses in connection with certain proceedings relating to the execution of their duties as Directors of the Company.

In addition, the Company has in place insurance in favour of its Directors and officers in respect of certain losses or liabilities to which they may be exposed due to their office up to a limit of £10m. The insurance was in force throughout the year.

Research and Development

The Group undertakes research and development activity in creating innovative design and construction solutions integral to the delivery of its projects. The direct expenditure incurred is not separately identifiable as the investment is usually contained within the relevant project.

Political Contributions

No contributions were made to any political parties during the current or preceding year.

Events After the Balance Sheet Date

On 11th February 2022 the Group entered into a lease for our forthcoming move to 30 St Mary Axe. This will be accounted for in the 2022 Financial Statements whereby a right of use asset and corresponding lease liability for c.£3m will be included in the Statement of Financial Position.

Independent Auditors

A resolution is proposed at the AGM for the reappointment of PricewaterhouseCoopers LLP as independent auditors of the Company at a rate of remuneration to be determined by the Audit Committee.

Annual General Meeting ('AGM')

The AGM of the Company will be held at the 200 Aldersgate, St Pauls London EC1A 4HD at 10am on Wednesday 11th May 2022.

The Notice convening the AGM, together with details of the special business to be considered and explanatory notes for each resolution, is contained in a separate circular sent to shareholders. It is also available to be viewed on the Company's website.

Approved by the Directors and signed by order of the Board.

Trevor Mitchell

Company Secretary

8th March 2022

TClarke plc is registered in England No. 00119351.

Statement of Directors' Responsibilities in Respect of the Financial Statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Directors' confirmations
The Directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in Directors' report confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company; and
- the Annual Report and Financial Statements includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' report is approved:

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

On behalf of the Board

Trevor Mitchell
Group Finance Director

Iain McCusker
Chairman

8th March 2022

TClarke plc
Registered number: 00119351

Independent Auditors' Report to the Members of TClarke PLC

Report on the Audit of the Financial Statements

Opinion
In our opinion:

- TClarke Plc's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2021 and of the Group's profit and the Group's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements, which comprise: the Consolidated and Company Statements of Financial Position as at 31 December 2021; the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, and the Consolidated and Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

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

Independence
We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 7 (Operating Profit), we have provided no non-audit services to the Company in the period under audit.

Our audit approach

Context
As part of our audit we performed enquiries of management about their assessment of the climate change risks facing the business, their potential impact and the Company's preparedness to respond to these. We performed a risk assessment and did not identify any additional climate change specific risks for the audit.

Overview

Audit Scope
- Our audit covered the audit of all the significant components in TClarke PLC, namely, TClarke Contracting Limited (the main external trading entity), Weylex Properties Limited (which holds the Group's properties) and TClarke Services Limited (where the defined benefit pension is held). All work was completed by the Group audit team. The above accounted for 100% of the Group's revenue and profit before tax.

Key Audit Matters
- Revenue recognition and long-term contract accounting in respect of construction contracts (Group)

Materiality
- Overall group materiality: £1,635,000 (2020: £1,483,000) based on 0.5% of revenue. (2020: 0.5% of average revenue for the last five years).
- Overall company materiality: £634,000 (2020: £625,000) based on 1% of total assets. (2020: 0.9% of total assets).
- Performance materiality: £1,226,250 (2020: £1,112,250) (Group) and £515,000 (2020: £469,000) (Company).

The scope of our audit
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters
Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the 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) identified by the auditors, 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, and any comments we make on the results of our procedures thereon, 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.

This is not a complete list of all risks identified by our audit.

Impact of Covid-19 and Goodwill and intangibles impairment assessment, which were key audit matters last year, are no longer included because of the impact of Covid-19 being reduced in the current year and Goodwill and intangibles impairment being reduced from a significant risk in the prior year to a normal risk in the current year. Otherwise, the key audit matters below are consistent with last year.

Independent Auditors' Report to the Members of TClarke PLC continued

Report on the Audit of the Financial Statements

Key audit matter	How our audit addressed the key audit matter
Revenue recognition and long-term contract accounting in respect of construction contracts (Group) Refer to Note 3 (Significant accounting policies), Note 4 (Significant judgements and sources of estimation uncertainty), Note 5 (Segment information) and Note 15 (Construction Contracts). Total revenue equalled £327.1m for the year ended 31 December 2021 (2020: £231.9m), with contract assets and contract liabilities of £51.7m and £2.9m respectively. We focused on the revenue and profit recognised on long term contracts because they result in material balances, involve judgements and can be complex. IFRS 15 requires revenue to be recognised over the course of the contract by selecting an appropriate method for measuring the entity's progress towards complete satisfaction of that performance obligation. If a project is, or is forecast to be, loss making, it requires the full loss to be recognised immediately. Risk of fraud in revenue recognition and complexities in revenue and profit recognition, on long term contracts, are deemed significant risks. This is due to the complexity involved with long term contract accounting and the risk of the company front loading the revenue of the contract and not recognising revenue on a cost to complete basis over the contract duration. Percentage completion of contracts is calculated based on the amount of costs incurred to date compared with the total expected costs to be incurred on the project, except where this would not be representative of the stage of completion. Forecast end of life costs are inherently subjective and could be manipulated by management to impact the revenue and profit recognised. Testing percentage completion enables us to determine the appropriateness of revenue recognition .	We obtained an understanding of management's own processes and controls for reviewing long-term contracts through the following: • We performed a walkthrough of the revenue and receivables process; and • We attended a Cost Review Meeting and performed a site visit for one of the large contracts. We obtained an understanding of management's ability to forecast by performing look-back procedures through a comparison of prior years' expected total costs and margins to actual final total costs and margins or current year end total estimated costs and margins, investigating large fluctuations through discussions with management and obtaining supporting documentation to validate these explanations. We selected a sample of contracts to test, based on both quantitative and qualitative criteria including: • high levels of revenue recognised in the year; • low margin or loss-making contracts; • significant balance sheet exposure; and • other risky projects as identified by discussions with management, review of prior year audit committee papers, review of board meeting minutes and review of publicly available information. For our sample of contracts, we gained an understanding of the background of the projects, key judgements involved and obtained supporting documentation to corroborate these. We focused on the significant judgements adopted by management in relation to the revenue and margin recognition, and, in particular, judgements with respect to the percentage completion, as follows: • We held discussions with management to understand and challenge areas of judgement taken; • We agreed forecast revenue to signed contracts, signed variations or other supporting documentation and traced a sample of variations to client issued certification/instructions where appropriate; • We agreed the most recent certification pre year end (or certification post year end if received); • We agree the latest client certification and bank if cash has been received; • We reviewed support for significant claims and other judgmental positions; • We compared revenue recognised with amounts certified by clients post year end to assess the recoverability of balance sheet items; • We re-performed the key calculations behind the margin applied, the profit taken and the stage of completion, as well as balance sheet exposure; • We evaluated forecast costs to complete through analytical procedures, compared to prior forecast (where applicable) and tested a sample of forecast costs to complete to supporting calculations or third-party pricing documentation.

Key audit matter	How our audit addressed the key audit matter
	In addition to testing a sample of cost incurred to date on each project above, we tested cost of sales centrally by selecting a haphazard sample and performing the following: • We agreed to supporting documentation; and • We ensured the cost had been coded to the correct contract code. • We performed a substantive analytic over payroll costs and agreed a sample to payslip, payment and deduction support. In addition, for the remaining contract population we performed the following: • We reviewed the forecast margins and for those which had moved significantly since tender and / or prior reporting periods, we obtained explanations from management and validated these through supporting documentation; • We target tested contracts with in year revenue above performance materiality and haphazardly selected a sample of remaining contracts. Costs to come were agreed to supporting documentation on a sample basis. Revenue recognised has been recalculated and compared to year end certificates. We performed testing over balance sheet exposure as follows: • We recalculated the contract asset/deferred revenue and agreed to certification; • We obtained post year end cash receipts for Trade Receivable balances to assess recoverability of outstanding balances; • We recalculated retentions and assessed recoverability of these balances. Based on all the evidence obtained in the above procedures, we are satisfied that revenue and profit recognised by management is supportable. We also considered the adequacy of the disclosures in the financial statements in relation to contracts and the disclosures in respect of significant judgements and estimates.

How we Tailored the Audit Scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

Our audit included all of the significant components in TClarke PLC, namely, TClarke Contracting Limited, (the main external trading entity), Weylex Properties Limited (which holds the Group's properties) and TClarke Services Limited (where the defined benefit pension is held). The audit work relating to each of these components was performed by the Group audit team. These components account for 100% of the Group's revenue and profit before tax.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Independent Auditors' Report to the Members of TClarke PLC continued

Report on the Audit of the Financial Statements

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

	Financial statements - Group	Financial statements - Company
Overall materiality	£1,635,000 (2020: £1,483,000).	£634,000 (2020: £625,000).
How we determined it	0.5% of revenue (2020: 0.5% of average revenue for the last five years)	1% of total assets (2020: 0.9% of total assets)
Rationale for benchmark applied	We used revenue as a basis for materiality as the Group's profit margins have historically been low, consistent with the industry as a whole, and therefore revenue is used by the Group as a key performance indicator.	We used total assets as a basis for materiality as the Company does not trade and we believe that total assets is therefore the most appropriate benchmark.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £88,500 and £1,635,000.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2020: 75%) of overall materiality, amounting to £1,226,250 (2020: £1,112,250) for the Group financial statements and £515,000 (2020: £469,000) for the Company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £81,750 (Group audit) (2020: £74,150) and £31,700 (Company audit) (2020: £26,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- assessing the inputs and underlying assumptions of the base case going concern model prepared by management;
- assessing the downside and upside scenarios which have been used to sensitise the base case model, including consideration of the underlying assumptions within each of these forecasts;
- reviewing management's analysis of both liquidity and covenant compliance to ensure there is sufficient liquidity and no forecast covenant breaches over the course of the going concern period.

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information, which includes reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Directors' Remuneration

In our opinion, the part of the Annual Report on Remuneration to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the Statement of Compliance is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the Group's and Company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the Group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Independent Auditors' Report to the Members of TClarke PLC continued

Report on the Audit of the Financial Statements

Responsibilities for the financial statements and the audit

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

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

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

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

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Listing Rules, Pensions legislation, UK tax legislation, and the Health & Safety Executive legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journals to increase revenue or reduce expenditure, management bias in accounting estimates, and inappropriate allocation of costs between contracts. Audit procedures performed by the engagement team included:

- Discussions with management in respect of known or suspected instances of non-compliance with laws and regulation, fraud and site accidents;
- Review of board minutes;
- Evaluation of the operating effectiveness of management's key controls around the forecasting of costs and margin estimation;
- Challenging assumptions and judgments made by management in their significant accounting estimates, in particular those that involve the assessment of future events, which are inherently uncertain – the key estimates determined in this respect are those relating to Revenue and Margin, Impairment of Goodwill and Investments and Retirement Benefit Obligations; and
- Identifying and testing journal entries, in particular testing a sample of journal entries posted with unusual account combinations, such as those with unusual or unexpected journal postings to the income statement as well as testing journals posted by unexpected users or those which contain unusual words.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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

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

Other required reporting

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

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

We have no exceptions to report arising from this responsibility.

