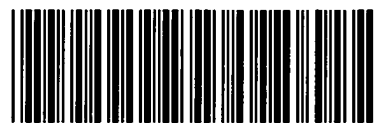


RENOLD

Engineered for growth



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Renold plc Annual Report and Accounts
for the year ended 31 March 2024

Company number: 249688

RENOLD

What we do

Renold is an international engineering group, specialising in the manufacture of premium, high specification, industrial chain and torque transmission products, that facilitate others to achieve complex operational needs more reliably and with lower total cost of ownership. Our products, whilst critical, are a small part of the total cost of the environment in which they operate. Renold is a leader in the global chain market with a very strong brand, less than 10% market share, an international manufacturing and commercial footprint, with no dependency on any geography, customer, product or application.

Our strategy

Renold has developed a strategy that concentrates on both business growth and continued business improvement. Organic growth is achieved by focussing on customer service and the development of superior, sustainable, highly engineered products, which technically stretch the market, and is supplemented through acquisitive growth that is aimed at both geographic and product infill, while allowing significant operational and production synergies to be achieved. Continual business improvement involves the standardisation of products, components, processes and technology, removal of operational complexity and improvement of operational efficiency.

Our ESG goals and approach

Renold has adopted a pragmatic approach to sustainability and environmental, social and governance (ESG) matters. Our Sustainability Model illustrates how ESG is embedded within a larger Sustainability Framework. This has been widely communicated throughout the business.

Our values



Operate with integrity



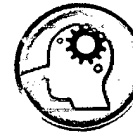
Value our people



Work together to achieve excellence



Accept accountability



Be open minded

» Read more about Renold's business model on pages 18 to 19

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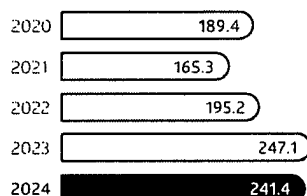
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Highlights

Overview

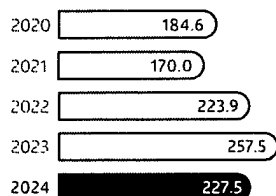
£241.4m

Revenue reported



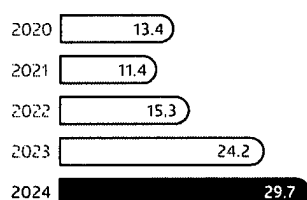
£227.5m

Order intake



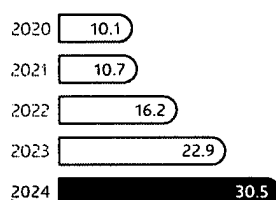
£29.7m

Adjusted operating profit¹



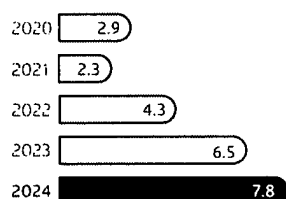
£30.5m

Operating profit



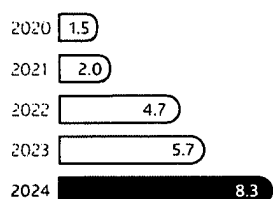
7.8p

Adjusted earnings per share¹



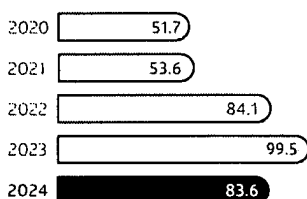
8.3p

Earnings per share



£83.6m

Order book



Operational highlights

- The Group delivered record results, with both Chain and TT divisions performing strongly, notwithstanding the difficult inflationary, trading and macroeconomic backdrop
- Order intake of £227.5m (2023: £257.5m), impacted by a shortening in duration of the order book in H1, reflecting improved supply chain conditions. H2 order intake up 7.5% over H1 (8.4% at constant exchange rates)
- Closing order book consistent with the half year position at £83.6m
- Acquisition of Davidson Chain in September 2023, for AU\$6.0m, increases the Group's access to the Australian conveyor and adapted transmission chain markets. The integration process is progressing to plan
- Increased capital investment during the year has improved the efficiency, productivity and capability of manufacturing locations, reflected in the strong margin progression



I am pleased to report that FY24 was another excellent year for Renold in which we delivered further improvements over what was a record financial performance in the prior financial year, while completing a bolt-on acquisition in Australia, which strengthens our position in that market."

DAVID LANDLESS
CHAIR

➤ Read more about our Chair's statement on pages 10 to 11



I am pleased that the Group continued to perform strongly throughout the year reflecting the hard work, strategically, commercially and operationally, that has been undertaken over recent years by our employees across the world. The business is now at an inflection point where we are starting to see the compounding impact of the many recent exciting initiatives as they come to fruition. We have a very clear strategy and are executing it diligently. Our continuous improvement initiatives are building an increasingly efficient, productive and resilient business and are providing an ever improving platform to support our commercial initiatives."

ROBERT PURCELL
CHIEF EXECUTIVE

➤ Read more about our Chief Executive's review on pages 20 to 23

¹ Adjusted: In addition to statutory reporting, the Group reports certain financial metrics on an adjusted basis. Definitions of adjusted measures and information about the differences to statutory metrics are provided in alternative performance measures on page 156 of the financial statements.

Our investment case

The Renold investment case is underpinned by its market and product positioning, which create the foundations from which the strategic plan is built. Strong progress has been made, delivering improved operational efficiency, improved customer service and stronger operating margins. With significant investment already in place, the Group is well positioned to maximise the benefit of recovering markets.

1 Valued brand

With almost 150 years of history within its sectors, Renold is amongst the world's leading industrial brands providing premium products and engineered solutions that customers trust. Our products are specified by a significant number of OEMs and customers frequently ask for our products by name.

➤ Read more about our business model on pages 18 to 19

2 Strong financial record

Renold have demonstrated a strong financial track record. Our adjusted operating profit at £29.7m is up 22.7% year on year, while our cash generation remains one of the strongest within our sector.

➤ Read more about our performance on pages 26 to 27

3 Positioned for growth

Renold is an international market-leading supplier of industrial chain and torque transmission products manufactured across the world in our factories, which form our unique operational footprint. We are the second largest industrial chain company in the world with less than 10% market share in a highly fragmented market.

Our unique position gives us room to grow and increase market share, aided by the fact that we have no substantial dependency on any one geography, customer, market, product or application.

We are constantly assessing market trends and use our engineering and managerial expertise to position ourselves to benefit accordingly.

➤ Read more about our STEP2 strategic plan on pages 14 to 15

4 Diverse portfolio

Renold operates across a wide range of geographies, market sectors and applications with a broad spread of products and customers. Renold products are used in a vast range of applications and market sectors and supply both capital goods and maintenance sectors. We have no real dependency on any single customer, with our largest customer, a distributor, representing c.5% of Group turnover.

Our market position creates resilience in the business and gives us many opportunities for growth and development.

➤ Read more about our market review on pages 16 to 17

➤ Read more about our products and their applications on pages 6 to 7

5 Sustainable products

We are working towards becoming a more sustainable business. We have developed our sustainability strategy and explored how we can measure and improve in this area, constantly reducing our impact on the environment and enhancing our social contribution. We are particularly proud of our excellent products that are engineered to market-leading standards and specifications, delivering major benefits to our customers:

- Longer life – reduced material and energy used in manufacture
- Lower or no lubrication requirement – reduced contamination opportunity, lower cost to run
- Greater efficiency – reduced energy requirements when in use

The consistent and reliable performance of our class-leading products for over a century has demonstrated to customers the value proposition we offer.

➤ Read more about sustainability on pages 35 to 43

6 Global reach

Renold manufactures in eight countries worldwide and operates in a further ten countries. This international reach allows us to shorten supply chains, and provide a choice of supply options for the customer and enhanced responsiveness and flexibility to deal with customer requirements.

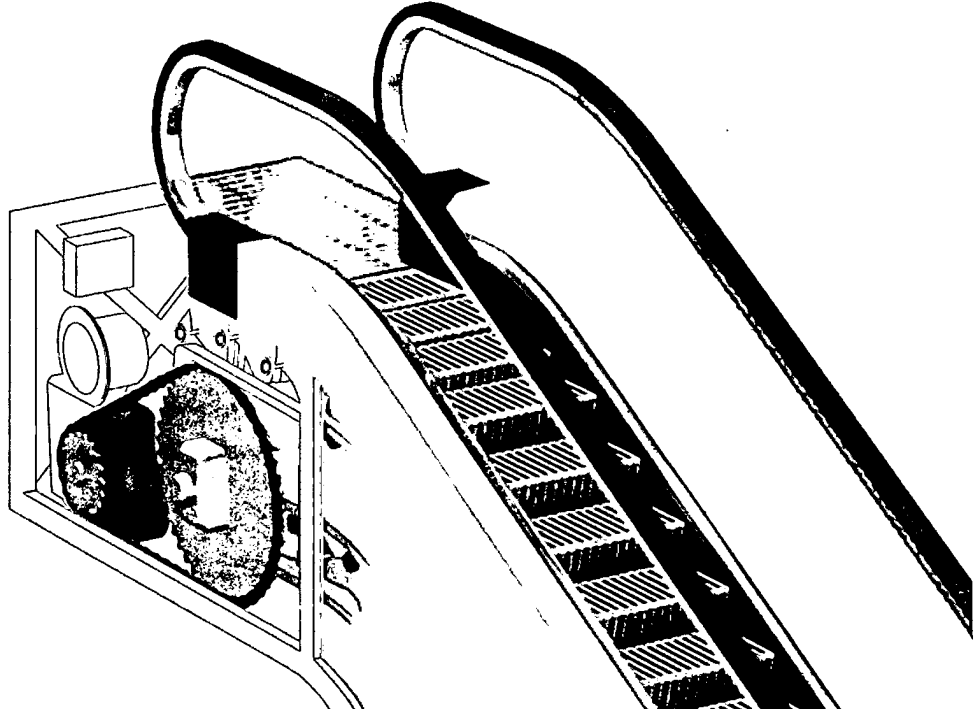
➤ Read more about our group at a glance on pages 4 to 5



In partnership with a global escalator manufacturer, we have increased chain life and eliminated lubrication, providing benefits in:

- Reduced equipment downtime
- Extended maintenance interval
- Removal of auto lubrication system capital cost
- Lowest total cost of ownership
- Decreased environmental impact
 - Energy
 - Lubricant
 - Material usage

Using our existing SYNO™ technology we delivered a solution that eliminates the need for onerous and frequent relubrication on both the drive and handrail chains operating the escalator. Prior to this, daily manual lubrication at the site or an auto lubrication system was required. The increased cost of the SYNO™ chain solution is more than offset by removing the relubrication practices costing many times that of the chain.



Delivering extraordinary customer value

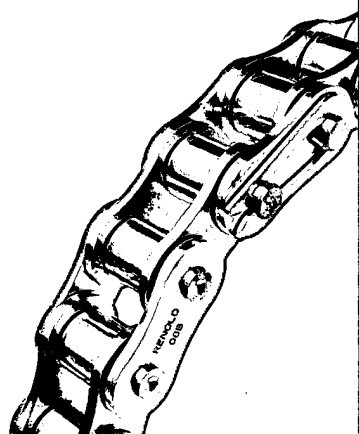
We have provided a product for the step chain lasting greater than twice that of the previous supplier. The increased cost of our solution is more than recovered through the increased chain life and associated benefits. Additionally, the costs to replace a worn chain are often as much as the chain itself, so more than doubling the maintenance interval provides significant further financial benefit.

Our solutions deliver numerous sustainability impacts as well as a cost reduction; our chain gives a reduction of lubricant and energy required to maintain the system. Increased chain life reduces the raw material usage by more than half when compared to lower specification products and the removal of lubrication reduces the risk of fire within the system, which is an important design consideration. The delivery of these compounding benefits is not easily replicated by others.

Group at a glance

Renold is an international group delivering high precision engineered products and solutions to our customers worldwide.

Our international network includes eight countries where we both manufacture and sell and a further ten countries where we have sales companies, strategically located to support our customers within our two operating divisions. Renold employed an average of 1,854 people around the world in the last year, with 56% of our staff engaged in direct production activities.



Chain

£31.5m
Adjusted operating profit¹

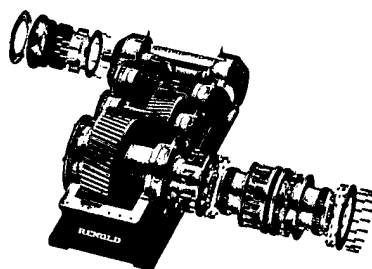
16.3%
Return on sales

1,511
Employees at 31 March 2024

We are a global market-leading supplier of chain for many applications, including heavy duty, high precision, indoor or outdoor, high or low temperature and in clean or contaminated environments.

We have manufacturing sites across the world, including in the USA, Germany, India, China, Malaysia, Spain and Australia in addition to local service capabilities in a number of other markets. We operate at the leading edge of technology, with innovative products designed to meet customers' exacting standards.

➤ [Read more about our Chain division on page 6](#)



Torque Transmission

£8.4m
Adjusted operating profit¹

15.7%
Return on sales

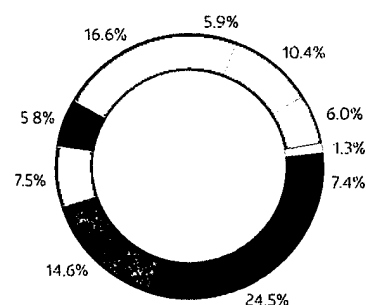
270
Employees at 31 March 2024

We are a global manufacturer and developer of industrial coupling and gearbox solutions, from fluid couplings to rubber-in-compression and rubber-in-shear couplings, and a complete range of worm gears, helical and bevel helical worm drives.