Appointment
Following the recommendation of the Audit Committee, we were appointed by the directors on 13 May 2011 to audit the financial statements for the year ended 31 December 2011 and subsequent financial periods. There was a re-tender in 2020 for the 31 December 2021 year end audit where we were reappointed, therefore, the period of total uninterrupted engagement is 11 years, covering the years ended 31 December 2011 to 31 December 2021.

Other matter

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.

Andy Ward (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
8 March 2022

Consolidated Income Statement

For the year ended 31st December 2021

		2021			2020		
	Note	Underlying items £m	Non-underlying items £m	Total £m	Underlying items £m	Non-underlying items £m	Total £m
Revenue	5	**327.1**	**–**	**327.1**	231.9	–	231.9
Cost of sales		**(286.6)**	**–**	**(286.6)**	(199.0)	–	(199.0)
Gross profit		**40.5**	**–**	**40.5**	32.9	–	32.9
Administrative expenses							
Amortisation of intangible assets	7	**–**	**–**	**–**	–	(0.2)	(0.2)
Restructuring costs	7	**–**	**–**	**–**	–	(3.7)	(3.7)
Other administrative expenses		**(31.7)**	**–**	**(31.7)**	(26.9)	–	(26.9)
Total administrative expenses		**(31.7)**	**–**	**(31.7)**	(26.9)	(3.9)	(30.8)
Operating profit	7	**8.8**	**–**	**8.8**	6.0	(3.9)	2.1
Finance costs	6	**(1.0)**	**–**	**(1.0)**	(0.9)	–	(0.9)
Profit before taxation		**7.8**	**–**	**7.8**	5.1	(3.9)	1.2
Taxation	9	**(1.5)**	**–**	**(1.5)**	(0.8)	0.8	–
Profit for the financial year		**6.3**	**–**	**6.3**	4.3	(3.1)	1.2
Earnings per share							
Attributable to owners of TClarke plc							
Basic	10	**14.99p**	**–**	**14.99p**	10.29p	(7.42)p	2.87p
Diluted	10	**13.91p**	**–**	**13.91p**	9.66p	(6.97)p	2.69p

Consolidated Statement of Comprehensive Income

For the year ended 31st December 2021

	2021 £m	2020 £m
Profit for the year	**6.3**	1.2
Other comprehensive income/(expense)		
Items that will not be reclassified to the income statement		
Actuarial gain/(loss) on defined benefit pension scheme	**5.6**	(6.5)
Revaluation of minority shareholding equity investment	**–**	(2.0)
Deferred tax relating to items that will not be reclassified	**0.4**	1.7
Total other comprehensive income/(expense) for the year (net of tax)	**6.0**	(6.8)
Total comprehensive income/(expense) for the year	**12.3**	(5.6)

The notes on pages 72 to 104 form part of these financial statements.

Consolidated Statement of Financial Position

As at 31st December 2021

	Note(s)	2021 £m	2020 £m
Non-current assets			
Intangible assets	11	**25.3**	25.3
Property, plant and equipment	12	**7.5**	8.0
Deferred tax assets	13	**6.4**	6.2
Trade and other receivables	16	**4.9**	3.6
Total non-current assets		**44.1**	43.1
Current assets			
Inventories	14	**0.4**	0.4
Amounts due from customers under construction contracts	15	**51.7**	41.7
Trade and other receivables	16	**52.5**	34.5
Current tax receivables		**0.2**	0.7
Cash and cash equivalents	19	**20.3**	25.2
Total current assets		**125.1**	102.5
Total assets		**169.2**	145.6
Current liabilities			
Bank loans	20	**(15.0)**	(15.0)
Amounts due to customers under construction contracts	15	**(2.9)**	(1.1)
Trade and other payables	17	**(96.3)**	(77.5)
Obligations under leases	23,25	**(1.6)**	(1.3)
Total current liabilities		**(115.8)**	(94.9)
Net current assets		**9.3**	7.6
Non-current liabilities			
Obligations under leases	23,25	**(1.3)**	(2.2)
Trade and other payables	17	**(1.7)**	(2.6)
Retirement benefit obligations	22	**(23.9)**	(30.2)
Total non-current liabilities		**(26.9)**	(35.0)
Total liabilities		**(142.7)**	(129.9)
Net assets		**26.5**	15.7
Equity attributable to owners of the parent			
Share capital	18	**4.4**	4.3
Share premium	18	**4.2**	3.8
Revaluation reserve		**0.7**	0.8
Retained earnings		**17.2**	6.8
Total equity		**26.5**	15.7

The notes on pages 72 to 104 form part of these financial statements.

The financial statements on pages 72 to 104 were approved by the Board of Directors on 8th March 2022 and were signed on its behalf by:

Iain McCusker
Director

Mark Lawrence
Director

Consolidated Statement of Cash Flows

For the year ended 31st December 2021

	Note	2021 £m	2020 £m
Net cash (used in)/generated from operating activities	19	**(0.6)**	3.7
Investing activities			
Investment in minority shareholding		**–**	(2.0)
Purchase of property, plant and equipment		**(0.4)**	(0.2)
Net cash used in investing activities		**(0.4)**	(2.2)
Financing activities			
New shares issued		**0.5**	–
Facility fee		**(0.1)**	(0.1)
Proceeds from bank borrowing	20	**–**	15.0
Equity dividends paid	18	**(1.9)**	(1.9)
Acquisition of shares by ESOT	18	**(0.9)**	(0.1)
Repayment of lease obligations		**(1.5)**	(1.6)
Net cash (used in)/generated from financing activities		**(3.9)**	11.3
Net (decrease)/increase in cash and cash equivalents		**(4.9)**	12.8
Cash and cash equivalents at the beginning of the year	19	**25.2**	12.4
Cash and cash equivalents at the end of the year	19	**20.3**	25.2

The notes on pages 72 to 104 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31st December 2021

	Note	Share capital £m	Share premium £m	Revaluation reserve £m	Retained earnings £m	Total Equity £m
At 1st January 2020		4.3	3.8	0.9	13.9	22.9
Comprehensive income/(expense)						
Profit for the year		–	–	–	1.2	1.2
Other comprehensive expense						
Actuarial loss on retirement benefit obligation	22	–	–	–	(6.5)	(6.5)
Deferred income tax on actuarial loss on retirement benefit obligation	13	–	–	–	1.7	1.7
Minority shareholding equity investment	3(x)	–	–	–	(2.0)	(2.0)
Total other comprehensive expense		–	–	–	(6.8)	(6.8)
Total comprehensive expense		–	–	–	(5.6)	(5.6)
Transactions with owners						
Transfer on depreciation of freehold properties	12	–	–	(0.1)	0.1	–
Share-based payment charge	18	–	–	–	0.4	0.4
Shares acquired by ESOT		–	–	–	(0.1)	(0.1)
Dividends paid	18	–	–	–	(1.9)	(1.9)
Total transactions with owners		–	–	(0.1)	(1.5)	(1.6)
At 1st January 2021		**4.3**	**3.8**	**0.8**	**6.8**	**15.7**
Comprehensive income						
Profit for the year		**–**	**–**	**–**	**6.3**	**6.3**
Other comprehensive income						
Actuarial gain on retirement benefit obligation	22	**–**	**–**	**–**	**5.6**	**5.6**
Deferred income tax on actuarial gain on Retirement benefit obligation	13	**–**	**–**	**–**	**0.4**	**0.4**
Total other comprehensive income		**–**	**–**	**–**	**6.0**	**6.0**
Total comprehensive income		**–**	**–**	**–**	**12.3**	**12.3**
Transactions with owners						
Transfer on depreciation of freehold properties	12	**–**	**–**	**(0.1)**	**0.1**	**–**
Share-based payment charge	18	**–**	**–**	**–**	**0.8**	**0.8**
Shares acquired by ESOT		**–**	**–**	**–**	**(0.9)**	**(0.9)**
Allotted in respect of share option schemes	18	**0.1**	**0.4**	**–**	**–**	**0.5**
Dividends paid	18	**–**	**–**	**–**	**(1.9)**	**(1.9)**
Total transactions with owners		**0.1**	**0.4**	**(0.1)**	**(1.9)**	**(1.5)**
At 31st December 2021		**4.4**	**4.2**	**0.7**	**17.2**	**26.5**

The notes on pages 72 to 104 form part of these financial statements.

Notes to the Financial Statements

For the year ended 31st December 2021

1 General Information
TClarke plc is a public limited company listed on the London Stock Exchange, incorporated and domiciled in the United Kingdom. The address of its registered office and principal place of business is disclosed on page 109. The nature of the Group's operations and its principal activities are described in note 5 and in the Strategic report on pages 1 to 30. The Company is limited by shares.

2 Basis of Preparation
Statement of Compliance
The Group's consolidated financial statements are prepared in accordance with the requirements of the Companies Act 2006 and in accordance with UK-adopted international standards; and have been prepared on a going concern basis under the historic cost convention as modified by the revaluation of land and buildings. They comprise the consolidated financial statements of TClarke plc and all its subsidiaries made up to 31st December 2021 and have been presented in £m. There have been no new accounting policies adopted in the year.

The preparation of financial statements in conformity with UK-adopted international standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

Going Concern
In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Group and Company can continue in operational existence for the foreseeable future.

As at 31 December 2021 the Group held cash of £20.3m (2020: £25.2m) and had drawn down short-term borrowings of £15m under a revolving credit facility. This resulted in net cash of £5.3m (2020: £10.2m). The Group also has access to a £10.0m overdraft facility. No balances were drawn down under the overdraft facility at either 31st December 2021 or 2020.

The Group uses the above banking facilities as and when required to meet working capital requirements. The revolving credit facility expires on 31st August 2024. The overdraft facility is subject to annual review with any amounts borrowed repayable on demand. The Directors have received confirmation from the bank that they know of no reason why the overdraft facility will not be renewed when it falls due for review.

The Directors have reviewed the Group's forecasts and projections for the next three year period. The model assumes delivery of the 2022-24 Group Business Plan, and that the banking facilities will remain in place throughout the projection period. The projections show that the Group will remain profitable, with a significant amount of headroom against covenants and borrowing limits.

Management have also produced sensitivity analysis to assess the Group's resilience to more adverse outcomes which could arise from one of the principal risks to the business (discussed on pages 26 to 29), including a scenario whereby revenue and profitability remain at current levels and a severe but plausible scenario whereby profitability drops by 50%. Management have also produced an upside scenario which factors in an additional £100m revenue per annum to consider the impact on working capital requirements. In all scenarios, including the reasonable worst case, the Group is able to comply with its financial covenants, operate within its current facilities, and meet its liabilities as they fall due.

Accordingly, the directors consider there to be no uncertainties that may cast significant doubt on the Group's ability to continue to operate as a going concern. They have formed a judgement that there is a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of signing of these financial statements. For this reason, they continue to adopt the going concern basis in the preparation of these financial statements.

Application of New and Revised Standards
The principal accounting policies applied in the preparation of these consolidated financial statements are set out in note 3 below. There have been no new standards, amendments to standards or interpretations adopted from 1 January 2021 that had a material effect. Future standards, amendments to standards, and interpretations not yet effective are noted below. None of these are expected to have a material impact on the Group.