We also manufacture custom gear spindles and gear couplings for the primary metals industry. We have manufacturing sites in the USA and the UK.

➤ [Read more about our Torque Transmission division on page 7](#)

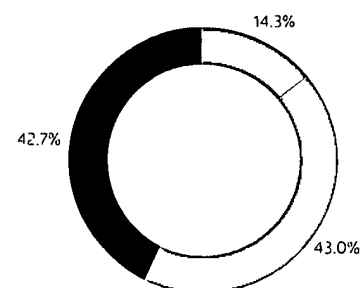
The sectors we operate in



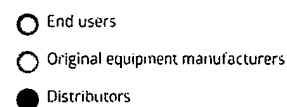
Revenue by sector



The customers we serve



Revenue by customer type



¹ Divisional operating profit for the year, calculated on a statutory basis, was £32.8m for Chain (2023: £26.5m) and £8.4m for Torque Transmission (2023: £5.4m).



Map key:

📍 Manufacturing and sales company

📍 Sales and/or distribution location

Global presence, local markets

Renold benefits from its presence in a wide spread of geographic markets and even wider range of diverse end-user applications across a myriad of industry sectors.

Our global manufacturing footprint not only enables the business to control product specification and quality to local market requirements, but positions us well to service customers with a rapid response in both our traditional geographic territories and within emerging markets. For example, our facilities in India, China and Malaysia combine to offer an excellent platform for growth in Asia while also supporting established markets in Europe, the Americas and Australasia.

Our expanding global sales and distribution network is designed to offer local commercial support and rapid delivery, ensuring that we meet our customers' exacting specifications. It also enables the aggregation of overall demand to drive economies of scale within our factories. While engineering and product development is coordinated globally, local support teams ensure that we are able to rapidly understand and provide solutions for customers' often technically challenging power transmission and conveying applications.

Americas

42%
of global sales

Renold Jeffrey and Renold Ajax have been well-known participants in the North American markets for many years.

Renold Jeffrey manufactures conveyor (engineering) chain and large pitch roller chain, and sells transmission chain sourced from elsewhere in the Group.

Renold Ajax focusses on manufacturing gear spindles, gear couplings and other Hi-Tec coupling products.

Europe

39%
of global sales

Renold Chain and Renold Tooth Chain operate from our two manufacturing locations in Germany and our recently acquired facility in Valencia, Spain. Along with our UK and European distribution centres and our national sales centres, these factories export transmission, conveyor and tooth chain throughout Europe and all over the world.

Renold Torque Transmission operates two plants in the UK, exporting a range of gear and coupling products globally.

Asia Pacific

10%
of global sales

We operate manufacturing plants in Australia and Malaysia. These are supplemented by additional sales centres in New Zealand, Indonesia and Thailand.

We operate our own distribution networks in Australia and Malaysia, through which we sell a wide range of chain and torque transmission products.

High Growth Economies

9%
of global sales

Our Chinese chain plant primarily serves sister companies with a range of transmission chains and has a smaller, but fast-growing, local business.

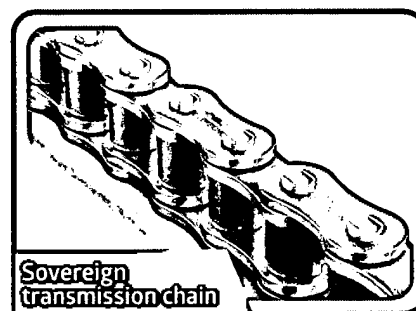
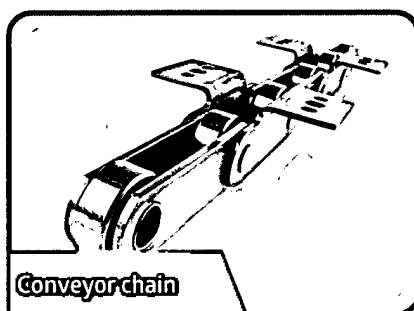
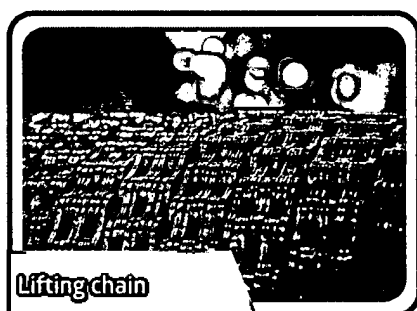
Our Indian business manufactures a broad range of transmission and conveyor chain, with 85% of output destined for the local market. Our distribution centre in central India provides further opportunity for growth through increasing rapid response times.

Our products and their applications

Renold is an international group delivering high precision engineered power transmission products and solutions to our customers worldwide.

Chain

Renold excels in the specification, design and manufacture of chains to transmit power, move or lift product. Our chains are used in industries as varied as aerospace, energy, construction, food and drink, logistics and much more.



Product variety

The variety of applications, markets and sectors that Renold produces chains for cannot be overstated. Our products are used in many unexpected places such as industrial laundries, automated car parks, hospital beds and greenhouse window actuators. Service sector applications such as amusement park rides, logistics and sortation applications sit alongside more traditional general industrial uses. Our products are known particularly for being able to operate in difficult environments be they abrasive, hot, cold, where lubrication is difficult, where easy cleaning is required and many others.

Characteristics of Renold chains

What are the benefits of using Renold chains?

○ Durability (length in service)

Renold chains have low initial wear as well as low wear over time, compared to lower specification brands. Our high-quality chains have a lifespan that can be many times longer than alternatives. Our chains are highly differentiated, high performance and high quality, made to offer the customer ultimate performance.

○ High accuracy

Renold chain is manufactured to exacting tolerances achieved through decades of manufacturing experience and fundamental engineering development.

○ Reliability

We deliver consistent, high performance products, giving customers the reassurance they need every time.

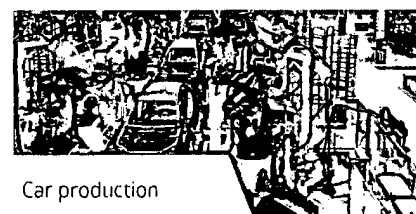
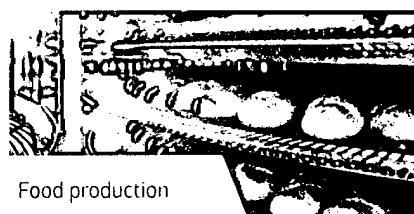
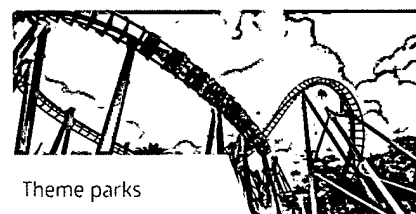
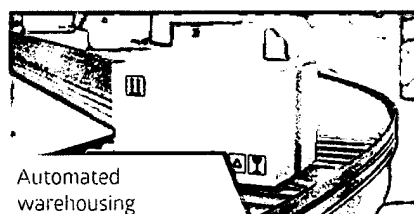
○ Low maintenance

Renold offers a wide portfolio of low to no maintenance products. Renold Syno™ is recognised as the best low maintenance chain whilst Renold Sovereign is now sold into applications with high loads but without requiring lubrication.

Why is it so difficult to make?

- Components accurate to less than 1/4 of a hair's width
- Consistency within nine chain manufacturing sites
- 2.3 billion chain components made annually
- 22,000 different chain products sold

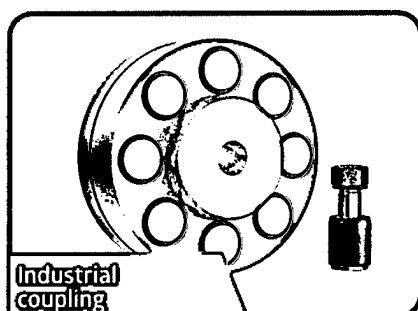
Sectors that use Renold chains



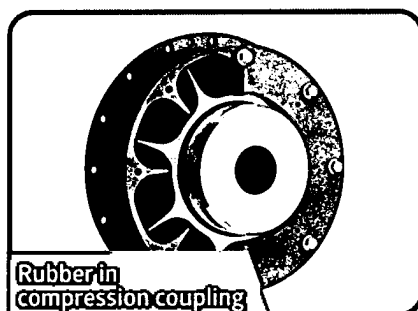
➤ Read more about the performance of our Chain division on page 26

Torque Transmission

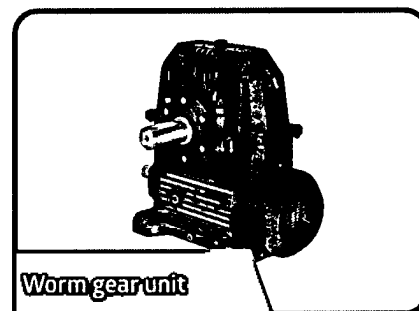
Our Torque Transmission products transfer rotational movement. Couplings or gear spindles transmit torque in line from one rotating shaft to another, protecting critical components, often dampening vibration and allowing for shaft misalignment. Gears, on the other hand, allow the torque to be transmitted from rotating shafts in line or at right angles while also allowing a change in speed.



Industrial coupling



Rubber in compression coupling



Worm gear unit

Product variety

Renold manufactures a wide, complementary range of torque transmission products. Renold provides an industry leading range of couplings with solutions from $\sim 0.4\text{Nm}$ to $\sim 5,000,000\text{Nm}$, a complete range of gearing solutions including: worm gears, bevel and helical drives, a broad range of shakers and vibratory equipment for material handling and a wide range of spindles.

Characteristics of Renold torque transmission products

What are the benefits of using Renold torque transmission products?

○ Product specific benefits

Many of our couplings have unique selling points that make them "must haves" for customer applications including failsafe operation, maintenance free and anti-vibration characteristics.

○ Unrivalled performance

With over 100 years of engineering and manufacturing experience, our products provide unrivalled performance. Renold products provide our customers with complete peace of mind.

○ Industry leading lead times

With in country inventory of finished parts and excellent system integration between planning and customer service departments, Renold can get its products where they need to be, when they need to be there.

○ Engineered solutions

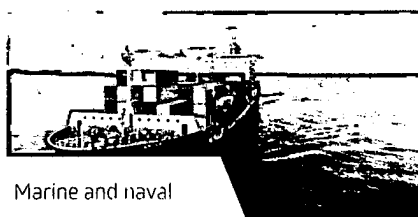
With engineering expertise in every department from sales to design through to production and quality, Renold can provide the perfect solution, whatever the application.

Why is it so difficult to make?

Torque production requires:

- Accuracy
- Repeatability
- Consistency
- Reliability

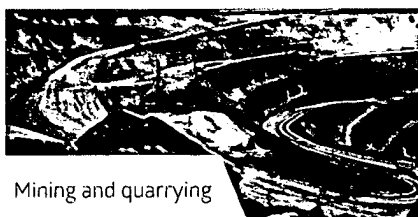
Sectors that use Renold Torque Transmission