- Amendments to IAS 1: Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Amendments to IAS 1: Classification of Liabilities as Current or Non-current – Deferral of Effective Date – effective 1 January 2023
- Amendments to IFRS 3: Business Combinations – Reference to the Conceptual Framework – effective 1 January 2022
- Amendments to IAS 16: Property, Plant and Equipment – effective 1 January 2022
- Amendments to IAS 37: Provisions, Contingent Liabilities and Contingent Assets – effective 1 January 2022
- Annual Improvemnts to IFRS Standards 2018-2020 Cycle – 1 January 2022

3 Significant Accounting Policies
(i) Basis of Consolidation
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31st December each year. Control is achieved when the Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to use its power to affect its returns.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

(ii) Employee Share Ownership Trust ('ESOT')
As the Company is deemed to have control of its ESOT, it is included in the consolidated financial statements. The ESOT's assets (other than investments in the Company's shares), liabilities, income and expenses are included on a line-by-line basis in the consolidated financial statements. The ESOT's investment in the Company's shares is deducted from equity in the consolidated statement of financial position as if they were treasury shares. The Trustee of the ESOT has waived its right to dividends on the shares held in the ESOT.

(iii) Segmental Reporting
Operating divisions are reported in a manner consistent with internal reporting provided to the Board who, representing the 'Chief Operating Decision-Maker' as per IFRS 8, are responsible for allocating resources to, and assessing the performance of, operating divisions.

(iv) Revenue Recognition
Revenue is recognised in accordance with the five-step model outlined in IFRS 15:
1. Identify the contract with the customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations in the contract.
5. Recognise revenue when or as the entity satisfies its performance obligations.

Revenue derives largely from two sources: most significantly, from long-term contracts whereby the Group designs, installs and integrates mechanical and electrical systems for customers ('construction contracts', see (v)); less significantly, from ongoing maintenance works on previously installed systems. In both instances, steps one to five of the revenue recognition process are determined with reference to the formal contract which exists with the customer. In these contracts, the transaction price, performance obligations, etc. are readily identifiable and distinct.

Revenue from maintenance work is measured as the amount the entity expects to be entitled to in exchange for transferring goods or services to the customer – this amount is net of discounts and VAT. It is recognised at the point in time the customer obtains control over the asset associated with the works.

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

Notes to the Financial Statements continued

For the year ended 31st December 2021

3 Significant Accounting Policies continued

(v) Construction Contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised over time by reference to the stage of completion of the contract activity at the reporting date, measured and based on the proportion of contract costs (prime costs and overheads) incurred for the work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion (instances of which are rare).

The earliest point at which profit is taken is that at which the outcome of the contract, based on an assessment by officials of the Group, can be reliably foreseen, taking into account the circumstances of each contract. Variations are included to the extent it is highly probable that their inclusion will not result in a significant revenue reversal in the future. Full provision is made for any foreseeable losses to completion. Whilst the bulk of consideration associated with construction contracts is fixed, variable consideration elements can exist (eg event claims). The Group only recognises revenue for these amounts if they are highly probable not to reverse.

'Contract assets' (as discussed in IFRS 15.107) are recognised when the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due. This asset is assessed for impairment in accordance with IFRS 9. These 'contract assets' have been termed 'Amounts due from customers under construction contracts' in these financial statements.

'Contract liabilities' (as discussed in IFRS 15.106) are recognised if a customer pays consideration before the entity transfers a good or service. These have been captioned in these financial statements as 'Amounts due to customers under construction contracts' respectively.

Bid costs are expensed as incurred, unless recoverable from customers.

(vi) Acquisitions and Goodwill

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the aggregate of the fair values at the acquisition date of assets transferred, liabilities incurred and equity instruments issued, to the former owners by the Group in exchange for control of the acquiree. Acquisition-related expenses are recognised directly in the income statement.

Purchased goodwill is measured as the excess of the sum of the fair value of the consideration transferred over the net of the acquisition date fair values of the identifiable assets and liabilities acquired, and is capitalised and classified as an intangible asset in the consolidated statement of financial position.

The acquiree's identifiable assets, liabilities and contingent liabilities are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 'Non-current assets held for sale and discontinued operations.'

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination.

(vii) Impairment of Goodwill and other Non-financial Assets

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

Impairment tests on goodwill 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 asset's cash-generating unit (i.e. the lowest group of assets in which the asset belongs for which there are separately identifiable cash flows). For the purposes of impairment testing, goodwill is allocated on initial recognition to each of the Group's operating segments that are expected to benefit from the synergies of the combination giving rise to the goodwill.

Impairment charges are included in non-underlying costs in the consolidated income statement, except to the extent they reverse gains previously recognised in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed.

3 Significant Accounting Policies continued

(viii) Intangible Assets

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at cost, being their fair value at the acquisition date. Subsequent to initial recognition, intangible assets are reported at cost less accumulated amortisation and impairment losses. Amortisation is recognised on a straight-line basis over the estimated useful lives of the relevant assets, determined on an individual basis and ranging from one to ten years.

(ix) Property, Plant and Equipment

Land and buildings comprise mainly offices occupied by the operating units of the Group. Land and buildings are shown at fair value, based on valuations carried out by external independent valuers, less subsequent depreciation. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. On disposal of the asset the balance of the revaluation reserve pertaining to the asset is transferred from the revaluation reserve to retained earnings.

All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 item will it flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as revaluation reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against revaluation reserves directly in equity; all other decreases are charged to the income statement.

Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings. On disposal of the asset, the balance of the revaluation reserve pertaining to the asset is transferred from the revaluation reserve to retained earnings.

Depreciation is calculated on a straight-line basis so as to write off the cost less residual values of the relevant assets over their useful lives, using the following rates:

- Freehold properties: 2%
- Leasehold improvements: 10% or life of lease if shorter
- Plant, machinery and motor vehicles: 10%–33%

Right-of-use assets held under leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

(x) Investments

During the preceding year the Group made a minority shareholding equity investment. In accordance with an irrevocable election made upon initial recognition (as per IFRS 9 5.7.5), the subsequent remeasurement of the fair value of the investment has been charged to other comprehensive income.

(xi) Inventories

Inventories of raw materials and consumables are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the asset to its present location and condition.

Notes to the Financial Statements continued

For the year ended 31st December 2021

3 Significant Accounting Policies continued
(xii) Leasing and Hire Purchase Commitments
As a Lessee
The Group assesses whether a contract is or contains a lease at the start of a contract. 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. Generally, 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.

As a Lessor
Income is recognised on a straight-line basis over the term of the relevant lease.

Short-term and low value leases
Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

(xiii) Financial Instruments
The Group's financial instruments comprise trade and other receivables (excluding prepayments), contract trade and other payables (excluding deferred income and taxation), and cash and cash equivalents net of overdrafts. The Group classifies its financial assets as loans and receivables and its financial liabilities as liabilities at amortised cost. The Group does not trade in any financial derivatives. Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Trade and Other Receivables
Trade and other receivables are non-interest bearing and are measured on initial recognition at fair value and subsequently at amortised cost. On initial recognition, a loss allowance is created which reflects the lifetime expected credit loss on that asset. This loss allowance is subsequently reassessed at each reporting period date.

Trade and other receivables are presented net of the loss allowance.

Bank Deposits
Bank deposits comprise cash placed on deposit with financial institutions with an initial maturity of six months or more, and are measured at amortised cost. Finance income is recognised using the effective interest method and is added to the carrying value of the asset as it arises.

Cash and Cash Equivalents
Cash and cash equivalents comprise cash at bank and in hand, bank overdrafts, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts are included within current liabilities in the statement of financial position. Finance income and expense are recognised using the effective interest method and are added to the carrying value of the asset or liability as they arise.

Bank Loans
Interest-bearing bank loans are recorded at the fair value of the proceeds received, net of direct issue costs. Finance charges are accounted for on an accruals basis in the income statement using the effective interest method, and are added to the carrying value of the instrument to the extent that they are not settled in the period in which they arise.

Trade and Other Payables
Trade and other payables are initially measured at fair value and subsequently at amortised cost. Trade and other payables are non-interest bearing.

3 Significant Accounting Policies continued
(xiv) Taxation
Income tax expense represents the sum of the tax currently payable and deferred tax.

Tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income. The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The amount of any deferred tax asset or liability recognised 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 or assets are settled or recovered.

Deferred tax assets and liabilities are offset as the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied on either the same company, or on different companies, where there is an intention to settle current tax assets and liabilities on a net basis.

(xv) Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

(xvi) Borrowing Costs / Interest Income
Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the loan is drawn down. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(xvii) Dividends
Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, these are recognised when they are paid. In the case of final dividends, these are recognised when approved by the shareholders at the AGM.

(xviii) Retirement Benefit Costs
Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

The retirement benefit obligation represents the fair value of the defined benefit obligation at each reporting date as reduced by the fair value of scheme assets. For defined benefit retirement benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each reporting date. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside the income statement and presented as a component of other comprehensive income.

The current service cost of defined benefit retirement benefit schemes is recognised in 'employee benefit expense' in the income statement, except where included in the cost of an asset, and reflects the increase in the defined benefit obligation resulting from service in the current year, benefit changes, curtailments and settlements. Past service cost is recognised immediately in the income statement.

(xix) Long-term Employee Benefits
Long-term employee benefits are accrued when the Group has a legal or constructive obligation to make payments under long-term employee benefit arrangements and the amount of the obligation can be reliably measured. The liability is discounted to present value where it is due after more than one year.

Notes to the Financial Statements continued

For the year ended 31st December 2021

3 Significant Accounting Policies continued

(xx) Share-based Payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 18.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate with a corresponding adjustment to equity.

(xxi) Non-underlying Items

Non-underlying items are items of financial performance which the Group believes should be separately identified on the face of the income statement to assist in understanding the underlying financial performance achieved by the Group, such as the costs associated with a major programme of restructuring. This also includes items that are irregular in nature, and also the amortisation of acquired intangibles, which principally relates to acquired customer relationships. The Group incurs costs, which are recognised as an expense in the income statement, in maintaining these customer relationships. The Group considers that the exclusion of the amortisation charge on acquired intangible from underlying performance avoids the potential double counting of such costs.

4 Significant Judgements and Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described above, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities at the reporting date and the amounts of revenue and expenses incurred during the period that may not be readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The estimates and assumptions that have the most significant impact are set out below.

Revenue and Margin

The recognition of revenue and profit on construction contracts is a key source of estimation uncertainty due to the difficulty of forecasting the final costs to be incurred on a contract in progress and the process whereby applications are made during the course of the contract with variations, which can be significant, often being agreed as part of the final account negotiation.

The Group's policies for the recognition of revenue and profit on construction contracts are set out in note 3(v). Commercial reviews of all live contracts are undertaken on a regular basis, with all significant contracts being reviewed on a monthly basis. The Directors also take into account the recoverability of contract balances and trade receivables, and allowances are made for those balances which are considered to be impaired. The Group only recognises revenue once there is a formal contractual entitlement and the recognition criteria of IFRS 15 have been met.

As at 31 December 2021 the Group had approximately £25m (2020: £15m) of formally instructed, unagreed variations, of which £15m (2020: £9m) satisfy the highly probable test under IFRS 15 and as such have been taken to revenue.