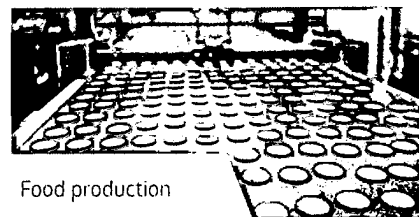
Marine and naval



Metal production



Mining and quarrying



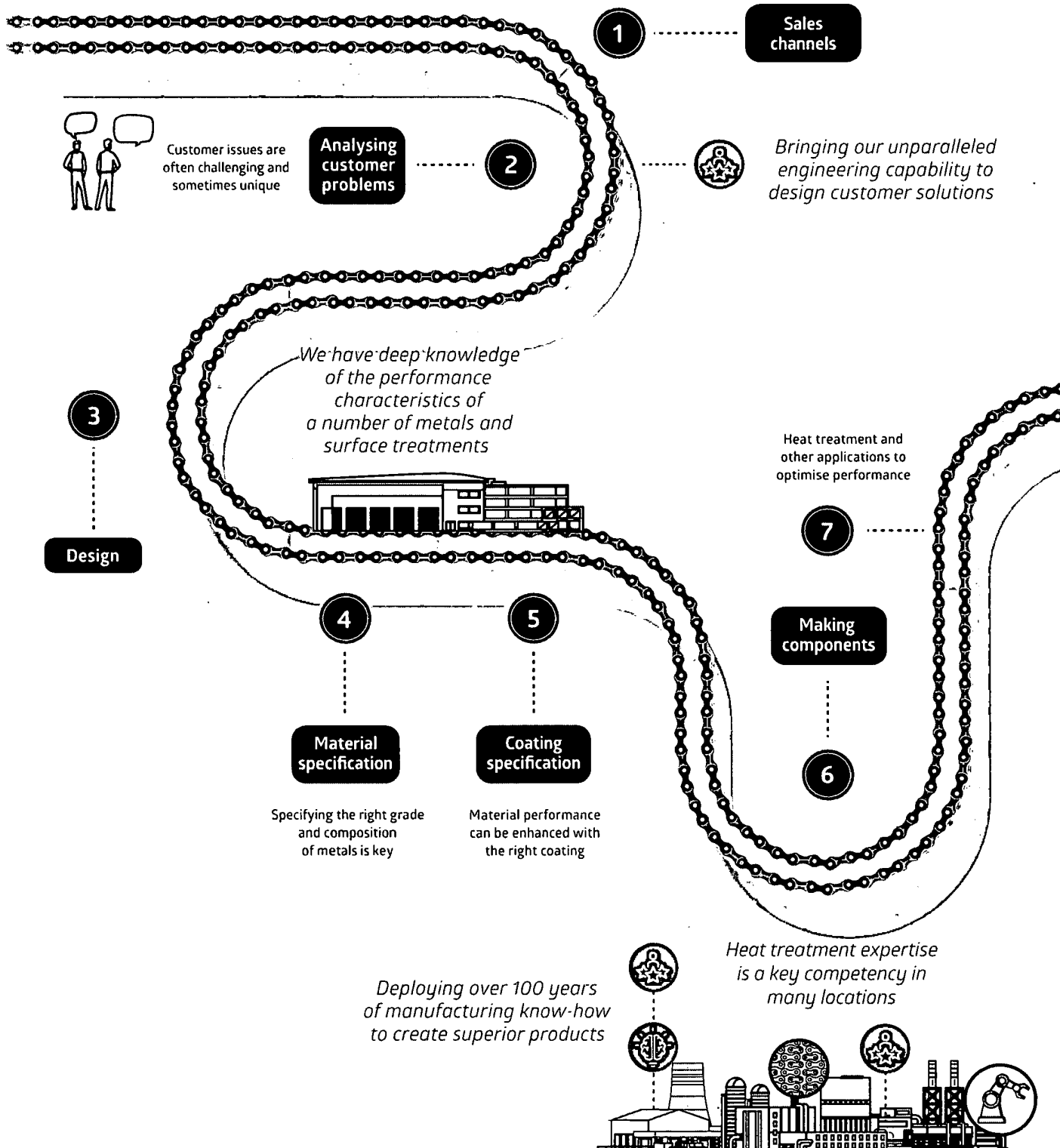
Food production

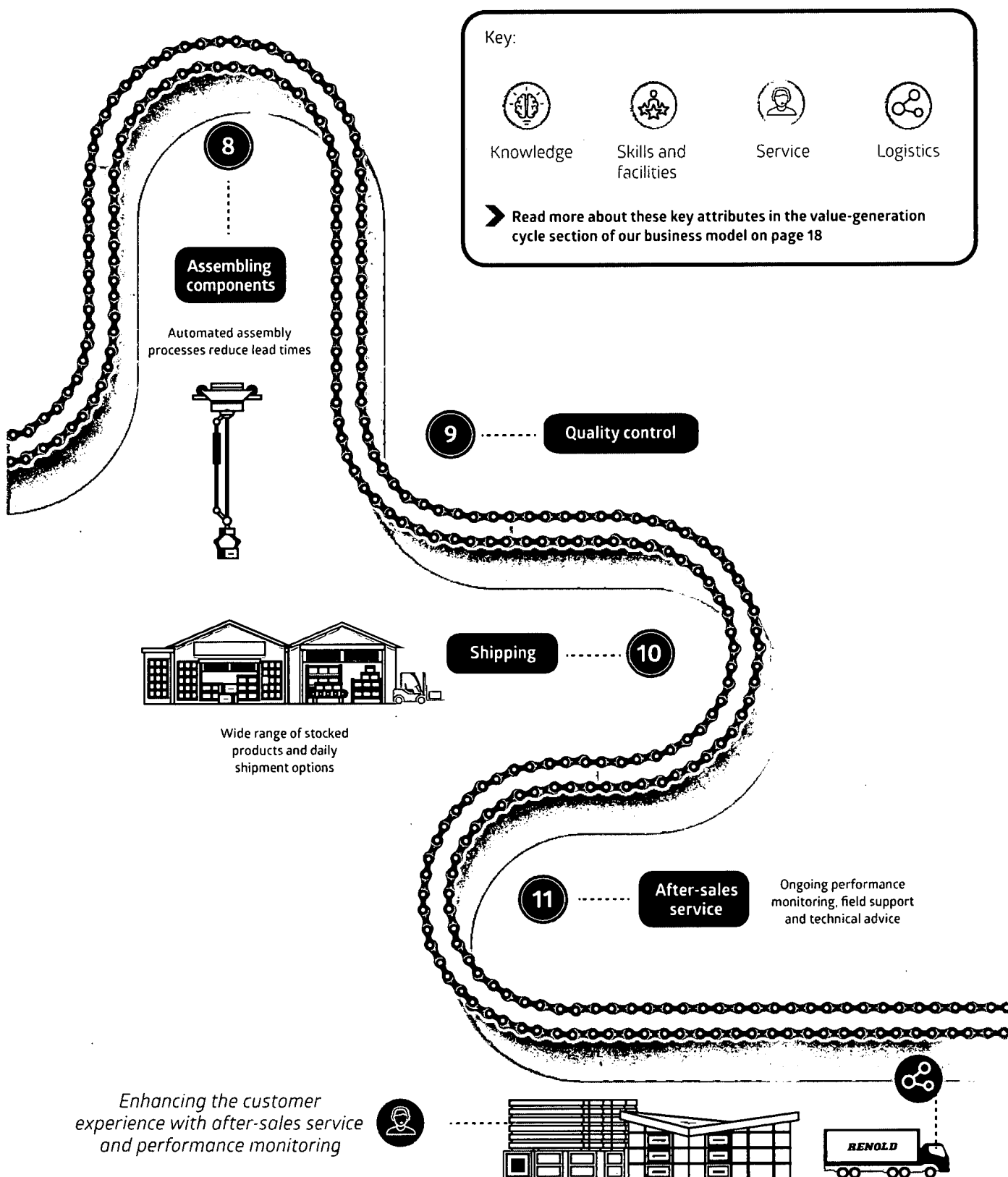
➤ Read more about the performance of our Torque Transmission division on page 27

Our customer journey

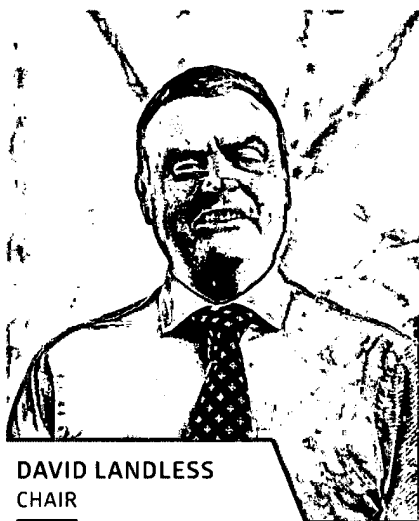
Our activities range from diagnosing our customers' specific power transmission application challenges, to proposing the right material solutions, to formulating their often complex properties, to cutting and heat treating the components and finally to assembling the finished product.

We add value during our customer journey through our unrivalled engineering capability, 100+ years of know-how on solving power transmission challenges and enhanced after-sales service.





Chair's statement



DAVID LANDLESS
CHAIR



FY24 was another excellent year for Renold in which we delivered further improvements over what was a record financial performance in the prior financial year, while completing a bolt-on acquisition in Australia."

I am pleased to report that FY24 was another excellent year for Renold in which we delivered further improvements over what was a record financial performance in the prior financial year, while completing a bolt-on acquisition in Australia, which strengthens our position in that market.

I also continue to be impressed by the engagement, flexibility and adaptability of our teams across the world, who have delivered an outstanding result despite the various geopolitical challenges and the effects of cost inflation.

Strategic developments

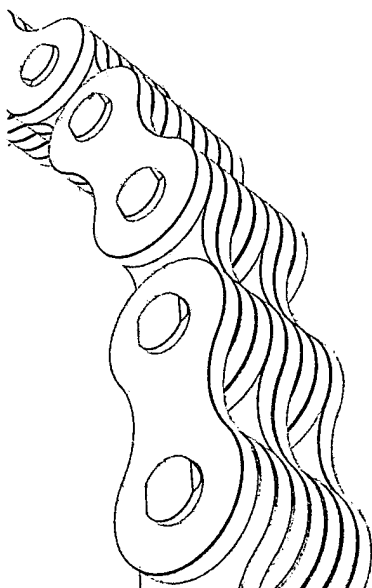
During the year, the Renold strategic change programmes across the Group once again delivered meaningful benefits, particularly in standardising and simplifying the business.

The completion of several major strategic restructuring initiatives in prior years, together with the reducing debt levels and strong balance sheet puts the Group in a strong position to capitalise on accretive acquisitions that augment our existing market position. This will allow us to accelerate growth in revenue, including for our existing products, in adjacent sectors and by entry into under-represented applications and geographies. Most importantly, the Group will also benefit from significant production synergies by integrating acquired businesses.

The continuing review of our capabilities throughout the Group is identifying opportunities for the upgrade and development of existing manufacturing processes across our international locations to create higher specification, higher performance products. This review will also facilitate standardisation across more product lines which, in turn, will enable us to benefit more comprehensively from our geographic footprint and economies of scale. In addition, flexibility between manufacturing locations will support increasing customer expectations for supply chain diversification, for risk mitigation and a changing tariff environment, improving even further our value proposition.

Sustainability

During the year, the Group continued to develop a strategy for long-term sustainability, including reduced energy consumption, raw material waste, packaging use and carbon dioxide emissions, whereby Renold is ensuring sustainability is one of its guiding principles. Renold is focussed on making a difference through real actions which, over a period of time, will deliver discernible benefits for the environment, our customers and the business. Our leader for sustainability is helping the Board to develop policies and strategies in this area. This year the new climate-related disclosure requirements under the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 were considered and applied by the Group, and the new disclosures are built into the appropriate sections of the Annual Report.



Dividend

The Board fully recognises the importance of dividends as part of the overall value creation proposition for shareholders. The Board has carefully reviewed its capital allocation priorities, and believes that significant organic and inorganic investment opportunities remain available to the Group. We are also aware of the continued and sustainable progress in terms of profitability, and free cash flow generation that the Group has made over recent years, and we now believe that the Group can both capitalise on these investment opportunities, whilst also reintroducing dividend payments to shareholders.

Accordingly, the Board is recommending the payment of a dividend on the ordinary shares of the Company for the year ended 31 March 2024 of 0.5p per ordinary share. The dividend, if approved by shareholders at the 2024 Annual General Meeting, will be paid on 17 September 2024 to shareholders on the register as at 9 August 2024. The shares will be marked ex-dividend on 8 August 2024.

Summary

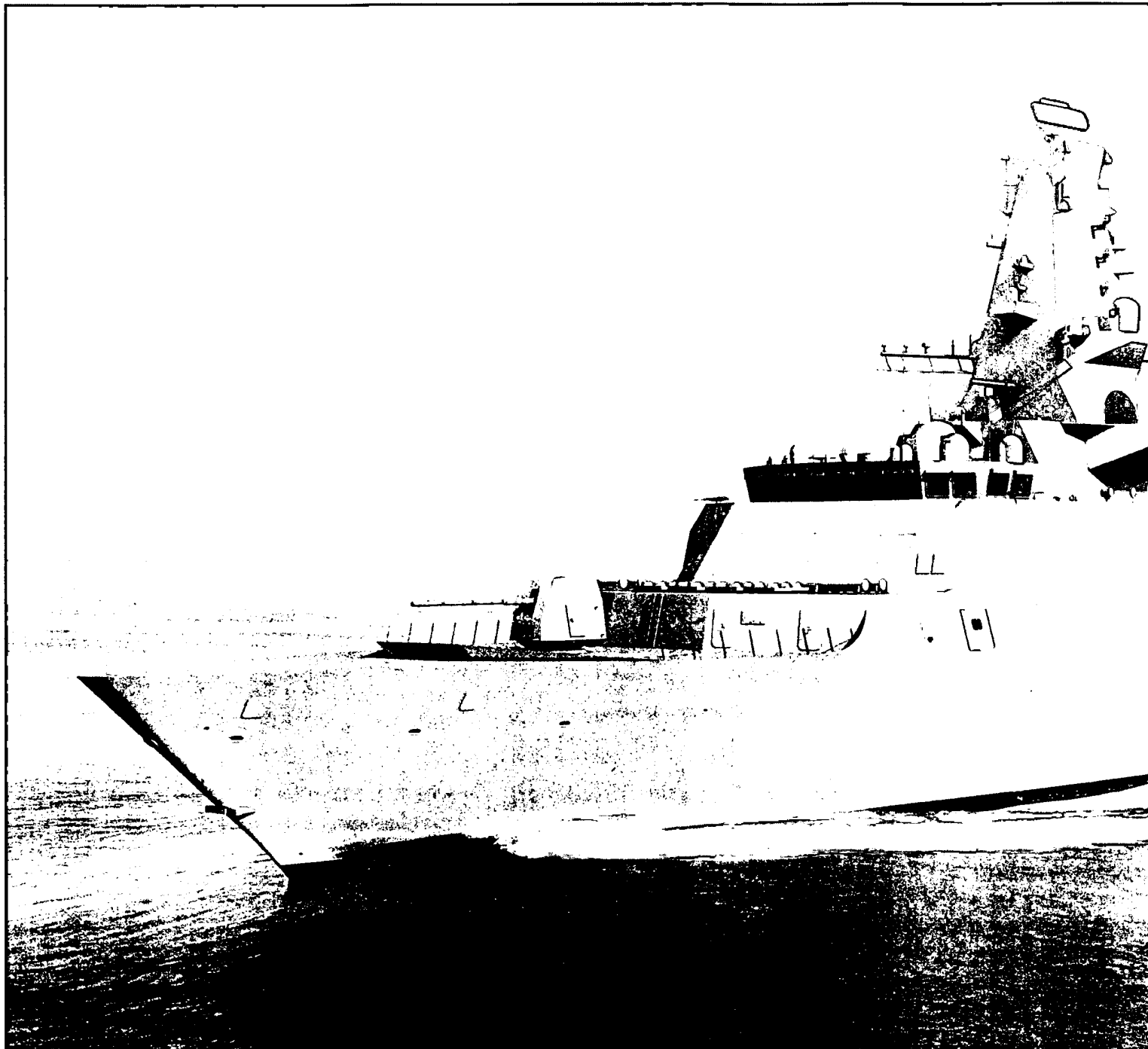
The Group has performed admirably in the face of continued supply chain and inflationary pressures. However, the strong and improving trading and financial performance of the Group, particularly increased cash flow generation, is providing greater flexibility to exploit future organic and acquisition-related growth opportunities, while re-introducing the payment of a dividend to shareholders. I would like to thank all our employees around the world for their diligence and commitment, which have been key to delivering the strong results for the Group.

DAVID LANDLESS
CHAIR

16 July 2024

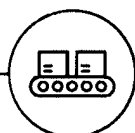


Assembly of a log washer unit used in the mining and quarrying industry



Case study

Naval warships



What is it used for?

Naval applications require high levels of reliability and shock resistance combined with the ability to give continued operation in severe environments and adverse operating conditions. Renold Hi-Tec Flexible Couplings were specified for use on BAE Systems Global Combat Ship as a critical part of the propulsion system, transmitting drive to the main propellers.



Why Renold?

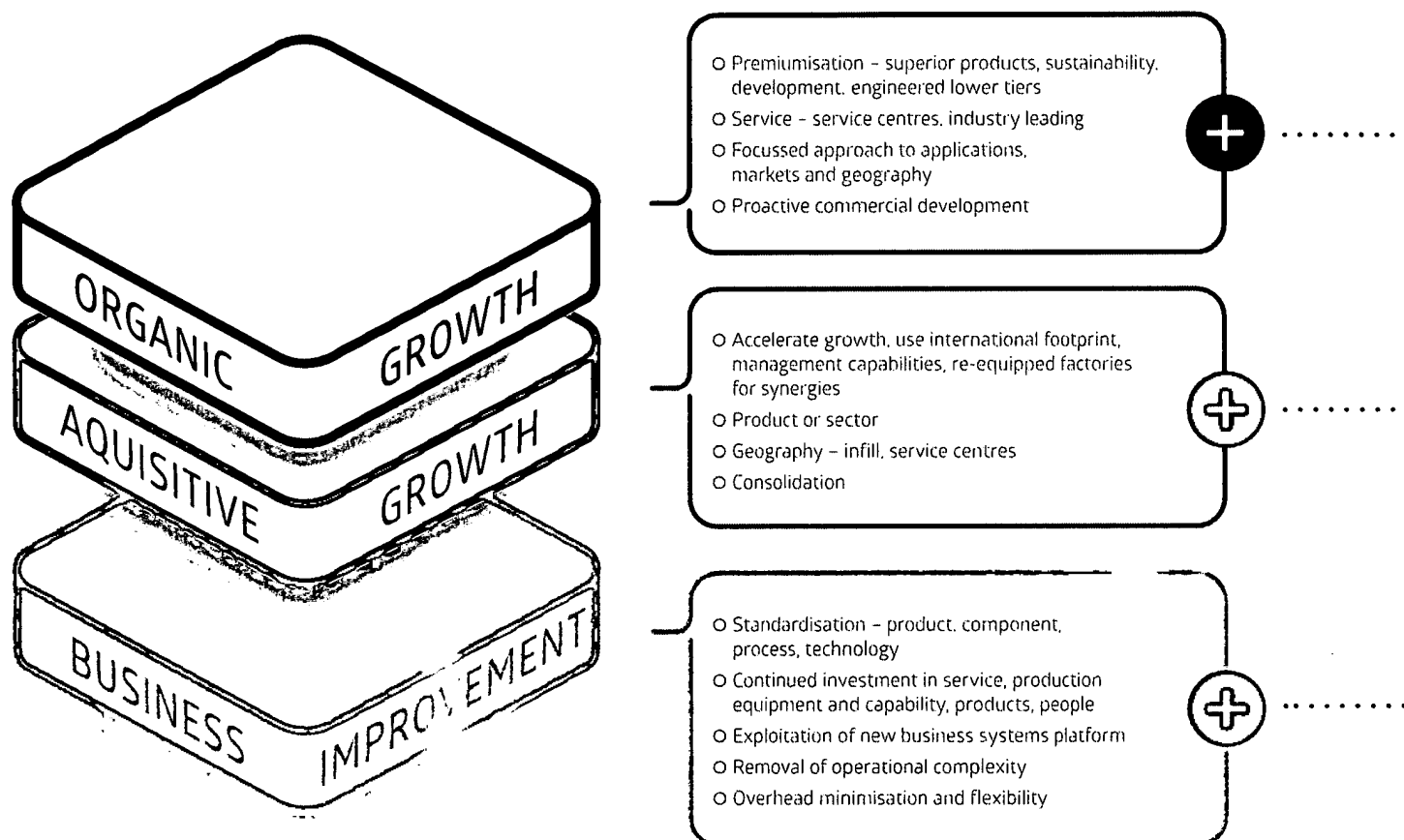
Renold has a rich history of supplying flexible couplings to naval vessels worldwide, including Royal Navy ships. Hi-Tec Flexible Couplings provide vibration control and noise reduction, which is critical for use in naval applications. Hi-Tec Flexible Couplings are inherently failsafe, which enables a warship to continue operation and get back to port in the event of battle damage.

Strategic report

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STEP2 Strategic plan

A leading premium supplier of high specification, sustainable, industrial chain and torque transmission products that facilitate others to achieve complex operational needs more reliably and with lower total costs of ownership. Our products, whilst critical, are a small part of the total cost.



Renold, second largest in the global chain market, strong brand, less than 10% market share.
International footprint with no dependency on any geography, customer, product or application.
International supply chain and manufacturing footprint.



Strategic plan – STEP2

We are putting our strategy into practice via our Strategic Initiatives. These are divided into initiatives associated with organic growth, acquisitions and business improvements respectively.

Organic growth through focus and product development

Relentless drive for superior product performance giving lower total cost of ownership for customers.

Focussed approach to products, applications and geographical markets.

Developing product niches in growth applications, which can be cost engineered with adjacent products to achieve economies of scale.

Increasing ability to sell our entire product range globally.

Developing new service centre locations to better serve our customers' needs, with new locations opened in a number of territories.

Helping customers achieve their sustainability goals.

Objectives

- Organic GDP + revenue growth
- Annual net cash generation
- Operating profit margin expansion
- EPS growth

Renold has developed a detailed organic growth strategy to expand market share in specific product and application niches, these include:

- Technical advances aimed at stretching the market upwards
- Increasing market penetration, focussing on in-filling product gaps
- Range extension into adjacent products

Renold's recent acquisitions including Industrias YUK, in Spain, in August 2022 and Davidsons Chain, in Australia, in September 2023, brought to the Group a number of benefits, including:

- Strengthening the Group's Conveyor Chain offering to local markets
- Increasing Group market share in the Iberian peninsula where Renold was historically under represented
- Manufacturing synergies through diverting external purchases to Group supply
- Adding new product areas into the Group product portfolio

The Group business improvement strategy progressed significantly during the year, focussed on improving competitiveness, volume and margin growth, and involved:

- Simplification of product ranges
- Standardisation of components to drive up batch sizes, resulting in manufacturing productivity improvements
- Automation of production techniques

The standardisation of the Group IT systems continued during the year

2

Growth through acquisition helps accelerate expansion in markets with 'sticky' products

Renold is positioned well to pursue acquisition opportunities, with an experienced management team and low net debt. Our reputation, broad product range and geographic reach provide a strong foundation for integration.

Acquisitions allow us to fill product and geographic

gaps in our market offering, while gaining manufacturing synergies.

With an active pipeline of opportunities we see the possibility to grow our market share considerably.

Strong track record with recent bolt-on acquisitions.

3

Business improvement through flexibility and route to improved margins

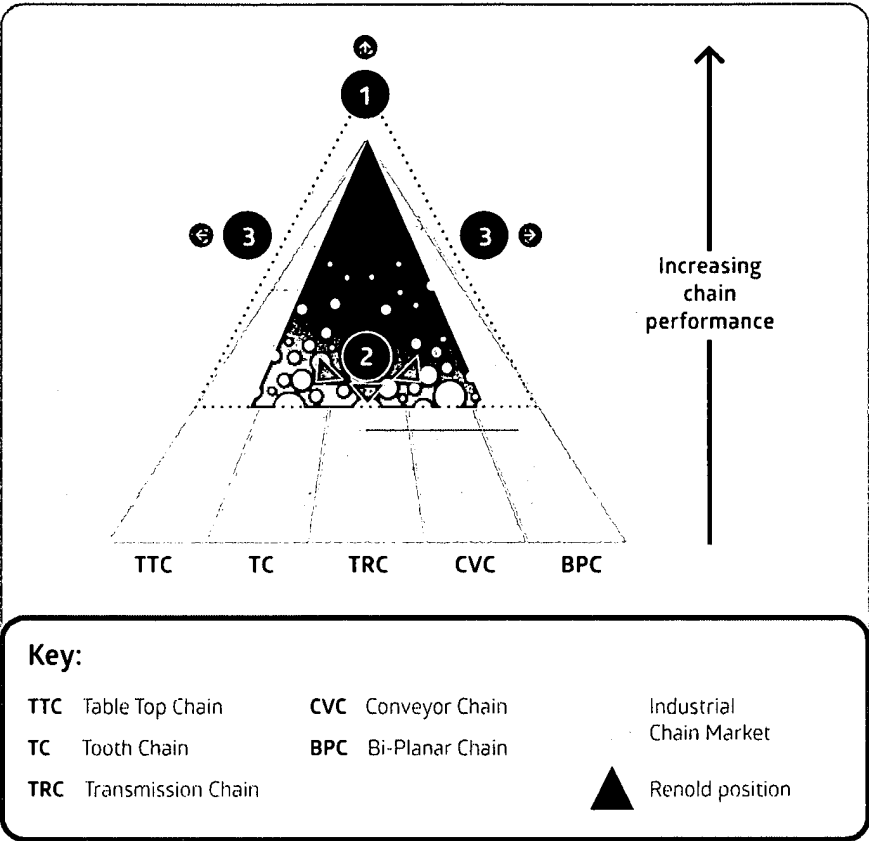
Standardising manufacturing capabilities, products, components, processes and systems.

Investment in automation and the upgrade of existing facilities.

Continued implementation and enhancement of Group business systems' capabilities.

Geographic manufacturing footprint diversification; improving flexibility between locations.

Market review



Market model

There are three routes to organic growth and Renold is well positioned to drive them all.

The diagram to the left can be used to represent any of our product markets across Chain and individual TT product sectors.

Here, as an example, we have represented the industrial chain market; product sectors are shown across the bottom and the vertical scale represents increasing product performance. The entire light blue triangle is our addressable market, with the Renold position shown in dark blue.

Renold is a manufacturer of high quality, high performance products, which are aimed at technically demanding applications and provide superior performance; we therefore operate at the top of the triangle. The graduated dark blue shows that our market penetration increases as the product requirements increase. The light blue "bubbles" within the Renold triangle represent product sectors where we have gaps in our range or market opportunities exist for us to gain greater penetration.

It should be noted that the Industrial Chain market does not include on-car automotive, motorcycle, bicycle or welded link chains. This means we are not negatively impacted by the move away from the internal combustion engine to electrical vehicle drive systems.

Along the base, the market is split by broad product type, illustrating Renold's strength in our core markets of Transmission Chain (TRC), Conveyor Chain (CVC) and Industrial Tooth Chain (TC). Adjacent markets where Renold has some presence, but is not a significant player include Table Top Chain (TTC) and Bi-planar Chain (BPC), and are examples of range extension opportunities.

Our strategy is to work on three clear paths to growth.

1

Technically stretch the market

This route is focussed on stretching the market upwards, producing products that are even better than those available today. Providing technical attributes that enhance the performance of the product, be that in terms of service life, load capability, speed, less lubrication, environmental impact etc. Our products are technically differentiated and our objective is to provide customers with lower lifetime costs and an ability to achieve performance from their equipment that may not otherwise be possible. Through the application of research and development and increasing our manufacturing capability, we continue to widen and deepen our technical moat. The work to technically stretch the market is supported by our business improvement workstreams and by increasing capital expenditure.

2

Market penetration

Route two is about augmenting our product range to address gaps and deepening the penetration in our existing core markets. This includes geographic expansion into areas where we have traditionally been less strong or identifying specific product development opportunities, both in terms of cost effective solutions and enhanced performance, which historically we have not been able to access.

Our internal business improvement activities and capital investments underpin this drive but are combined with commercial management targets in particular sectors or applications. Market penetration can be tackled organically or through acquisition.

3

Range extension

Route three is about expanding sideways into additional, or adjacent product areas where we currently don't operate. This may provide cross-selling opportunities using our existing sales network or open up entirely new markets.

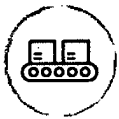
Whilst range extension can, and is, tackled organically, it provides opportunities for us to grow through acquisition also.

Market trends

Our products are used in an extremely wide variety of markets and applications. The uses are continually evolving and new applications are constantly being developed, whilst some more traditional applications are declining. Automation and a reduction in manual handling are global trends, giving rise to a rapidly increasing number of new opportunities.