4 Significant Judgements and Sources of Estimation Uncertainty continued

Retirement Benefit Obligations

The costs, assets and liabilities of the defined benefit scheme operated by the Group are determined using methods relying on actuarial estimates and assumptions, which are largely dependent on factors outside the control of the Group. Details of the key assumptions are set out in note 22, and include the discount rate, expected return on assets, rate of inflation and mortality rates. The Group takes advice from independent actuaries relating to the appropriateness of the assumptions. Changes in the assumptions used may have a significant effect on the income statement, statement of comprehensive income and the statement of financial position. A sensitivity analysis is included in note 22.

5 Segment Information

(i) Reportable Segments

The Group provides mechanical and electrical contracting and related services to the construction industry and end users.

For management and internal reporting purposes, the Group is organised geographically into three regional divisions: London, UK South and UK North, reporting to the Board who represent the 'chief operating decision-maker' as per IFRS 8. The measurement basis used to assess the performance of the divisions is underlying operating profit, stated before amortisation of intangible assets and other non-underlying items.

All transactions between segments are undertaken on normal commercial terms. All the Group's operations are carried out within the United Kingdom, and there is no significant difference between revenue based on the location of assets and revenue based on the location of customers. The accounting policies for the reportable segments are the same as the Group's accounting policies disclosed in note 3. Segmental information is based on internal management reporting.

Notes to the Financial Statements continued

For the year ended 31st December 2021

5 Segment Information continued

(ii) Segment Information and Revenue Analysis – Current Year

	London £m	UK South £m	UK North £m	Group costs and Unallocated £m	Total £m
Revenue from contracts with customers	**189.4**	**67.1**	**70.6**	**–**	**327.1**
Operating profit	**6.2**	**2.6**	**3.0**	**(3.0)**	**8.8**
Finance costs	**–**	**–**	**–**	**(1.0)**	**(1.0)**
Profit before tax	**6.2**	**2.6**	**3.0**	**(4.0)**	**7.8**
Taxation expense	**–**	**–**	**–**	**(1.5)**	**(1.5)**
Profit for the year	**6.2**	**2.6**	**3.0**	**(5.5)**	**6.3**

	London £m	UK South £m	UK North £m	Total £m
Business sector				
Facilities Management	**2.7**	**13.6**	**9.7**	**26.0**
Infrastructure	**15.1**	**34.4**	**29.3**	**78.8**
Engineering Services	**91.7**	**14.3**	**10.9**	**116.9**
Residential & Hotels	**31.5**	**4.8**	**19.6**	**55.9**
Technologies	**48.4**	**–**	**1.1**	**49.5**
Total revenue	**189.4**	**67.1**	**70.6**	**327.1**

(iii) Segment Information and Revenue Analysis – Prior Year

	London £m	UK South £m	UK North £m	Group costs and Unallocated £m	Total £m
Revenue from contracts with customers	134.6	55.1	42.2	–	231.9
Underlying operating profit	4.9	2.7	0.7	(2.3)	6.0
Restructuring costs	–	–	–	(3.7)	(3.7)
Amortisation of intangibles	–	–	(0.2)	–	(0.2)
Operating profit	4.9	2.7	0.5	(6.0)	2.1
Finance costs	–	–	–	(0.9)	(0.9)
Profit before tax	4.9	2.7	0.5	(6.9)	1.2
Taxation expense	–	–	–	–	–
Profit for the year	4.9	2.7	0.5	(6.9)	1.2

	London £m	UK South £m	UK North £m	Total £m
Business sector				
Facilities Management and Frameworks	2.4	9.7	5.7	17.8
Infrastructure	20.6	22.1	16.2	58.9
Engineering Services	59.4	15.7	6.5	81.6
Residential & Hotels	21.7	7.6	12.8	42.1
Technologies	30.5	–	1.0	31.5
Total revenue	134.6	55.1	42.2	231.9

5 Segment Information continued

Revenue is wholly attributable to the principal activity of the Group and arises solely within the United Kingdom.

Revenue recognised in the year that was included in the contract liability balance at the beginning of the year was £1.1m (2020: £0.1m).

At the end of the year, the aggregate amount of transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) was £453.8m (2020: £271.8m). These will be recognised as revenue in accordance with the satisfaction of the performance obligations.

2021 revenue includes £34.3m and £34.2m which arose from sales to single customers. No other single customer contributed 10% or more of the Group's revenue for either 2021 or 2020.

In the current year, the incremental costs of obtaining a contract with a customer which has been recognised as an asset is £nil (2020: £nil).

In the current year, the costs to fulfil a contract with a customer which has been recognised as an asset is £nil (2020: £nil).

Of the £327.1m revenue recognised in 2021 (2020: £231.9m), £299.2m was recognised over time (2020: £218.4m) and £27.9m was recognised at a point in time (2020: £13.5m).

6 Finance Costs

	2021 £m	2020 £m
Finance costs		
Interest on lease liabilities	**0.1**	0.1
Interest on bank overdrafts and loans	**0.5**	0.3
Interest cost in respect of defined benefit pension schemes	**0.4**	0.5
Total	**1.0**	0.9

7 Operating Profit

Operating Profit is Stated After Charging

	2021 £m	2020 £m
Amortisation of intangible assets	**–**	0.2
Depreciation of property, plant and equipment	**2.0**	2.2
Project-related raw materials and consumables recognised as an expense	**81.0**	56.0
Fees payable to the Company's auditors for the audit of:		
The Company and consolidation	**0.3**	0.2
Subsidiary companies	**0.1**	0.1
Employee benefit expense (see note 8)	**76.3**	72.0

Apart from a nominal fee for access to online technical resources, no non-audit services were provided by the Company's auditors during the year (2020: none).

Non-underlying items in the prior year included £0.2m amortisation of intangible assets relating to acquired customer relationships, and the £3.7m cost of a restructuring programme, principally comprising redundancy costs.

Notes to the Financial Statements continued

For the year ended 31st December 2021

8 Employee Benefit Expense

(i) Employee Benefit Expense

	2021 £m	2020 £m
Staff costs during the year were as follows:		
Wages and salaries	**65.7**	63.0
Share awards and options granted to Directors and Employees (see note 18)	**0.8**	0.4
Social security costs	**6.5**	6.4
Other Pension costs	**3.3**	2.2
Total employee benefit expense	**76.3**	72.0

Included within staff costs is £0.4m of furlough grant income from the Government's Job Retention Scheme (2020: £6.9m).

£3.1m of the prior year employee benefit expense was included within non-underlying items (2021: £nil).

Details of Director remuneration are included in the Annual Report on Remuneration on pages 49 to 56.

(ii) Monthly Average Number of Employees

	Group	
	2021 Number	2020 Number
Staff (including Directors)	**450**	425
Operatives	**754**	869
Total	**1,204**	1,294

9 Taxation

	2021 £m	2020 £m
Current tax expense		
UK corporation tax payable on profit for the year	**1.5**	–
Adjustment in relation to prior years	**(0.2)**	(0.3)
Deferred tax expense		
Arising on:		
Origination and reversal of timing differences	**0.2**	0.3
Total income tax expense	**1.5**	–
Reconciliation of tax charge		
Profit before tax for the year	**7.8**	1.2
Tax at standard UK tax rate of 19% (2020: 19%)	**1.5**	0.2
Tax effect of:		
Adjustment in relation to prior years	**(0.2)**	(0.3)
Permanently disallowed items	**0.2**	0.1
Total income tax expense	**1.5**	–

	2021 £m	2020 £m
Deferred tax credited to other comprehensive income	**(0.4)**	(1.7)

10 Earnings Per Share

(i) Basic Earnings Per Share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of Ordinary shares in issue during the year.

	2021 £m	2020 £m
Earnings:		
Profit attributable to owners of the Company	**6.3**	1.2
Weighted average number of Ordinary shares in issue (000s)	**42,284**	42,295
Basic earnings per share	**14.99p**	2.87p

(ii) Diluted Earnings Per Share

Diluted earnings per share is calculated by adjusting the weighted average number of Ordinary shares outstanding to assume conversion of all dilutive potential Ordinary shares. The Company has two categories of dilutive potential Ordinary shares: share options granted under the Save As You Earn Schemes and conditional share awards and options granted under the Long-term Incentive Plan. Further details of these schemes are given in note 18.

For the share options, a calculation is made to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

Notes to the Financial Statements continued

For the year ended 31st December 2021

10 Earnings Per Share continued

	2021 £m	2020 £m
Earnings:		
Profit attributable to owners of the Company	**6.3**	1.2
Weighted average number of Ordinary shares in issue (000s)	**42,284**	42,295
Adjustments:		
Savings Related Share Option Schemes	**471**	295
Equity Incentive Plan:		
Conditional share awards	**2,790**	2,453
Weighted average number of Ordinary shares for diluted earnings per share (000s)	**45,545**	45,043
Diluted earnings per share	**13.91p**	2.69p

(iii) Underlying Earnings Per Share

Underlying earnings per share represents profit for the year adjusted for amortisation of intangible assets and other non-underlying items and the tax effect of these items, divided by the weighted average number of shares in issue. Underlying earnings is the basis on which the performance of the operating divisions of the business is measured. There have been no underlying items in 2021 and therefore underlying and reported numbers are the same for 2021.

	2021 £m	2020 £m
Profit attributable to owners of the Company	**6.3**	1.2
Adjustments:		
Amortisation of intangible assets	**–**	0.1
Restructuring costs	**–**	3.0
Underlying earnings	**6.3**	4.3
Weighted average number of Ordinary shares in issue (000s)	**42,284**	42,295
Adjustments:		
Savings Related Share Option Schemes	**471**	295
Equity Incentive Plan:		
Conditional Share Awards	**2,790**	2,453
Weighted average number of Ordinary shares for diluted earnings per share (000s)	**45,545**	45,043
Diluted underlying earnings per share	**13.91p**	9.66p
Basic underlying earnings per share	**14.99p**	10.29p

11 Intangible assets

	Goodwill £m	Other intangible assets £m	Total £m
Cost			
At 1st January 2020, 31st December 2020 and 31st December 2021	**27.5**	**2.9**	**30.4**
Accumulated impairment and amortisation			
At 1st January 2020	(2.2)	(2.7)	(4.9)
Charge for the year	–	(0.2)	(0.2)
At 31st December 2020	(2.2)	(2.9)	(5.1)
Charge for the year	–	–	–
At 31st December 2021	**(2.2)**	**(2.9)**	**(5.1)**
Net book value			
At 1st January 2020	25.3	0.2	25.5
At 31st December 2020	25.3	–	25.3
At 31st December 2021	**25.3**	**–**	**25.3**

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. Other intangible assets comprise customer relationships arising on acquisitions. Amortisation of other intangible assets is included in administrative expenses in the income statement.

Goodwill is allocated to operating segments as follows:

Operating segment	2021 and 2020 **£m**
London	11.3
UK South	6.1
UK North	7.9
Total	25.3

Value in use

The carrying value of goodwill has been compared to its recoverable amount based on the value in use of the operating segment to which the goodwill has been allocated, being the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other groups of assets.

Value in use has been calculated using budgets and forecasts approved by the Board covering the period 2022 to 2024, which take into account secured orders, business plans and management actions. The results of the period subsequent to 2024 have been projected using 2024 forecasts with 2% growth assumed. The extrapolated cash flow projections have been discounted using a pre-tax discount rate derived from the Group's cost of capital.

Notes to the Financial Statements continued

For the year ended 31st December 2021

11 Intangible Assets continued

Assumptions

The key assumptions, to which the assessment of the recoverable amounts of operating segments is sensitive, are the projected revenue and operating margin to 2024 and beyond, and the discount rate applied. The range of these assumptions applied to the operating segments is as follows:

	2021	2020
Pre-tax discount rate	**10.3%**	9.0%
Average annual revenue growth (2021–2024) (2020: 2020–2023)		
London	**15.1%**	19.2%
UK South	**18.0%**	8.6%
UK North	**15.9%**	20.3%
Operating margins (2022–2024) (2020: 2021–2023)		
London	**3.7% - 4.0%**	3.9% - 4.0%
UK South	**3.7% - 4.0%**	3.7% - 4.0%
UK North	**3.7% - 4.0%**	3.5% - 4.0%

Operating margins exclude any allocation of Group costs.

Sensitivities

For each operating segment, 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 operating segment. The sensitivities tested related to changes in profitability and discount rate, including consideration of how many times the value in use of a particular operating segment exceeded its carrying value. This analysis has indicated that no reasonably possible changes in any individual key assumption would cause the carrying amount of the operating segment to exceed its recoverable amount.

At 31st December 2021, based on these valuations, no increase in the impairment provision was required against the carrying value of goodwill (2020: £nil).

An assessment of the subsidiary investments using consistent methodology amended for pre-tax cash flows indicates that there is no requirement for any additional impairment provision.

12 Property, Plant and Equipment

Group	Properties £m	Leasehold improvements £m	Plant, machinery and vehicles £m	Total £m
Cost or valuation				
At 1st January 2020	5.4	2.7	6.3	14.4
Additions	0.3	0.2	0.7	1.2
At 31st December 2020	5.7	2.9	7.0	15.6
Additions	–	0.1	1.4	1.5
Disposals	–	–	(0.1)	(0.1)
Transfer from depreciation on revaluation	(0.2)	–	–	(0.2)
Revaluation	0.1	–	–	0.1
At 31st December 2021	**5.6**	**3.0**	**8.3**	**16.9**
Accumulated depreciation and impairment				
At 1st January 2020	(0.6)	(1.7)	(3.1)	(5.4)
Charge for the year	(0.5)	(0.5)	(1.2)	(2.2)
At 31st December 2020	(1.1)	(2.2)	(4.3)	(7.6)
Charge for the year	(0.4)	(0.2)	(1.4)	(2.0)
Transfer to cost on revaluation	0.2	–	–	0.2
At 31st December 2021	**(1.3)**	**(2.4)**	**(5.7)**	**(9.4)**
Net book value				
At 1st January 2020	4.8	1.0	3.2	9.0
At 31st December 2020	4.6	0.7	2.7	8.0
At 31st December 2021	**4.3**	**0.6**	**2.6**	**7.5**

The net book values shown above at 31st December 2021 reflect the following right-of-use assets: Properties £1.4m (2020: £1.6m) and Plant, machinery and vehicles £2.1m (2020: £1.7m). Additions in the year for right-of-use assets were £nil for Properties (2020: £0.3m) and £1.4m for Plant, machinery and vehicles (2020: £0.6m). The depreciation charge for right-of-use assets was £0.4m for Properties (2020: £0.5m) and £0.9m for Plant, machinery and vehicles (2020: £1.2m).

The Group's freehold land and buildings were last valued at 31 December 2021 based on an external valuation provided by an independent valuer. The external valuation was conducted on the basis of market value as defined by the RICS Valuation Standards, and was determined by reference to recent market transactions on arm's length terms. The net book value of the freehold properties on a historical cost basis would have been £3.6m (2020: 3.7m).

The Group has granted a charge in favour of the TClarke Group Retirement and Death Benefits Scheme over a number of properties occupied by the Group up to a maximum value of £3.1m, to secure the future pension obligations of the scheme. The book and fair value of the properties at 31st December 2021 was £3.1m (2020: £3.0m).

Notes to the Financial Statements continued

For the year ended 31st December 2021

13 Deferred Taxation

Group	Revaluations £m	Retirement benefit obligation £m	Other £m	Total £m
(Liability)/asset at 1st January 2020	(0.1)	4.7	0.2	4.8
Charged to income	–	(0.3)	–	(0.3)
Credited to other comprehensive income	–	1.7	–	1.7
(Liability)/asset at 31st December 2020	**(0.1)**	**6.1**	**0.2**	**6.2**
Charged to income	**–**	**(0.2)**	**–**	**(0.2)**
Credited to other comprehensive income	**–**	**0.4**	**–**	**0.4**
(Liability)/asset at 31st December 2021	**(0.1)**	**6.3**	**0.2**	**6.4**

The amount of deferred tax recoverable within one year is insignificant. The deferred tax asset arises in respect of the deficit on the retirement benefit obligation. A deficit reduction plan is in place to reduce this deficit over a number of years (see note 22). The deferred tax asset will be recovered over time as the deficit is reduced. There were £0.4m unrecognised deferred tax assets at 31 December 2021 (2020: £0.4m).

The net deferred tax asset reported on the Statement of Financial Position can be analysed as follows:

	2021 £m	2020 £m
Deferred tax liabilities	**(0.1)**	(0.1)
Deferred tax assets	**6.5**	6.3
Total	**6.4**	6.2

The main rate of UK corporation for the period is currently 19%. The Finance Act 2021 was substantively enacted in May 2021 and has increased the corporation tax rate to from 19% to 25% with effect from 1 April 2023. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

14 Inventories

	2021 £m	2020 £m
Raw materials and consumables, net of provision (2020: £nil)	**0.4**	0.4

15 Construction Contracts

	2021 £m	2020 £m
Contract work in progress comprises:		
Contract costs incurred plus recognised profits less recognised losses to date	**309.5**	285.2
Less: progress payments	**(260.7)**	(244.6)
Total	**48.8**	40.6
Contracts in progress at the reporting date		
Gross amounts due from customers	**51.7**	41.7
Gross amounts due to customers	**(2.9)**	(1.1)
Total	**48.8**	40.6

At 31st December 2021, retentions held by customers of the Group for contract work amounted to £19.5m (2020: £19.1m). These amounts are included in trade receivables (see note 16).

Advances received from customers for contract work amounted to £2.9m (2020: £1.1m).

Contract balance movements from the prior year closing position were due to events in the normal course of business.

Contract amounts are shown net of impairment of £nil (2020: £nil).

Notes to the Financial Statements continued

For the year ended 31st December 2021

16 Trade and Other Receivables

	Group 2021 £m	2020 £m
Trade receivables – gross	**35.3**	15.3
Trade receivables – allowances for credit losses	**(0.2)**	(0.4)
Net trade receivables	**35.1**	14.9
Other receivables (including retentions)	**21.4**	20.8
Prepayments	**0.9**	2.4
Total	**57.4**	38.1
Movements in allowances for credit losses		
At 1st January	**(0.4)**	(0.8)
Written off in year	**0.2**	0.4
At 31st December	**(0.2)**	(0.4)
Net trade receivables are due as follows		
Due within 3 months	**32.1**	11.1
Due in 3 to 6 months	**–**	0.1
Due in 6 to 12 months	**–**	–
Due after more than one year	**–**	–
Overdue	**3.0**	3.7
Total	**35.1**	14.9
The ageing of trade receivables past due but not impaired is as follows		
30 days or less	**2.4**	2.7
31–60 days	**0.6**	1.0
60–90 days	**–**	–
Greater than 90 days	**–**	–
Total	**3.0**	3.7

The expected credit losses on trade receivables are estimated based on past default experience of the debtor and an analysis of the debtor's current financial position adjusted for factors that are specific to the debtors such as the ageing of the debt.

	Group 2021 £m	2020 £m
Trade and other receivables are analysed as follows on the statement of financial position:		
Current assets	**52.5**	34.5
Non-current assets	**4.9**	3.6
Total	**57.4**	38.1

17 Trade and Other Payables

	Group 2021 £m	2020 £m
Current		
Trade payables (including retentions)	**47.9**	44.1
Other taxation and social security	**3.9**	8.1
Accruals	**43.8**	24.2
Other payables	**0.7**	1.1
Total	**96.3**	77.5
Non-current		
Trade payables (including retentions)	**1.7**	2.6
Total	**1.7**	2.6
Trade payables payment terms are as follows:		
30 days or less	**23.4**	27.2
31 to 60 days	**22.7**	18.7
Greater than 60 days	**3.5**	0.8
Total	**49.6**	46.7

18 Capital and Reserves

(i) Components of Owners' Equity

The nature and purpose of the components of owners' equity are as follows:

Component of owners' equity	Description and purpose
Share capital	Amount subscribed for share capital at nominal value.
Share premium	Amount subscribed for share capital in excess of nominal value, net of allowable expenses.
Revaluation reserve	Cumulative gains recognised on revaluation of land and buildings above depreciated cost.
Retained earnings	Cumulative net gains and losses recognised in the income statement and the statement of comprehensive income.

Retained earnings include shares in TClarke plc purchased in the market and held by the TClarke Employee Share Ownership Trust ('the Trust') to satisfy options under the Company's Share incentive schemes. The number of shares held by the trust at 31 December 2021 was 1,068,637 (2020: 695,795) with a cost of £1.2m (2020: £0.7m). All of the shares held by the Trust were unallocated at the year-end and dividends on these shares have been waived. Based on the Company's share price at 31 December 2021 of £1.60 (2020: £0.98), the market value of the shares was £1.7m (2020: £0.7m).

The cost of shares held in the Trust has moved as follows:

	2021 £m	2020 £m
Opening cost of shares	**0.7**	0.8
Cost of shares purchased by Trust	**0.8**	–
Cost of shares disposed of by Trust	**(0.3)**	(0.1)
Closing cost of shares	**1.2**	0.7

Notes to the Financial Statements continued

For the year ended 31st December 2021

18 Capital and Reserves continued

(ii) Share Capital and Premium

Allotted, called up and fully paid (nominal value 10p per share)	Number of shares	Share capital £m	Share premium £m
At 31st December 2021	43,882,861	4.4	4.2
At 31st December 2020	43,052,558	4.3	3.8

All shares rank equally in respect of shareholder rights.

(iii) Save As You Earn Scheme

The following options granted to employees and Directors of the Group under approved Save As You Earn ('SAYE') share option schemes were outstanding at the end of the year:

	Number of options	Grant date	Exercise date	Exercise price	Fair value at date of grant
TClarke plc Savings Related Share Option Scheme ('2018 SAYE Scheme')	248,036	24/10/2018	01/12/2021 to 31/05/2022	74.88	0.3p
TClarke plc 2021 Sharesave Scheme ('2021 SAYE Scheme)	1,337,785	06/10/2021	01/12/2024 to 31/05/2025	124.2	30.1p

In accordance with both sets of scheme rules, all employees of the Group with at least six months' continuous service were eligible to participate in the schemes, the only vesting condition being that the individual remains an employee of the Group over the savings period. The impact of recognising the fair value of employee share option plan grants as an expense under IFRS 2 is £nil for the year ended 31st December 2021 (2020: £nil). The schemes are open to all eligible employees including the Executive Directors. Under the rules of the schemes all participating employees have entered into an approved Save As You Earn contract ('SAYE contract') under which the employee agrees to make monthly contributions, of between £10 to £500 for a period of three years, at the end of which the employee may use part or all of the proceeds to acquire the shares under option. Options will be exercisable within a period of six months commencing on the date of maturity of the participant's SAYE contract.