Market trend and its impact on Renold

Renold's response and opportunities



Supply chain

Global supply chain disruption has been a feature of trade over recent years for almost all industries. Renold, like most companies, has been impacted by difficulties in material supply and moving product between markets, although the impact of this has normalised over recent times.

Unlike some of our competitors, Renold's geographically spread manufacturing footprint has coped well with the market disruption. We have strategically built a number of manufacturing facilities around the world, which are increasingly standardised and can help each other when supply chains are difficult. This also means that they can be used by customers to spread supply chain risk or to manufacture closer to a customer's location.



Trade landscape

There have been many international trading difficulties in recent years such as tariff changes, wars and geopolitical tensions. This has an impact on flows of goods and the relative competitiveness of markets or factories.

Renold manufactures product in many geographic regions and has carefully built its presence to reduce trading risk. We have the ability to move manufacturing between some facilities to give customers the best possible outcome when the trading environment alters.



Sustainable products

Renold and its customers are working hard to minimise their environmental impact and to make as positive a contribution to society as possible. Sustainability is a growing trend that Renold is embracing, helping our markets and customers to grow.

Renold is working hard to improve product sustainability. We look to reduce energy consumption in all product manufacture and ensure that we minimise chemical use. We produce products that are intrinsically energy efficient and compared to many of our competitors have a markedly longer life so don't consume resources through frequent remanufacture and replacement.



Customer behaviour

Customers are demanding, as are we. Faster service, more sustainable products and more specialist products that are easily available are just some of the trends that we are seeing.

We are committed to continuous improvements in our service offering through the Renold STEP2 Service Programme. Renold's developing Service Centre Programme, faster manufacturing and product standardisation are all aimed at giving the customer what they want when they need it.



Global economy

The global economic outlook remains complex, with markets in the US and Australasia remaining strong, while Europe, China and India have seen the impact of the war in Ukraine, and a broader economic slowdown. Requirements to have shorter supply chains and greater certainty of supply are leading customers to ask questions about who and where they buy from.

Renold's markets have broadly recovered post the pandemic but have also benefitted from the move to reshore supply chains or production. Adjusting to this, we foresee a growing demand in developed markets overlaid by increasing requirements for automation related products as markets adjust to this new normal operating model.



Inflation

Inflation is a widespread global issue. Renold customers are looking for ways to reduce costs and increase certainty.

Renold offers a range of premium, high specification products with long lives and low maintenance costs. In adopting our products, customers realise that they save costs and this helps them offset inflation, which is inherent in the market.

Business model

The Renold business model is focussed on our ability to leverage the unique knowledge and capabilities of our people and facilities to generate value for our stakeholders. The continuous value-generation cycle that underpins our strategy is shown below.

Our key resources

People

We are building a strong, highly skilled team with a clear set of values and stretching targets. Our approach combines new skills for existing staff and new capabilities from recruits.

Facilities

We are upgrading our infrastructure and process capability to be an appropriate match for our strategic goals. This will support improvements in quality and service and create manufacturing flexibility.

Brand

We have a reputation as a leading global supplier of chain and torque transmission products. Established in 1879.

Relationships

We work in long-term collaboration with a wide range of general and specialist suppliers. This supports our ability to source complex materials for our leading-edge solutions.

Robust financial position

We have demonstrated a strong track record of financial results, which has allowed for further investment into our product pipeline through research and development.



Our value-generation cycle

Knowledge

Of customers, products and solutions

- Reviewing after-sales product performance means we continue to learn
- Deep understanding of metallurgy and chemistry in real-world scenarios
- Practical application of engineering excellence with complex materials for our leading-edge solutions

Skills and facilities

The ability to conceive and deliver solutions

- Bringing our unparalleled engineering capability to design customer solutions
- Deploying process engineering skills to match the product engineering skills to deliver the final solution
- Using many different technologies and processes to deliver products with the right attributes

Logistics

The right product in the right place

- Wide range of stocked products can reduce supply chain complexity
- Daily shipment options respond to customer-specific needs
- Rapid response cells geared up for swift deliveries

Service

We continue to deliver and expand our unique service offering

- Rapid response offering on configured chain and standard transmission chain
- A programme of opening Renold Service Centres in new markets



Our business model creates short and long term value for our customers

End users

14%

End users sales

- Expert knowledge
- Bespoke or standard solutions
- Unique problems understood and solved
- The Renold brand and engineering capability provides assurance

OEMs

43%

OEMs sales

- Range of facilities and capabilities
- Bespoke solutions
- Meeting their own and their customers' needs
- The Renold brand and engineering capability provides assurance

Distribution

43%

Distribution sales

- End customer support
- Reliability
- Inventory stocked in close proximity to end users, increasing availability and customer service
- Access to a broad, high-quality solution product range
- The Renold brand and engineering capability provides assurance

➤ Read more about our Customer Journey on pages 8 to 9

➤ Read more about Sustainability on pages 35 to 43

➔ ...and for our other stakeholders

Our people

- A business that shares their values
- An environment where new skills can be developed
- A meritocracy

Our investors

- A business that has excellent fundamentals and is ready for growth
- The ability to create long-term value

Our partners

- We open up new opportunities as we expand and always try to be 'good to do business with'

Our local communities

We run multiple community projects, driven by our local teams to meet local needs. These projects include:

- Supporting the construction of both a toilet block and smart classrooms in Gudalur, India
- Annual food drive for community kitchens in Morristown, USA and Montreal, Canada
- Sponsorship of shared community cargo electric bicycle and trailer in Holtensen, Germany

Our environment

- Renold meets all local legislative requirements in the markets we operate in
- We apply uniform standards wherever we can and will require higher standards than locally required in many instances
- Renold considers the sustainability of all commercial decisions taken, see Sustainability on pages 35 to 43.

Our business model is underpinned by our values



Operate with integrity

We will conduct ourselves with uncompromising honesty and fairness as individuals, as teams and as a company, holding ourselves accountable to the highest ethical and relevant legal standards and fulfilling our commitments as responsible citizens and employees.



Value our people

Our success depends upon our people. We will employ the best people and invest in their education, training and development to ensure they are able to contribute to their full potential. We will create working environments that are safe, enjoyable, productive, encouraging full engagement and participation from all.



Work together to achieve excellence

We will collaborate, build strong relationships, value everyone's contribution, be supportive of each other and openly communicate to ensure that we achieve excellence in all we do. Our focus will always be the outcome that best serves the business overall.



Accept accountability

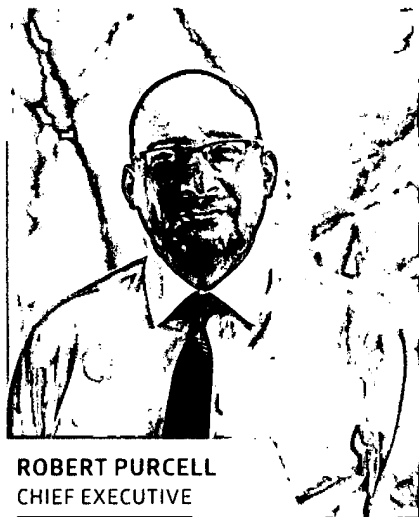
We will accept our individual and team responsibilities and deliver on our commitments. We will constantly strive to be disciplined, consistent and reliable, establishing clear goals and standards and measuring our success against them, whilst using company resources wisely and carefully.



Be open-minded

Building upon pride in our unique history and heritage, we will remain competitive by continually challenging ourselves to be progressive, to modernise and improve everything from our products to our processes.

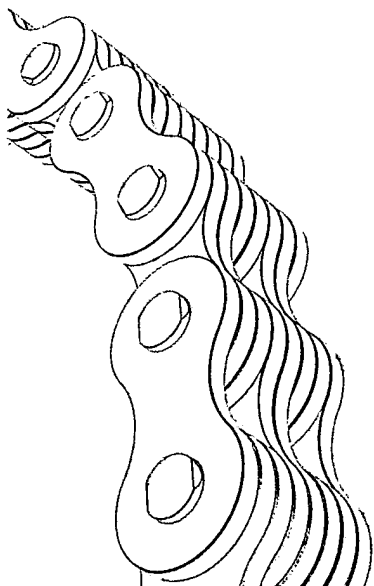
Chief Executive's review



ROBERT PURCELL
CHIEF EXECUTIVE



I am pleased that the Group continued to perform strongly throughout the year reflecting the hard work, strategically, commercially and operationally, that has been undertaken over recent years by our employees across the world. The business is now at an inflection point where we are starting to see the compounding impact of the many recent exciting initiatives as they come to fruition."



This year saw a continuation of the Group's strong momentum and the Group's FY24 adjusted operating profit of £29.7m is some 22.7% higher than the previous record adjusted operating profit in the prior year.

Revenue for the year was £241.4m, a year on year increase of 0.9% at constant exchange rates, or a 2.3% reduction when currency headwinds are taken into account.

Group order intake during the year was £227.5m (FY23: £257.5m), a reduction of 11.7% on a reported basis and 8.8% at constant exchange rates over the prior year. Excluding the impact of the large military contract of £8.9m for the Australian Navy recorded in FY23, the underlying reduction in order intake was 5.6%, as the order book shortened following normalisation of supply chains in the first half of the year.

Encouragingly, order intake in the second half increased over the first half by 7.5%, or 8.4% at constant exchange rates. The closing order book at 31 March 2024 of £83.6m remains close to record levels and was unchanged from the half year position (30 September 2023: £83.6m).

Group adjusted operating profit¹ of £29.7m (FY23: £24.2m) was 22.7% ahead of prior year on a reported basis, and 27.3% ahead on a constant exchange rates basis. Profitability was strong in the second half of the financial year, where the Group reported a return on sales margin of 12.6%. Statutory operating profit increased to £30.5m (FY23: £22.9m).

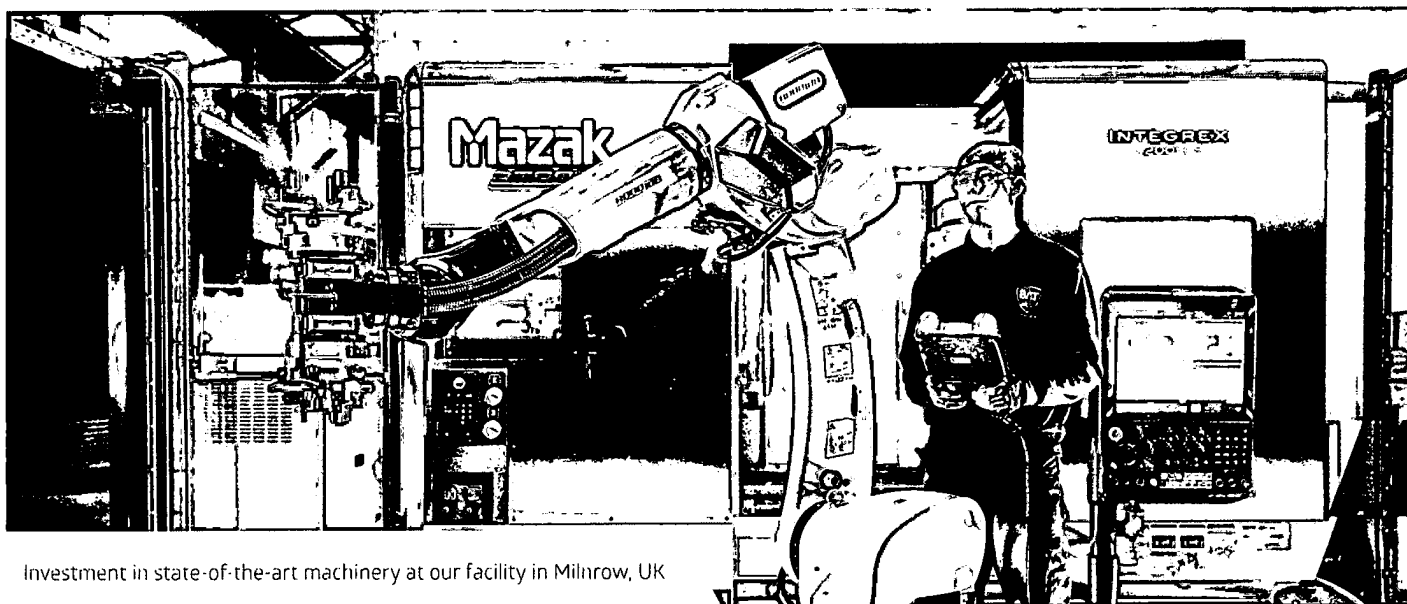
The Group continued to benefit from the impact of the significant efforts undertaken in the year, and previous years, to lower the fixed cost base whilst increasing flexibility and operational leverage. The Group has successfully managed a period of significant supply chain disruption to materials and transportation, in terms of availability, lead times and increased input costs. Cost increases have been successfully passed through whilst simultaneously running cost reduction, simplification and standardisation programmes. We expect cost pressure on material, labour, energy and transportation to persist in the current financial year.

Renold continues to drive increased operational performance through specific projects aimed at better levels of efficiency and productivity, through automation, improved design, standardisation of products, better utilisation of machinery and people, including more flexible working practices, and leveraging the benefits of improved procurement strategies. The Group's capital investments returned to more normal levels following a period of lower spend in the prior year as a result of the supply chain disruption, and have concentrated on increased automation within all of our facilities. The Group's operational capabilities are steadily improving as consistent levels of investment bear fruit and we continue to develop ever better technologies and processes, allowing us to make higher specification and better performing products that maintain and enhance our market leadership.