The number of options outstanding during the year were as follows:

	2021 Number	2021 Weighted average exercise price (p)	2020 Number	2020 Weighted average exercise price (p)
At 1st January	1,146,971	74.88	1,321,219	74.88
Granted	1,341,031	124.20	–	–
Exercised	(800,314)	74.88	(21,736)	74.88
Lapsed	(101,867)	76.45	(152,512)	74.88
At 31st December	1,585,821	116.49	1,146,971	74.88

The weighted average remaining contractual life of the options at 31 December 2021 was 1,076 days (2020: 480 days)

18 Capital and Reserves continued

(iv) Long-term Incentive Plan

All employees, including Executive Directors, are eligible to participate in the TClarke Long-term Incentive Plan ('the Plan') at the discretion of the Remuneration Committee. Awards may be made in the form of approved options, unapproved options, conditional awards of shares and matching awards of shares. Awards may be made in the six-week periods after adoption of the Plan and after the announcement of the Group's interim or final results. No award may be made more than ten years after the date on which the Plan was last approved by shareholders (5th May 2021). Options and awards of shares are subject to performance conditions as determined by the Remuneration Committee.

The total number of shares issued pursuant to the Plan, when aggregated with the total number of shares issued pursuant to any other employee share scheme in the ten years immediately preceding the date upon which an award is made, shall not exceed 10% of the Company's issued share capital at the date of the grant. Our practice is to only issue shares for the Save As You Earn Scheme; shares for the Long-term Incentive Plan are satisified through market purchases.

At 31st December 2021, 2,789,712 conditional share awards were outstanding (2020: 2,575,228 outstanding).

	Conditional shares	Conditional shares	Conditional shares	Conditional shares
Date of grant	24/04/2019	24/04/2019	01/05/2020	28/04/2021
Number of awards	309,952	530,000	1,141,676	808,084
Share price at date of grant	130.00p	130.00p	93.50p	135.50p
Exercise price	–	–	–	–
Option life	3 years	3 years	3 years	3 years

The conditional share awards and options will vest subject to continued employment with the Group and satisfaction of the following performance conditions over a three-year period ending 31st December preceding the earliest vesting date.
For the 2019 and 50% of the 2020 and 2021 awards, the following performance conditions apply:

Annual growth rate in underlying EPS above RPI[1]	Proportion of award vesting
Less than 3%	Nil
3%	25%
Between 3% and 10%	Between 25% and 100% on a straight-line basis
Above 10%	100%

1 The base point is based on average underlying EPS for the three years ending with the year preceding the date of grant.

The remaining 50% of the 2020 award performance conditions relate to the actions taken by the Executive Directors to enable TClarke to increase retained reserves for the year ended 31 December 2020 (excluding any impact from Pension Deficit Movements). The Remuneration Committee assessed that the performance condition had been met as the 2020 profit after tax was £1.2m. For the shares to vest the Company must not breach any banking covenants for the remainder of the three year period.

The remaining 50% of the 2021 award performance conditions are as follows

Annual growth rate in underlying EPS above RPI[1]	Proportion of award vesting
Less than 20%	Nil
Between 20% and 30%	Between nil and 100% on a straight-line basis
Above 30%	100%

1 The base point from which performance is measured is based on average underlying EPS for the three years ended 31st December 2020.

(v) Share-based Payment Expense

The charge to the income statement takes into account the number of shares and options that are expected to vest. The impact of recognising the fair value of Long-term Incentive Plan grants as an expense under IFRS 2 is a £0.8m charge for the year ended 31 December 2021 (2020: £0.4m charge).

Notes to the Financial Statements continued

For the year ended 31st December 2021

18 Capital and Reserves continued

(vi) Dividends Paid

	2021 £m	2020 £m
Final dividend of 3.65p (2020: 3.65p) per Ordinary share paid during the year relating to the previous year's results	**1.6**	1.6
Interim dividend of 0.75p (2020: 0.75p) per Ordinary share paid during the year	**0.3**	0.3
Total	**1.9**	1.9

The Directors are proposing a final dividend of 4.1p (2020: 3.65p) per Ordinary share totalling £1.8m (2020: £1.6m).

This dividend has not been accrued at the reporting date.

19 Notes to the Statement of Cash Flows

(i) Reconciliation of Operating Profit to Net Cash (Outflow)/Inflow from Operating Activities

	Group	
	2021 £m	2020 £m
Operating profit	**8.8**	2.1
Depreciation charges	**2.0**	2.1
Equity-settled share-based payment expense	**0.8**	0.4
Amortisation of intangible assets	**–**	0.2
Pension deficit reduction contribution	**(1.5)**	(1.5)
Defined benefit pension scheme charge/(credit)	**0.4**	(1.7)
Operating cash flows before movement in working capital	**10.5**	1.6
Movement in inventories	**–**	(0.2)
(Increase)/decrease in contract balances	**(8.2)**	3.9
(Increase)/decrease in operating trade and other receivables	**(18.8)**	3.8
Increase/(decrease) in operating trade and other payables	**16.4**	(4.5)
Cash (used in)/generated from operations	**(0.1)**	4.6
Corporation tax paid	**–**	(0.6)
Interest paid	**(0.5)**	(0.3)
Net cash (used in)/generated from operating activities	**(0.6)**	3.7

(ii) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and other short-term highly liquid investments that are readily convertible into cash, less bank overdrafts, and are analysed as follows.

	Group	
	2021 £m	2020 £m
Cash and cash equivalents	**20.3**	25.2

20 Bank Overdrafts and Bank Loans

During the year the Group had in place a £10.0m overdraft facility and a £15.0m revolving credit facility ('RCF'), both with National Westminster Bank plc, with the level of usage available dependent on covenant compliance. The RCF charges commitment fees at market rates and drawings bear interest at a margin above SONIA. Interest is charged on the overdraft at 2.00% above base rate. The RCF includes financial covenants in respect of interest cover and net leverage ratios which are tested quarterly. The RCF is available until 31 August 2024 and the overdraft facility is subject to annual review. The Group was compliant with its obligations under the RCF and the overdraft facility throughout the year.

All operating companies within the Group are included within the overdraft facility, and National Westminster Bank plc has a floating charge over the assets of the Group.

At both 31st December 2021 and 31st December 2020 the Group had unused overdraft facilities of £10.0m and had drawn down £15.0m of the RCF. Net cash at 31st December 2021 was £5.3m (2020: £10.2m).

21 Related Party Transactions

(i) Key management personnel

The key management personnel of the Group comprise members of the TClarke plc Board of Directors and the Group Management Board. The key management personnel compensation is as follows:

	2021 £m	2020 £m
Short-term benefits	**3.3**	3.3
Share-based payments	**0.6**	0.5
Post-employment employee benefits	**0.1**	0.1
Total	**4.0**	3.9

(ii) Transactions with subsidiary companies

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Notes to the Financial Statements continued

For the year ended 31st December 2021

22 Pension Commitments

Defined Contribution Schemes

The Group operates defined contribution pension schemes for all qualifying employees of all its operating companies. The assets of these schemes are held separately from those of the Group in funds under the control of the trustees.

The total cost charged to income of £2.5m (2020: £1.9m) represents contributions payable to these schemes by the Group at rates specified in the rules of the separate plans.

Defined Benefit Scheme

The Group operates a funded defined benefit scheme for qualifying employees. The scheme is registered with HMRC and is administered by the trustees.

With effect from 1st March 2010, the benefit structure was altered from a final salary scheme with an accrual rate of 1/60th to a Career Average Revalued Earnings scheme with an accrual rate of 1/80th. No other post-retirement benefits are provided. The assets of the scheme are held separately from those of the participating companies.

The most recent triennial actuarial valuation of the scheme, carried out at 31st December 2018 by R Williams, Fellow of the Institute of Actuaries, showed a deficit of £24.9m, which represented a funding level of 59%. The valuation was impacted by the significant fall in bond yields over the period leading up to the date of the valuation and a change in mortality assumptions, caused by macro-economic factors beyond the Group's control. Following agreement of the valuation, the deficit reductions contributions of £1.5m per annum will continue. The Group continues to provide security in the form of a charge over the Group's property portfolio up to a combined value of £3.1m.

From 1st April 2020, the service contribution increased from 21.4% to 22.4% of pensionable payroll (including employee contributions, which, increased from 10% to 12% of pensionable payroll).

As part of a Group reorganisation, a subsidiary company, TClarke Services Limited, became the principal employer of the scheme with effect from 23rd December 2016, and the pension scheme liability and related deferred tax asset were transferred to TClarke Services Limited at that date. The Company and its subsidiary, TClarke Contracting Limited, have provided a guarantee to the trustees of the scheme in respect of TClarke Services Limited's obligations to the pension scheme.

22 Pension Commitments continued

The key assumptions used to value the pension scheme liability in the financial statements are set out below:

	2021 %	2020 %
Rate of increase in salaries	**3.39**	2.60
Rate of increase of pensions in payment	**3.15**	3.00
Discount rate	**1.89**	1.40
Inflation assumption (RPI)	**3.25**	2.90

The mortality assumptions used in the IAS 19 valuation were:	**2021 Years**	2020 Years
Life expectancy at age 65 for current pensioners		
– Men	**21.5**	21.8
– Women	**23.4**	24.1
Life expectancy at age 65 for future pensioners (current age 45)		
– Men	**22.5**	22.8
– Women	**24.6**	25.2

The amounts recognised in the consolidated statement of financial position are as follows:

	2021 £m	2020 £m
Present value of funded obligations	**73.4**	76.3
Fair value of plan assets	**(49.5)**	(46.1)
Deficit of funded plans	**23.9**	30.2

Notes to the Financial Statements continued

For the year ended 31st December 2021

22 Pension Commitments continued

The movement in the defined benefit obligation is as follows:

	Present value of obligation £m	Fair value of plan assets £m	Total £m
At 1st January 2020	70.7	(44.3)	26.4
Current service cost	0.9	–	0.9
Settlements	0.4	–	0.4
Interest expense/(income)	1.4	(0.9)	0.5
Total	2.7	(0.9)	1.8
Remeasurements			
Return on plan assets, excluding amounts included in interest expense	–	(4.7)	(4.7)
Change in demographic assumptions	0.3	–	0.3
Loss from change in financial assumptions	9.3	–	9.3
Experience loss	1.6	–	1.6
Total	11.2	(4.7)	6.5
Contributions			
Employers	–	(4.5)	(4.5)
Employees	0.5	(0.5)	–
Payment from plans			
Benefit payments	(8.8)	8.8	–
At 31st December 2020	76.3	(46.1)	30.2
Current service cost	**0.7**	**–**	**0.7**
Interest expense/(income)	**1.1**	**(0.7)**	**0.4**
Total	**1.8**	**(0.7)**	**1.1**
Remeasurements			
Return on plan assets, excluding amounts included in interest expense	**–**	**(1.8)**	**(1.8)**
Change in demographic assumptions	**(1.2)**	**–**	**(1.2)**
Gain from change in financial assumptions	**(4.8)**	**–**	**(4.8)**
Experience loss	**2.2**	**–**	**2.2**
Total	**(3.8)**	**(1.8)**	**(5.6)**
Contributions			
Employers	**–**	**(1.8)**	**(1.8)**
Employees	**0.5**	**(0.5)**	**–**
Payment from plans			
Benefit payments	**(1.4)**	**1.4**	**–**
At 31st December 2021	**73.4**	**(49.5)**	**23.9**

Current service cost and settlements are included in administrative expenses.
Interest expense is included in finance costs.
Remeasurement gains and losses have been included in other comprehensive income/expense.

22 Pension Commitments continued

Plan assets are held in professionally managed multi-asset funds, cash and bank accounts managed by the trustees, and an insurance annuity contract. Plan assets are comprised as follows:

	2021				2020			
	£m Quoted	**£m Unquoted**	**£m Total**	**%**	£m Quoted	£m Unquoted	£m Total	%
Equities	**31.2**	**–**	**31.2**	**63%**	11.1	–	11.1	24%
Fixed interest corporate bonds	**1.2**	**–**	**1.2**		4.1	–	4.1	
Government bonds	**13.2**	**–**	**13.2**		21.3	–	21.3	
Total bonds	**14.4**	**–**	**14.4**	**29%**	25.4	–	25.4	55%
Property	**0.8**	**–**	**0.8**	**2%**	0.6	–	0.6	1%
Cash	**–**	**1.3**	**1.3**	**2%**	3.0	0.3	3.3	7%
Insurance annuity contracts	**–**	**1.8**	**1.8**	**4%**	–	1.8	1.8	4%
Other	**–**	**–**	**–**	**–**	–	3.9	3.9	9%
Total	**46.4**	**3.1**	**49.5**	**100%**	40.1	6.0	46.1	100%

Of the above assets £48.7m are denominated in Sterling and £0.8m in overseas currencies.

Through the defined benefit pension scheme the Group is exposed to a number of risks, the most significant of which are set out below.

Asset Volatility

The objective of the investment strategy is to have sufficient assets to pay benefits to members as they fall due. The scheme assets are invested in a diversified portfolio of growth assets (such as multi-asset funds and equities) and matching assets (such as bonds held in multi-asset funds and cash). Multi-asset funds include property investments. In addition, the scheme holds a number of annuity policies which are used to back a number of pensions in payment, reducing the volatility of the results.

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. If plan assets underperform this yield, this will create a deficit. A proportion of scheme assets are held in equities, which are expected to outperform bond yields in the long term while providing volatility and risk in the short term.

The Group believes that due to the long-term nature of scheme liabilities and the strength of the Group, it is appropriate to continue to hold a proportion of the assets in equities.

Change in Corporate Bond Yields

A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the scheme's bond holdings.

Notes to the Financial Statements continued

For the year ended 31st December 2021

22 Pension Commitments continued

Inflation Risk

Some of the pension obligations are linked to inflation, and higher inflation will lead to higher liabilities. Caps are in place for inflationary increases which protect the scheme against the impact of extreme inflation. The majority of the plan's assets are largely unaffected by inflation, meaning that any increase in inflation will also increase the deficit.

Life Expectancy

Pension obligations are payable for the life of the member, and where elected by the member, the member's spouse.

Increases in life expectancy will result in increases in scheme liabilities.

Age Profile

The weighted average duration of the unsecured liabilities is approximately 22 years.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

		Impact on defined benefit obligation	
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.5%	Decrease by 10%	Increase by 12%
Inflation assumption	0.5%	Increase by 6%	Decrease by 6%
Rate of increase in salaries	0.5%	Increase by 1%	Decrease by 1%
Rate of increase in pension payments	0.5%	Increase by 5%	Decrease by 5%
Life expectancy	1 year	Increase by 4%	Decrease by 4%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the year) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

23 Obligations Under Leases

In addition to the recognition of right-of-use-assets in note 12 the impact of the Group's lease arrangements on the financial statements is shown below.

31st December 2021	Properties £m	Leasehold improvements £m	Plant, machinery and vehicles £m	Total £m
Lease liability	1.3	–	1.6	**2.9**
Total value of lease payments	0.4	–	1.1	**1.5**
Total payments for short-term and low value leases	0.4	–	–	**0.4**
Interest expense	0.1	–	–	**0.1**

31st December 2020	Properties £m	Leasehold improvements £m	Plant, machinery and vehicles £m	Total £m
Lease liability	1.7	–	1.8	**3.5**
Total value of lease payments	0.4	–	1.2	**1.6**
Total payments for short-term and low value leases	0.4	–	–	**0.4**
Interest expense	0.1	–	–	**0.1**

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight line basis over the lease term.

24 Contingent Liabilities

Group banking facilities of £25.0m and surety bond facilities of £50.1m are supported by cross guarantees given by the Company and participating companies in the Group. There are contingent liabilities in respect of surety bond facilities, guarantees and collateral warranties under contracting and other arrangements entered into in the normal course of business.

Group's Defined Benefit Pension

As part of a Group reorganisation, a subsidiary company, TClarke Services Limited, became the principal employer of the scheme with effect from 23rd December 2016, and the pension scheme liability and related deferred tax asset were transferred to TClarke Services Limited at that date. The Company and its subsidiary, TClarke Contracting Limited, have provided a guarantee to the trustees of the scheme in respect of TClarke Services Limited's obligations to the pension scheme.

25 Financial Instruments

(i) Capital Risk Management

The Group manages its capital to ensure that each entity within the Group will be able to: continue as a going concern; to maintain a strong financial position to support business development, tender qualification and procurement activities; and to maximise the overall return to shareholders over time. Dividends form an important part of the overall return to shareholders. The Group is mindful of the need to ensure that the dividend is covered by earnings over the business cycle and paid out of cash reserves in order to secure the long-term interests of shareholders. The Board considers that it has sufficient capital to undertake its activities for the foreseeable future. The Group's overall capital strategy remains unchanged from 2016.

The capital structure of the Group consists of net funds, including cash and cash equivalents, bank loans and overdrafts and lease obligations, and equity attributable to equity holders of the Parent Company, comprising issued capital, reserves and retained earnings. The Group does not use derivative financial instruments.

The capital structure of the Group at 31st December 2021 and 2020 was as follows:

	2021 £m	2020 £m
Cash and cash equivalents	**20.3**	25.2
Less borrowings	**(15.0)**	(15.0)
Net cash	**5.3**	10.2
Obligations under leases	**2.9**	3.5
Total equity	**26.5**	15.7

(ii) Financial Assets and Liabilities

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the bases of measurement and the bases on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3. The fair value of the Group's and the Company's financial assets and financial liabilities is not materially different to the carrying value. All financial assets and liabilities are level 3 by definition (ie inputs are not based on observable market data).

Notes to the Financial Statements continued

For the year ended 31st December 2021

25 Financial Instruments continued

Financial Assets

The Group's financial assets comprise trade and other receivables held at amortised cost, and cash and cash equivalents as follows:

31st December 2021	Cash and cash equivalents £m	Trade and other receivables[1] £m	Total £m
Carrying value	**20.3**	**56.5**	**76.8**
Contractual cash flows			
Less than one year	**20.3**	**51.6**	**71.9**
One to two years	**–**	**4.1**	**4.1**
Two to three years	**–**	**0.7**	**0.7**
More than three years	**–**	**0.1**	**0.1**
Total	**20.3**	**56.5**	**76.8**

31st December 2020			
Carrying value	25.2	35.7	60.9
Contractual cash flows			
Less than one year	25.2	32.1	57.3
One to two years	–	2.8	2.8
Two to three years	–	0.6	0.6
More than three years	–	0.2	0.2
Total	25.2	35.7	60.9

1 Trade and other receivables excludes prepayments.

The financial assets and financial liabilities notes have been represented to remove amounts due from/to customers under construction contracts. See notes 16 and 17 for values.

25 Financial Instruments continued

Financial Liabilities – Analysis of Maturity Dates

At 31st December 2021, the carrying value of the Group's financial liabilities and maturity profile of the associated contractual cash flows are shown below. The contractual cash flows are undiscounted and therefore differ from the carrying values which include the impact of discounting cash flows.

31st December 2021	Trade and other payables[1] £m	Obligations under leases £m	Total £m
Carrying value	**94.1**	**2.9**	**97.0**
Contractual cash flows			
Less than one year	**92.4**	**0.9**	**93.3**
One to two years	**1.5**	**0.7**	**2.2**
Two to three years	**0.2**	**0.5**	**0.7**
More than three years	**–**	**0.8**	**0.8**
Total	**94.1**	**2.9**	**97.0**

31st December 2020			
Carrying value	72.0	3.7	75.7
Contractual cash flows			
Less than one year	69.4	1.3	70.7
One to two years	2.4	0.9	3.3
Two to three years	0.1	0.6	0.7
More than three years	0.1	0.9	1.0
Total	72.0	3.7	75.7

1 Trade and other payables exclude other taxation and social security.

(iii) Financial Risk Management

Financial risk management is integral to the way in which the Group is managed. The overall aim of the Group's financial risk management policies is to minimise any potential adverse effects on financial performance and net assets.

The Group does not enter into any derivative transactions and has minimal exposure to exchange rate movement as its trade is based in the United Kingdom.

The financial risks to which the Group is exposed comprise credit risk, market risk and liquidity risk.

The Group seeks to manage these risks as follows:

Credit Risk

Credit risk is the risk that a counterparty will fail to discharge its obligations and create a financial loss. Credit risk exists, amongst other factors, to the extent that at the reporting date there were significant balances outstanding. The Group's policy is to mitigate this risk by assessing the creditworthiness of prospective clients prior to accepting a contract, requesting progress payments on contract work in progress and investing surplus cash only with large, highly regarded UK financial institutions.

The carrying value of construction contracts, trade and other receivables and cash on deposit represents the Group's maximum exposure to credit risk. There were no significant concentrations of credit risk at 31st December 2021.

Notes to the Financial Statements continued

For the year ended 31st December 2021

25 Financial Instruments continued

Liquidity Risk

Liquidity risk is the risk that the Group will not generate sufficient cash and liquid funds to be able to settle its financial liabilities as and when they fall due. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by monitoring cash flows and by matching the maturity profiles of financial assets and liabilities within the bounds of its contractual obligations.

The Group's facilities were last renegotiated in May 2020 and comprise a £15.0m RCF and a £10.0m overdraft facility. The RCF is a committed facility available until 31st August 2024 and is subject to quarterly financial covenant tests. Management has prepared three-year cash flow projections that demonstrate that the Group will be able to meet these financial covenants. There have been no other significant changes to the nature of financial risks or the Group's objectives and policies for managing these risks.