In September 2023, the Group acquired Davidson Chain for AU\$6m, which increases the Group's access to the Australian CVC market, building on Renold's existing strong market position. The business is performing in line with the Board's expectations at the time of the acquisition, and the integration of the business into the wider Australian business is progressing well.

A strong focus on free cash flow generation remains a key priority for management. Closing net debt was £24.9m (31 March 2023: £29.8m), a £4.9m reduction in the year, even after making payments related to current and prior year acquisitions of £5.2m, deferred payments on the Chinese factory building of £2.2m and the purchase of £4.5m of Renold shares by the Employee Benefit Trust ("EBT").

¹ See page 156 for definitions of adjusted measures and the differences to statutory measures.



Investment in state-of-the-art machinery at our facility in Milnrow, UK

Sustainability

Renold takes a pragmatic approach to sustainability. Our focus is on making an actual difference through continual work programmes reducing both energy consumption and environmental impact, involving customers, our local communities, workforce and stakeholders. We have not, and do not plan to make far reaching statements on future carbon neutrality but instead are working to be better each year. Alongside our own direct work on sustainability, we are already manufacturing products that will assist our customers to improve their own sustainability performance. Development programmes have started improving our products even further so that customers have even more opportunities to reduce their environmental impact.

The Group Sustainability Committee has driven a number of projects throughout the year and is constantly assessing and promoting new opportunities. One particular project aimed at producing new standard transmission chain packaging designs, which are made from recycled material and are themselves fully recyclable, is coming to fruition. All adhesives, inks and labels used in these new designs, which will be common across the world, are also recyclable. The new designs have been produced in such a way that they have significantly reduced the amount of packaging lines that individual plants are required to keep in stock.

At a regional level, our businesses across the world have been asked to develop their own sustainability project roadmaps, seeking to ensure that our efforts are relevant to the highly diverse regions within which we operate. Projects are running on waste reduction, elimination of various chemicals, and reducing water and energy usage. More detailed information on climate-related financial disclosures is found in our sustainability section in the Annual Report.

Strategic plan – Step2 progress

Having created a stronger operational platform for the Group in recent years, and with a robust balance sheet, we have increased our focus on our strategy to accelerate performance through value-enhancing acquisitions which will allow us to benefit from both increased geographical and product coverage, and leverage synergies from increasing the throughput of our existing facilities. As a result, we have developed a pipeline of acquisition opportunities which we believe have the ability to meet our financial and operational criteria. Such acquisitions will allow us to expand our product and service offering as well as our customer base, further expand our already diverse product portfolio into adjacent market sectors, and allow us to capitalise on our ability to provide customers with high specification products that deliver real benefits to enhance their own business performance.

The Board has a disciplined approach to appraising acquisition opportunities, ensuring that potential targets will enhance the Group's wider strategy and earnings. Additionally, the Board is mindful of retaining a conservative capital structure, and will ensure that the long-term net debt to EBITDA ratio is maintained at an acceptable level.

During the year, Renold built on the prior year's acquisition of YUK in Spain with the acquisition of Davidson Chain in Australia. The Davidson acquisition will add to the existing Renold capabilities in Australia and is being integrated into the current Renold site in Melbourne later in calendar year 2024, which will achieve overhead synergies. In keeping with the proven approach from previous acquisitions, a very methodical integration plan is in place, to deliver margin improvement including the in-sourcing of third party purchases. The previous owners of the Davidson business have transferred with the business and we are delighted that they and their team continue to work with us.

Chief Executive's review CONTINUED

Organic growth and continual business improvements are fundamental drivers of the Group strategy. Renold is consistently enhancing its operational capabilities through upgrading equipment and processes, reflected in the increased capital expenditure, funded by improving cash generation, whilst prioritising projects with a short payback period. We are focussing new product development in larger, faster growing market segments, whilst leveraging manufacturing cost improvements to penetrate new markets. Capital equipment suppliers are increasingly solving their pandemic era supply chain problems and so equipment is available in a sensible timescale.

Our international manufacturing footprint is a major competitive advantage in the current world of supply chain risk and geo-political tensions. We continue to expand our capabilities to manufacture our products across multiple locations giving our customers, and Renold, increasing flexibility and risk mitigation. There is still a long way to go to completely achieve our ambition but good progress is being made.

Our Indian business is a particular focus for capital investment and development in the next few years. We aim to expand the capability of the business in terms of range, volume output and product specification. As tariffs on Chinese product remain in place or get greater in many countries our Indian business will see major opportunities develop internationally and in its domestic market.

These projects highlight our capital allocation priorities, and the resulting investment decisions for the Group. With the large infrastructure projects complete, capital allocation decisions are now less frequently limited purely by a site's domestic requirements but are focussed on customer service, upgrading product specification capabilities and optimising revenue growth and profitability for the Group. For the Chain Division especially, this allows us to access economies of scale and offer a truly global service with increasing relevance to large OEM customers. Renold is increasingly an integrated international supplier and less a series of regional businesses.

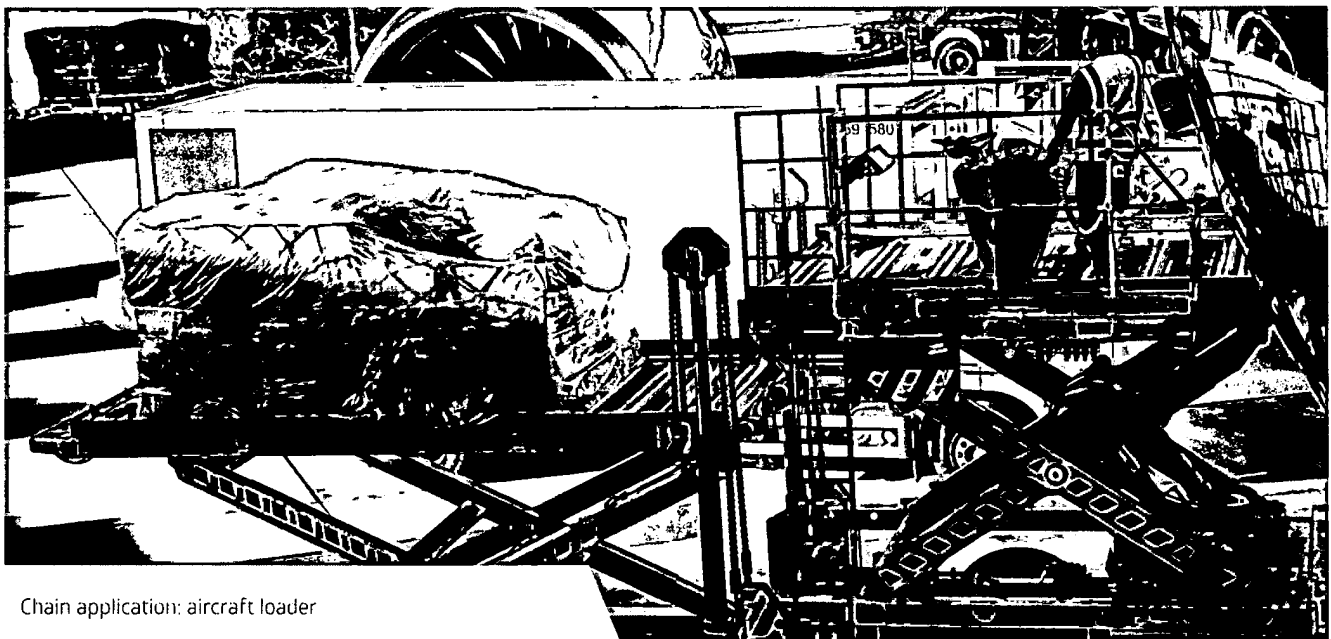
The strategic progress made by the Group over recent years has been significant. Investments in both our production capabilities and our IT environment have resulted in significant benefits, with:

- Improvements in productivity and operational efficiency as evidenced by growing sales per employee;
- Greater insight into the performance and opportunities in the business due to better and more complete data;
- Improvements in the specification and quality of products we are able to make across our multiple manufacturing sites; and
- Greater flexibility in the cost base as we continue to automate production processes.

With the ongoing recovery of our end markets, the financial benefits of these improvements will increasingly come to the fore. Renold is well positioned to capitalise on these developments in the years ahead.

Current operating environment

The effects of the war in Ukraine, especially in terms of higher prices for energy and materials as seen in the UK and mainland Europe were less marked in FY24, only to be replaced with new economic uncertainties brought about by geopolitical factors, such as de-globalisation and re-shoring, increasing trade tariffs and the continuing impact of general inflation, higher interest rates, and growing pressure on labour rates around the world. The volatile operating environment the Group has faced over recent years abated slightly during FY24, however we remain conservative around our timing expectations of a full return to normal, and expect further headwinds to persist to differing degrees in the new financial year.



Chain application: aircraft loader

Macroeconomic landscape and business positioning

The underlying fundamentals of the Group and the markets we serve provide the Board with confidence that Renold is well placed to continue to develop and deliver sustainable profitable growth. Many of these intrinsic qualities have remained consistent over many years but we are now proactively building on these fundamentals. They include:

- **Valued and recognised brand with well-respected engineering expertise**

The Renold brand has been built up over our 150-year history and is trusted by customers to deliver exceptional products due to our world-class engineering and product knowledge.

- **Global market position and unique geographical manufacturing capability**

The global market position of Renold has existed for many years, but following significant strategic investments in both divisions, the geographic manufacturing footprint and capabilities we have are unique, permitting us to service customer demand with increasing levels of flexibility – a critical factor in a rapidly changing market environment.

- **Relatively low cost, but business critical products**

Chain and Torque Transmission products are fundamental elements of the systems into which they are incorporated. Our products are often a small proportion of the cost of the entire system, but critical to its operation.

- **Broad base of customers and end-user markets**

Renold products are used in an extremely diverse range of end applications, sectors, markets and geographies, resulting in a huge spread of customers and industries served. Markets and applications will change and vary in the ever-altering environment we operate in but, with its wide spread of products, geographies, applications and customers, Renold is well positioned.

- **High specification products delivering environmental benefits for our customers**

Renold products have always been high specification premium products which deliver exceptional benefits to customers. Whether through greater efficiency leading to lower power usage, longer life providing lower lifetime usage of materials and energy in their manufacture and logistics, or lower lubrication requirements, Renold products are well placed for an increasingly environmentally aware marketplace. Our products are capable of helping our customers meet their sustainability objectives whilst saving them money.

Outlook

I am pleased that the Group continued to perform strongly throughout the year reflecting the hard work, strategically, commercially and operationally, that has been undertaken over recent years by our employees across the world. The business is now at an inflection point where we are starting to see the compounding impact of the many recent exciting initiatives as they come to fruition. We have a very clear strategy and are executing it diligently. Our continuous improvement initiatives are building an increasingly efficient, productive and resilient business and are providing an ever improving platform to support our commercial initiatives.

We have been carefully developing our acquisitive growth strategy and opportunity pipeline. The scale of the highly fragmented industrial chain market is clear and this is the sole area that we are focussed on for acquisitions, providing us with many appropriately sized and relatively low risk opportunities.

Over recent years the business performance has been on an improving trend despite the many economic and geo-political difficulties. Renold continues to demonstrate the strength and resilience of its business, its market position and its business model. We expect the new financial year to be no less challenging, and we remain vigilant as to the environment within which we operate. However, we start the year from a positive position with good momentum and confidence in the capabilities and fundamentals of the Renold business and the markets we serve.

ROBERT PURCELL
CHIEF EXECUTIVE

16 July 2024

Our key performance indicators

Our financial and non-financial key performance indicators (KPIs) provide a measure of our performance against the key drivers of our strategy. Their relevance to our strategy and our performance against these measures are explained on these pages.

Strategic objectives

- (A)** Significantly improving our health and safety performance
- (B)** Operating profit margin expansion
- (C)** Enhancing customer service
- (D)** Optimising business processes
- (E)** EPS growth
- (F)** Developing our people
- (G)** Annual net cash generation

KPI result change

(from prior year)

-  Improvement
-  Unchanged
-  Deterioration

➤ Read more about our strategy on pages 14 to 15.

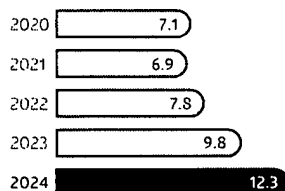
Profit measures **(B D E)**

Why it's important to Renold

Profit measures give insight into cost management, performance efficiency and growth. We are focussed on increasing productivity, controlling operating costs and delivering growth.

Return on sales (%)

Adjusted operating profit divided by revenue.



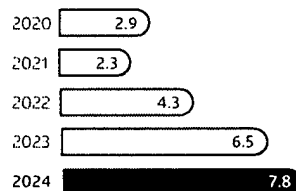
Commentary:

Improvement in RoS is in line with our strategic intent to improve the strength of the underlying business.

Change 

Adjusted earnings per share (p)

Earnings per share before restructuring costs or adjusting items. This is a key metric used by capital markets and stakeholders in assessing performance improvement and value generation.



Commentary:

EPS progression is in line with the improvement in the strength of the underlying business.

Change 

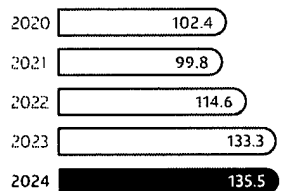
Efficiency measures **(B D E F)**

Why it's important to Renold

Delivering improved efficiency in everything we do is a core element of our strategic goal of delivering increasing operating margins.