Based on an interest rate of 2.25%, provided that the Group is utilising its banking facilities, the effect of a delay/acceleration in the maturity of the Group's trade receivables at the balance sheet date would be to decrease/increase profit by approximately £0.1m (2020: £0.1m) for each month of delay/acceleration, and the effect of a delay/acceleration in the maturity of the Group's trade payables at the reporting date would be to increase/decrease profit by approximately £0.1m (2020: £0.1m) for each month of delay/acceleration. If the facilities are unused, there is no impact on profit.

Cash Flow Interest Rate Risk

The Group is exposed to changes in interest rates on its bank deposits and borrowings. Surplus cash is placed on short-term deposit at fixed rates of interest. Bank overdrafts are at floating rates, at a fixed margin of 2.00% above base rates. The interest rate on amounts drawn down under the RCF are set at a margin above SONIA at the time of drawdown for periods of up to twelve months. The Group's lease obligations are at fixed rates of interest determined at the inception of the lease.

The effect of each 1% increase in interest rates on the Group's borrowings at the reporting date would be to reduce profits by approximately £0.1m (2020: £0.1m) per annum. Details of the Group's and the Company's bank facilities are disclosed in note 20.

26 Events after the Balance Sheet date

On 11th February 2022 the Group entered into a lease for our forthcoming move to 30 St Mary Axe. This will be accounted for in the 2022 Financial Statements whereby a right of use asset and corresponding lease liability for c.£3m will be included in the Statement of Financial Position.

Company Statement of Financial Position

As at 31st December 2021

TClarke PLC
Registered number 00119351

	Note	2021 £m	2020 £m
Non-current assets			
Investments	1	**44.1**	43.6
Total non-current assets		**44.1**	43.6
Current assets			
Amounts owed by subsidiary undertakings		**6.4**	4.6
Trade and other receivables		**0.2**	0.2
Current tax receivables		**1.2**	0.6
Cash and cash equivalents		**17.5**	19.0
Total current assets		**25.3**	24.4
Total assets		**69.4**	68.0
Current liabilities			
Bank loans		**(15.0)**	(15.0)
Amounts owed to subsidiary undertakings		**(6.5)**	–
Other tax and social security		**(1.7)**	(6.1)
Trade and other payables		**(0.1)**	–
Total current liabilities		**(23.3)**	(21.1)
Net current assets		**2.0**	3.3
Non-current liabilities			
Amounts owed to subsidiary undertakings		**(28.3)**	(29.9)
Total non-current liabilities		**(28.3)**	(29.9)
Total liabilities		**(51.6)**	(51.0)
Net assets		**17.8**	17.0
Equity			
Called up share capital		**4.4**	4.3
Share premium		**4.3**	3.8
Retained earnings		**9.1**	8.9
Total equity		**17.8**	17.0

The profit after tax for the year was £2.2m (2020: £1.9m).

The notes on pages 107 to 108 form part of these financial statements.

The financial statements of the Company were approved by the Board and authorised for issue on 8th March 2022 and signed on its behalf by:

Iain McCusker
Director

Mark Lawrence
Director

Company Statement of Changes in Equity

For the year ended 31st December 2021

	Attributable to owners of the parent			
	Called up share capital £m	Share premium £m	Retained earnings £m	Total Equity £m
At 1st January 2020	4.3	3.8	9.0	17.1
Comprehensive income				
Profit for the year	–	–	1.9	1.9
Total comprehensive income	–	–	1.9	1.9
Transactions with owners				
Shares acquired by ESOT	–	–	(0.1)	(0.1)
Dividends paid	–	–	(1.9)	(1.9)
Total transactions with owners	–	–	(2.0)	(2.0)
At 31st December 2020	**4.3**	**3.8**	**8.9**	**17.0**
Comprehensive income				
Profit for the year	**–**	**–**	**2.2**	**2.2**
Total comprehensive income	**–**	**–**	**2.2**	**2.2**
Transactions with owners				
New Shares	**0.1**	**0.5**	**–**	**0.6**
Shares acquired by ESOT	**–**	**–**	**(0.8)**	**(0.8)**
Share-based payment charge	**–**	**–**	**0.7**	**0.7**
Dividends paid	**–**	**–**	**(1.9)**	**(1.9)**
Total transactions with owners	**0.1**	**0.5**	**(2.0)**	**(1.4)**
At 31st December 2021	**4.4**	**4.3**	**9.1**	**17.8**

The notes on pages 107 to 108 form part of these financial statements.

Notes to the Financial Statements

For the year ended 31st December 2021

Basics of Accounting

The separate financial statements of the Company are presented as required by the Companies Act 2006 ('the Act'). The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, the Company has prepared its financial statements in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council. This is the first year that the Company accounts have been prepared under FRS 101 (previously IFRS).

The Company's accounting policies are consistent with those described in the consolidated accounts of TClarke plc, except that, as permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, capital management, presentation of a cash flow statement and related party transactions. Where required, equivalent disclosures are given in the consolidated accounts. In addition, disclosures in relation to share capital (note 18 (ii)) and dividends (note 18 (vi)) have not been repeated here as there are no differences to those provided in the consolidated accounts. There are no critical judgements the directors have made within the Company financial statements.

These financial statements have been prepared on the going concern basis as set out in the Directors' Report on page 57, and under the historical cost convention. The financial statements are presented in pounds sterling, which is the Company's functional currency, and unless otherwise stated have been rounded to the nearest £0.1m. The Company has taken advantage of section 408 of the Act and consequently the statement of comprehensive income (including the profit and loss account) of the Parent Company is not presented as part of these accounts.

Investments in subsidiaries are recorded at cost, being the fair value of consideration paid, and subsequently at cost less provisions for impairment. Cost includes the fair value of equity-settled share-based payment arrangements relating to options to acquire shares in TClarke plc granted to subsidiary employees under Savings Related Share Option schemes.

An annual impairment review of the carrying value of the Company's subsidiaries is undertaken at 31st December each year in conjunction with the goodwill impairment review (see note 11 of consolidated financial statements), using the same underlying cash flow projections and other key assumptions. The impairment provision comprises the entire cost of subsidiaries where operations have ceased, or a reduction to recoverable amount where there has been a significant reduction in underlying trading and significant losses have been incurred, such that the Group is unable to recover the cost of the investment through its net asset value or future trading.

Notes to the Financial Statements

For the year ended 31st December 2021

1 Investments

All subsidiaries are wholly and directly owned by TClarke plc unless otherwise stated, and all are incorporated within the United Kingdom.

Principal operating company	Type of shares
TClarke Contracting Limited	Ordinary
Group services company	
TClarke Services Limited	Ordinary
Property holding company	
Weylex Properties Limited	Ordinary
Non-trading and dormant companies	
Eton Associates Limited	Ordinary
TClarke Europe Limited	Ordinary
Anglia Electrical Services Limited	Ordinary
D G Robson Mechanical Services Limited	Ordinary
G.D.I. Electrical Co. Limited	Ordinary
J.J. Cross Limited	Ordinary
J.J. Cross Services Limited*	Ordinary
Mitchell and Hewitt Limited	Ordinary
T. Clarke East Limited	Ordinary
TClarke Leeds Limited	Ordinary
TClarke Newcastle Limited	Ordinary
T.Clarke (Northern) Limited (dissolved 22 February 2022)	Ordinary
T Clarke North West Limited	Ordinary
T. Clarke (Scotland) Limited	Ordinary
TClarke South East Limited	Ordinary
TClarke South West Limited	Ordinary
Waldon Security Limited**	Ordinary

* Shares held by J.J. Cross Limited. ** Shares held by TClarke South West Limited.

All subsidiary companies have their registered office at 45 Moorfields, London EC2Y 9AE apart from T. Clarke (Scotland) Limited whose registered office is at 6 Middlefield Road, Middlefield Industrial Estate, Falkirk, Stirlingshire FK2 9AG and T.Clarke (Northern) Limited whose registered office is at Stanhope House, 116-118 Walworth Road, London SE17 1JL.

Investments comprise:

	Subsidiary undertakings	
	2021 £m	2020 £m
Cost		
At 1st January	**53.2**	53.0
Capital Contributions	**0.5**	0.2
At 31st December	**53.7**	53.2
Impairment		
At 1st January	**(9.6)**	(9.6)
At 31st December	**(9.6)**	(9.6)
Net book value		
At 31st January	**43.6**	43.4
At 31st December	**44.1**	43.6

Capital contributions of £0.3m were made during the year ended 31 December 2021 in relation to share based payments on behalf of subsidiaries (2020: £0.2m).

Shareholder Information

Company Details

Registered office:
45 Moorfields
London EC2Y 9AE
Telephone: 020 7997 7400
Email: info@tclarke.co.uk
Company registration number: 00119351

The TClarke PLC Website

Shareholders are encouraged to visit our website www.tclarke.co.uk for further information about the Company. The dedicated investor section on the website contains information specifically for shareholders, including regulatory announcements and copies of the latest and past financial statements.

Registrar

The Company's shareholder register is maintained by our Registrar, Link Group. If you have any queries relating to your TClarke plc shareholding, you should contact Link Group directly by one of the methods below:

Email: shareholderenquiries@linkgroup.co.uk
Telephone: 0371 664 0300
By post: 10th Floor
Central Square
29 Wellington Street
Leeds
LS1 4DL
Shareholder portal: www.signalshares.com
If you are yet to register, you will need your investor code.

Analysis of Shareholdings

The tables below show an analysis of Ordinary shareholdings as at 31st December 2021.

	Shares	Percentage	Holdings	Percentage
Individuals	6,457,839	14.72%	730	73.81%
Banks or nominees	34,738,689	79.16%	234	23.66%
Other corporations	2,686,333	6.12%	25	2.53%
Totals	43,882,861	100%	989	100%
Number of shares held:				
1 to 5,000	1,172,085	2.67%	604	61.07%
5,001 to 10,000	980,038	2.23%	132	13.35%
10,001 to 50,000	3,754,718	8.56%	170	17.19%
50,001 to 500,000	10,299,740	23.47%	66	6.67%
500,001 to 1,000,000	3,716,122	8.47%	6	0.61%
1,000,001 +	23,960,158	54.60%	11	1.11%
Totals	43,882,861	100%	989	100%

Independent Auditors
PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

Corporate Broker
Cenkos Securities plc
6-8 Tokenhouse Yard
London EC2R 7AS
Tel: 020 7397 8900

Investor Relations
RMS Partners Limited
160 Fleet Street
London EC4A 2DQ
Tel: 020 3735 6551

Financial Calendar
Annual General Meeting
11th May 2022

Final Dividend for 2021
Ex-dividend 21st April 2022
Record date 22nd April 2022
Payment due 20th May 2022

Half Year Results Announcement
14th July 2022

Interim Dividend for 2022
Ex-dividend 1st September 2022
Record date 2nd September 2022
Payment due 30th September 2022

Trading Update Release
24th November 2022

These dates are indicative only and may be subject to change.

Dividend Reinvestment Plan
A dividend reinvestment plan ('DRIP') is available to shareholders. Those shareholders who have not elected to participate in the DRIP and who would like to do so, should contact our Registrar, Link Group on 0371 664 0381. The last day for election for the final dividend for 2021 is 29th April 2022.

Designed by: Jon Budd Design Limited

TClarke

45 Moorfields, London EC2Y 9AE | 020 7997 7400 | www.tclarke.co.uk