Sales per employee using constant exchange rates (£'000)

Total constant currency revenue divided by the average number of employees. A simple way to assess the efficiency of our business processes.



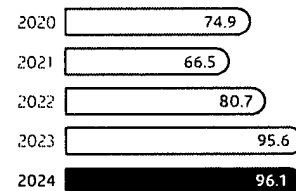
Commentary:

Continued investment in processes within our factories is allowing us to increase activity with a consistent, highly skilled workforce.

Change 

Total overheads using constant exchange rates (£m)

Constant currency costs that are, in theory, fixed or very inflexible. Making these costs as flexible as possible enables us to maintain margins better throughout the cycle.



Commentary:

Overheads can be seen to be flexing with the business cycle, demonstrating that the strategy is being implemented.

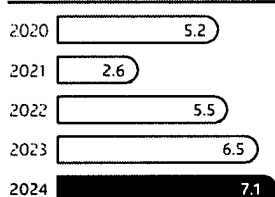
Change 

Why it's important to Renold

Capital and cash measures reflect how we are managing our cash and balance sheet. A strong balance sheet is essential to remaining robust through the economic cycle and creating the ability to deliver appropriate shareholder returns.

Cost of servicing legacy pensions (£m)

Annual cash contributions to closed legacy defined benefit pension schemes, including associated administrative costs. The goal is to maintain stability and certainty of cash costs.



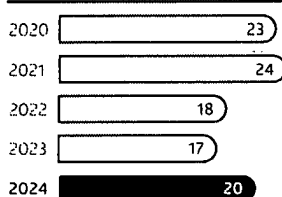
Commentary:

Underlying pension costs remain stable but an additional cash contribution contingent on improved Group performance was payable in the year.

Change

Average working capital ratio (%)

Working capital as a ratio of rolling 12 month revenue. Calculated as a simple average of the previous 12 months.



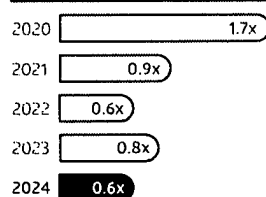
Commentary:

The increase in the ratio results from a decision to increase inventories for strategically important customers in order to improve service levels.

Change

Leverage ratio

Ratio of net debt to adjusted EBITDA. 'Banking' leverage means the figure reflects our banking agreements, which differ from IFRS (e.g. preference shares are debt in IFRS but ignored in our banking agreement).



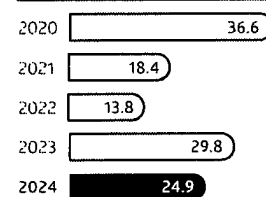
Commentary:

Strong EBITDA and continued working capital control saw leverage reduce despite continued investment activity.

Change

Net debt (£m)

Total borrowings less cash balances.



Commentary:

Robust cash generation has seen net debt reduce in the year despite continued investment activity.

Change

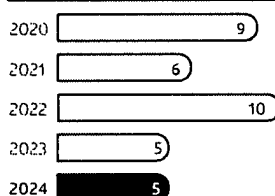
Health and safety measures A F

Why it's important to Renold

Safety is our number one priority. We believe that every work-related incident and injury is preventable and are committed to providing a safe workplace.

Lost time accident frequency rate

Over a 12-month period, this ratio shows the total number of lost time accidents, irrespective of severity, against the hours worked. An internationally recognised standard measure.



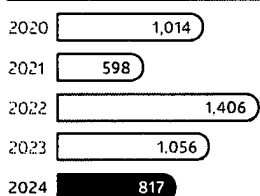
Commentary:

Lost time accident frequency continues the recent trend, indicating a consolidation of improved performance and standards.

Change

Reportable injury rate

Over a 12-month period this ratio shows the number of accidents greater than three lost days, against the average number of employees in the same period. An internationally recognised standard measure.



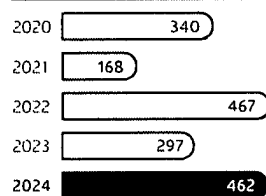
Commentary:

The reportable injury rate has decreased, demonstrating the drive to continually improve all aspects of safety.

Change

Lost time days

The total number of lost days attributable to all accidents in the 12-month period. An internationally recognised standard measure.



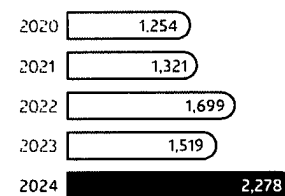
Commentary:

Lost time days shows an increase counter to the positive trend of both the lost time accident frequency and reportable injury rates, this is attributable to longer absence and convalescence for a lower number of recorded lost time injuries.

Change

Safety improvements

We drive all our sites to capture and implement safety improvements. An internationally recognised concept with different measures applied by different businesses.



Commentary:

A significant increase in reporting of safety improvements clearly reinforces the value of safety and lays the foundations for reduction in accidents by identifying and controlling hazards before they present instances of harm.

Change

Our performance

Chain performance review

The high levels of activity seen within the Chain division in the prior year continued. Turnover on a constant exchange rates basis reduced by 1.6%, 4.7% when currency headwinds are taken into account, and finished the year at £192.8m. In September 2023 the Group acquired the trading assets of Davidson Chain in Australia, and during the period of ownership the unit contributed turnover of £0.9m, in line with expectations. Progress continues to be made with the Group's productivity and efficiency programmes, which are driving sustainable margin and profit improvement. Adjusted operating profit increased by 15.8%, 19.1% at constant exchange rates to £32.4m. Return on sales improved by 290 basis points, to 16.3% (FY23: 13.4%) at constant exchange rates. Statutory operating profit was £32.8m (FY23: £26.5m), £6.3m higher than the prior year level.

	2024 £m	2023 £m
External revenue	191.9	201.5
Inter-segment revenue	0.9	0.9
Total revenue	192.8	202.4
Foreign exchange	6.3	-
Revenue at constant exchange rates	199.1	202.4
Operating profit	32.8	26.5
Assignment of lease and costs relating to closed sites	(2.3)	-
Amortisation of acquired intangibles	1.0	0.7
Adjusted operating profit	31.5	27.2
Foreign exchange	0.9	-
Adjusted operating profit at constant exchange rates	32.4	27.2

Order intake in the Chain division reduced by 13.1% year on year, or 10.4% at constant exchange rates, as extremely high order intake seen in the prior year reduced to more normal levels, driven by a shortening in order books following normalisation of international supply chains. Activity in both the US (-18.4%) and China (-41.9%) showing the main impacts.

Pleasingly, external order intake in Europe (+10.9%) and India (+37.9%) increased over the levels seen in the first half year, although the Indian increase was off a low base. External order intake in Australasia was broadly flat year on year. Closing order books for the division finished the year at £47.0m (FY23: £60.6m).

Chain Europe, which is our largest Chain business, continued the strong sales performance experienced in the prior year. In FY23 sales revenues had increased year on year by 25%, in FY24 revenue on a constant exchange rates basis reduced by 1.4%, a creditable performance given the normalisation of order intake, the general slowdown in the wider European economy and the unwinding of various sales surcharges. Operating profit in the region increased year on year by 7.7% at constant exchange rates, as the business concentrated on gaining production efficiencies, through both increased automation, and the use of our global manufacturing footprint to better advantage.

The integration of the YUK acquisition is progressing well, underlying revenues for the unit increased by £5.5m or 51.4% using constant exchange rates, as the Group saw the benefit of owning the business for a full 12 month period. Incremental operating profits to the Group derived from the insourcing of production and cross selling opportunities for both Conveyor Chain ("CVC") sales by our wider European sales network and our traditional Transmission Chain ("TRC") sales within the Iberian market, which are ahead of expectations.

Renold's new Service Centre in Turkey opened its doors during the period. The location of the business close to Istanbul should, when coupled with the YUK location within Spain, allow reduced delivery times and increased customer service, and hence encourage sales throughout southern Europe.

In the Americas, activity remained at the record high levels seen last financial year. Turnover at £85.7m was marginally ahead of the levels in FY23, on a constant exchange rate basis, while external order intake at £75.3m was the second largest order intake on record (at constant exchange rates), only surpassed by the FY23 figure of £92.3m.

Improved production technology, which together with a positive mix towards own manufactured engineering chain, especially for the marine, food machinery, theme parks, utilities and industrial warehouse sectors, saw operating profits at constant exchange rates increase, for the second year running, to a new record high, an increase year on year of 20.2%, which improved return on sales by 300 bps.

Sales to OEM customers grew steadily, especially in the escalator and forklift truck market, while increased sales of transmission chain products sold through distributors progressively increased. New business opportunities, especially in the ethanol, grain handling and forestry markets, were enhanced by the introduction of new products. Production capabilities were continually enhanced with further investment in automated equipment and development projects, and a large infrastructure project is being undertaken to see that the Morristown facility is positioned to take advantage of future growth opportunities.

In Australasia we continued to deliver revenue growth with turnover on a constant exchange rates basis increasing year on year by 12.6%. In September 2023, the Group acquired the trading assets of Davidson Chain, and excluding the impact of the acquisition underlying revenues increased by 7.1% using constant exchange rates. The Davidson acquisition increases the Group's access to the Australian CVC market, building on Renold's existing strong market position. Davidson was the only other domestic Australian chain manufacturer, who like Renold specialise in providing a quick turn-around high quality service offering to customers. Following integration of the business within the Renold facility, it is envisaged that this service philosophy will help to grow Renold's Australian sales more widely.

Within Australia, the underlying business had a good year with external turnover increasing by 2.7% using constant exchange rates, with continued improvement seen in a number of sectors including mining and sugar. The recent trend of customers increasingly buying more domestically produced goods appears to be continuing, despite the impact of supply chain disruption to imported products reducing in the year. Customers are increasingly seeing the benefits of our product-enhancing engineering capabilities that deliver real value through better performance and longer chain life. We continue to invest in the production capabilities of our Melbourne factory, with the recent purchase of further automated equipment. Sales in New Zealand were stable during the year, while Malaysia and Indonesia saw growth in revenue, using constant exchange rates, of 15.7% and 5.6% respectively. Thailand recovered from the reduced turnover seen in the prior financial year, recording revenue growth of 66.4% (using constant exchange rates), albeit from a low base. We remain focussed on expanding our sales into more industries and geographies in South East Asia, with this year recording the Group's first sales within the Vietnamese market.

Revenues in India, using constant exchange rates, reduced by 18.9% during the year. Increased domestic and Chinese competition, encouraged by the slow Chinese market, led to lower levels of demand, while some of the reduction in sales is attributed to a two week closure of the main production site for the introduction of a new fully integrated ERP system. The unit is well placed to benefit from the increased visibility and efficiency that the new ERP system will bring, and it is anticipated that both sales and profitability will recover strongly within the new financial year. The first in a series of regional warehouses, in Nagpur, which offers our customers and distributors much better and quicker supply should also increase sales activity. Plans are in place for a further three regional distribution centres to help provide significantly improved delivery times to all parts of India over the coming years. Investment plans for the Indian factory include the introduction of the same state-of-the-art technology used elsewhere in the Group for the manufacture of many component types and assembly. This will allow India to better support external customers with higher quality products and Group customers with premium quality components.

Revenues in China reduced by 9.2% during the year at constant exchange rates, driven by a reduction in both domestic Chinese demand and a slowdown in demand from Group customers, especially from Europe. The initial impact was experienced in the latter half of FY23, where intra-group order patterns were adjusted to take into account the improving delivery times to Western markets. This trend continued into the new financial year, with the ongoing softness in the Group's European markets. Chinese factory demand is expected to improve in FY25 as European demand stabilises and Chinese domestic economic activity recovers.

Projects and investments focussed on improving the quality and specification of products manufactured in China bore fruit during the year, allowing the Jintan site to manufacture several mid-tier Renold standard products and components for international markets.

During the year, our Chinese team commissioned increasing amounts of state-of-the-art extrusion technology, while making significant investment in automated assembly lines to facilitate high volume sales growth in both domestic and overseas markets.

The Chain division continues to develop and evolve through investment in equipment, processes, training and development of our people, engineering and sales, and this provides us with an excellent base from which to build benefits derived from the many opportunities that are available in this market.

Torque Transmission performance review

Divisional revenues of £53.5m were £4.7m or 9.6% higher than in the prior year due to the continued recovery in demand in our North American markets. Our North American manufacturing and distribution business, based in Westfield NY, saw turnover grow by 12.9% year on year using constant exchange rates. In FY23, the Group announced it had secured an £8.9m long-term agreement to supply large Hi-Tec couplings for the initial phase of a military contract for the Royal Australian Navy, this agreement followed a similar military contract to supply the second phase of a contract for the Royal Navy in FY22. Both these contracts were progressed during the year, and contributed to a 27.0% increase in the Renold Couplings business, using constant exchange rates. In May 2024, the Group announced a further military contract for £10.3m for the Royal Canadian Navy.

Divisional adjusted operating profit increased by 55.6% to £8.4m in the year due to the effects of operational gearing, increased profit recognition on the long term military contracts as the work progresses, and the benefits of increased automation and operational efficiency. Return on sales for the division was 15.7% (FY23: 11.1%), an increase of 460bps during the year. On a constant exchange rates basis adjusted operating profit increased by 61.1%.

Momentum in this division, which has a later trading cycle and generally larger orders than our Chain business, continues to be positive and improving.

	2024 £m	2023 £m
External revenue	49.5	45.6
Inter-segment revenue	4.0	3.2
Total revenue	53.5	48.8
Foreign exchange	1.7	-
Revenue at constant exchange rates	55.2	48.8
Operating profit (and adjusted operating profit)	8.4	5.4
Foreign exchange	0.3	-
Adjusted operating profit at constant exchange rates	8.7	5.4

Order intake for the year reduced by 10.4% to £47.7m (FY23: £53.3m), a reduction of 7.4% at constant exchange rates. Excluding the impact of the £8.9m long-term military contract announced in FY23, underlying order intake increased by 7.5% or 11.1% at constant exchange rates.

The North American business unit benefitted from a significant increase in demand for gears and couplings supplied intra-group from the UK, but also experienced a significant uptick in demand for own manufactured gear spindles and shakers, both in the US domestic market and internationally. Demand for gear couplings to the US mass transit market also strengthened significantly. Operating profits recorded within the US TT business increased by 83% year on year.

Demand for Group-supplied products through the Australian distribution and service centre was broadly flat year on year, while sales within the Chinese market reduced by 21.4% following both a broad reduction in demand resulting from a slowdown in the Chinese market, and a selective withdrawal from various lower margin product segments.

The Couplings business unit delivered a 27.0% increase in turnover year on year at constant exchange rates. As expected, revenue in the marine business, which manages the long-term military contracts, increased year on year, as work continued on the second phase of the UK military contract, and commenced on the initial phase of the Australian military contract. Sales in the industrial market also increased markedly, improving by 20.9% using constant exchange rates, while sales in the Spanish market increased year on year by 106.8% using constant exchange rates.

Product development in the Couplings business continued with new designs for couplings that expand the performance envelope of current products whilst adding new features and benefits, while sales of the RBI rubber in compression product continued apace.

The Gears business made good progress in order intake, turnover and margins despite facing significant inflationary pressures, with turnover increasing by 10.6% during the year. Notable product developments include new products aimed at the escalator market, especially relating to metro systems, and a number of specialist niche products aimed at the water treatment market. Demand from OEM customers, particularly for larger projects in the US and UK which are our key geographic markets, remained strong during the year.

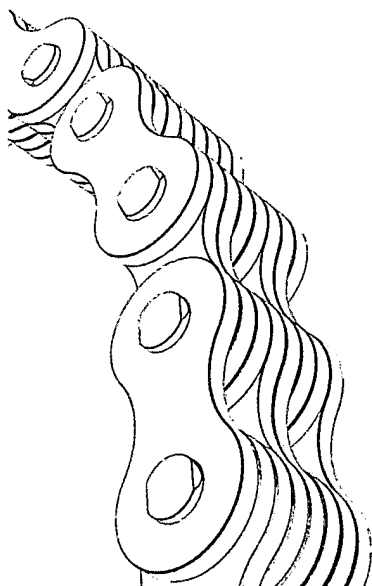
Finance Director's review



JIM HAUGHEY
FINANCE DIRECTOR



For the second year running, Renold delivered a record performance with Group adjusted operating profit increasing by 22.7% to £29.7m. The business produced an adjusted operating margin of 12.3% (FY23: 9.8%) and achieved a significant reduction in net debt of £4.9m during the year to £24.9m (31 March 2023: £29.8m)."



For the second year running, Renold delivered a record performance with Group adjusted operating profit increasing by 22.7% to £29.7m. The business produced an adjusted operating margin of 12.3% (FY23: 9.8%) and achieved a significant reduction in net debt of £4.9m during the year to £24.9m (31 March 2023: £29.8m).

Reconciliation of reported to adjusted results	2024			2023		
	Order intake £m	Revenue £m	Operating profit £m	Order intake £m	Revenue £m	Operating profit £m
Reported	227.5	241.4	30.5	257.5	247.1	22.9
Assignment of lease and cost of closed sites	-	-	(2.3)	-	-	-
Acquisition costs	-	-	0.5	-	-	0.6
Amortisation of acquired intangible assets	-	-	1.0	-	-	0.7
Adjusted	227.5	241.4	29.7	257.5	247.1	24.2
Impact of foreign exchange	7.3	7.9	1.1	-	-	-
Adjusted at constant exchange rates	234.8	249.3	30.8	257.5	247.1	24.2

Revenue and operating profit

Despite the normalisation of order intake, Group revenue at constant exchange rates grew by 0.9%, a reduction of 2.3% when currency headwinds are accounted for. Group revenues for the year were £241.4m (FY23: £247.1m). During the year the Chain division recorded a 1.6% reduction in turnover at constant exchange rates to £199.1m, while the Torque Transmission division, which is a larger order and longer cycle business, increased by 13.1% at constant exchange rates.

The Group generated an adjusted operating profit for the year of £29.7m (FY23: £24.2m), excluding the impact of adjusting items as detailed below. Reported operating profit for the year was £30.5m (FY23: £22.9m). Operating profit margin, calculated on a statutory basis, was 12.6% (FY23: 9.3%) and return on sales increased by 250 bps during the year to 12.3% (FY23: 9.8%).

Adjusting items

Adjusting items for FY24 comprise acquisition-related intangible asset amortisation of £1.0m (FY23: £0.7m), acquisition and re-organisation costs of £0.5m (FY23: £0.6m) and an exceptional profit on the assignment to a third party of the lease and costs relating to a closed UK site of £2.3m (FY23: £nil). Adjusting taxation items comprise a tax charge of £0.8m (FY23: £nil) in relation to the assignment to a third party of the lease and costs relating to a closed UK site and a deferred tax credit of £1.0m (FY23: £nil) arising from the Davidson acquisition.

Foreign exchange rates

The majority of Renold's business is denominated in US Dollars and Euros. The movements in both of these currencies during the year generated currency headwinds which reduced sales, adjusted operating profit and net assets when translated into Sterling in the consolidated financial statements, with sales reduced by £7.9m and adjusted operating profit by £1.1m.

Phasing of movements over the current and prior year mean the weighted average exchange rate used to translate the Euro and US Dollar varies to the movement in the closing rates. The weighted average exchange rates were 1.26 for the US Dollar and 1.16 for the Euro for the year ended 31 March 2024 (FY23: 1.20 and 1.15 respectively).

FX rates (% of Group sales)	31 Mar 23 FX rate	31 Mar 24 FX rate	31 Mar 24 Var %	2023 Average FX rate	2024 Average FX rate	2024 Var %
GBP/Euro (30%)	1.14	1.17	3%	1.15	1.16	1%
GBP/US\$ (37%)	1.24	1.26	2%	1.20	1.26	5%
GBP/C\$ (5%)	1.67	1.71	2%	1.60	1.70	6%
GBP/AUS\$ (5%)	1.85	1.94	5%	1.77	1.91	8%

If the year-end exchange rates had applied throughout the year, there would be an estimated decrease of £2.1m to revenue and £0.3m to operating profit.

Finance costs

Total finance costs in the year were £7.6m (FY23: £5.6m).

Total loan finance costs include external interest on bank loans and overdrafts of £3.7m (FY23: £2.3m), amortisation of arrangement fees of £0.3m (FY23: £0.3m), and £0.8m (FY23: £0.7m) of interest expense on lease liabilities.

The increase in interest payable on external bank loans and overdrafts was driven by three factors, firstly the acquisition of YUK for £24.0m during August 2022 (cash of £20.0m paid in FY23, and a further £2.0m during the current year), secondly, the impact of successive increases in the UK base rate during the second half of the prior financial year, and finally the impact of a small increase in margin following the refinancing in May 2023.

The net IAS 19 finance charge, which is a non-cash item, was £2.7m (FY23: £2.1m).

Finance costs also include £0.1m (FY23: £0.2m), resulting from the unwind of discounts on the deferred build costs of the Chinese factory. A payment of £2.2m was made during the year in relation to this.

Profit before tax

Profit before tax was £22.9m (FY23: £17.3m), an increase of 32.4% during the year.

Taxation

Excluding the tax effect of the non-recurring items described above, the effective tax rate on adjusted earnings was 27% (FY23: 27%), and is expected to be broadly at this level in FY25.

The total tax charge in the year of £5.8m (FY23: £5.5m) is made up of a current tax charge of £6.5m (FY23: £4.2m) and a deferred tax credit of £0.7m (FY23: charge of £1.3m). The increase in the current tax charge is attributable to increased taxable profits in jurisdictions where the headline statutory tax rate is higher than the prevailing UK tax rate. For further details see Note 4.

The deferred tax credit in the year primarily relates to the continued utilisation of tax losses in jurisdictions for which deferred tax is recognised.

The effective tax rate for the year was 25% (FY23: 32%), which is the same as the prevailing UK tax rate of 25% (FY23: 19%). The change from the prior year effective tax rate is primarily driven by the increase in deferred tax recognition on losses in jurisdictions where we have an increase in projected future profitability.

Earnings per share

Profit after tax for FY24 was £17.1m (FY23: £11.8m). Adjusted earnings per share were 7.8p (FY23: 6.5p). Basic earnings per share were 8.3p compared to 5.7p for the year ended 31 March 2023.

	2024 £m	2023 £m
Adjusted profit after taxation	16.1	13.5
Effect of adjusting items, after tax:		
– Assignment of lease and cost of closed sites	1.5	–
– Acquisition costs	(0.5)	(0.6)
– Amortisation of acquired intangible assets	(1.0)	(0.7)
– Deferred tax triggered on acquisition	1.0	–
– Tax adjustments relating to prior year	–	(0.4)
Profit after taxation	17.1	11.8
Basic adjusted earnings per share	7.8p	6.5p
Basic earnings per share	8.3p	5.7p

Balance sheet

Net assets at 31 March 2024 were £50.2m (31 March 2023: £39.1m). A net profit of £17.1m was delivered for the year which, together with the impact of the favourable valuation of the Group's pension liabilities and the retranslation of overseas operations, resulted in an increase in net assets of £11.1m.

Finance Director's review CONTINUED

Cash flow and net debt

	2024 £m	2023 £m
Adjusted operating profit	29.7	24.2
Add back depreciation and amortisation	9.8	10.4
Add back loss on disposal of property, plant and equipment	–	0.3
Add back share-based payments	1.4	1.3
Adjusted EBITDA ¹	40.9	36.2
Movement in working capital	1.6	(10.5)
Net capital expenditure	(10.1)	(8.4)
Operating cash flow ¹	32.4	17.3
Income taxes	(3.8)	(2.7)
Pensions cash costs	(6.0)	(5.8)
Repayment of principal under lease liabilities	(2.5)	(2.9)
Finance costs paid	(4.8)	(3.3)
Consideration paid for acquisition	(5.2)	(18.0)
Own shares purchased for the EBT	(4.5)	–
Other movements	(0.7)	(0.6)
Change in net debt	4.9	(16.0)
Closing net debt ¹	24.9	29.8

¹ Adjusted EBITDA and operating cash flow are alternative performance measures as defined on page 156.

In the financial year the Group reduced net debt by £4.9m to £24.9m (31 March 2023: £29.8m). The Group invested £5.2m (FY23: £18.0m) in acquisitions, primarily the acquisition of Davidson Chain in Australia, but also made the first deferred consideration payment for the acquisition of Industrias YUK (now Renold Iberia) of £1.7m. The Group also acquired £4.5m of shares to satisfy potential LTIP commitments made through the Employee Benefit Trust, and also made a payment of £2.2m in respect of the Jintan factory building in China. Next financial year, the Group will make the final payment on this building of £2.7m, and make the final payment of deferred consideration for the YUK acquisition of £2.0m. Net debt at 31 March 2024 comprised cash and cash equivalents of £17.8m (31 March 2023: £19.3m) and borrowings of £42.7m (31 March 2023: £49.1m).

Inventory levels remained broadly flat in FY24 (FY23: increased by £4.5m). Trade receivables reduced by £2.9m (FY23: increased by £2.8m) and payables decreased by £2.7m (FY23: £4.2m).

Net capital expenditure of £10.1m (FY23: £8.4m) increased during the financial year, reflecting further investment in productivity enhancing equipment. The Group expects to continue investments in the coming year, in support of our strategy, aimed at improving heat treatment facilities, broadening manufacturing capabilities, and

product assembly automation, especially in our Indian and Chinese facilities. Additionally, the installation of the standard Group ERP system continued as planned.

In September 2023 the Group acquired the trading assets of Davidson Chain, a conveyor chain manufacturer based close to our existing facilities in Melbourne, Australia. The total consideration was £3.1m, of which £0.1m is deferred and is to be paid following completion of the merger of the acquired business into our existing facilities. Professional fees and reorganisation costs associated with the acquisition amounted to £0.5m. During the prior financial year, the Group acquired the business of Industrias YUK S.A., based in Valencia, Spain for a total consideration of £24.0m, of which £20.0m was paid during FY23, £2.0m was made in FY24 and the final instalment of £2m is scheduled for FY25.

Pension deficit recovery plan cash costs of £6.0m in FY24 were broadly the same as in the prior year.

Corporation tax cash paid was £3.8m (FY23: £2.7m), and was paid in accordance with normal payment on account rules in the countries where the Group has operations.

Net cash flow from operating activities, shown in a statutory format, was £32.2m (FY23: £16.7m).

Debt facility and capital structure

During the year the Group renewed its borrowing facilities which now principally include an £85m multi-currency revolving credit facility until May 2026, with an option to extend the term for a further two years, together with a £20.0m accordion option. The net debt/EBITDA covenant was improved from 2.5 times EBITDA to 3.0 times EBITDA, with other key terms remaining unchanged.

At 31 March 2024, the Group had unused credit facilities totalling £47.1m (31 March 2023: £17.3m) and cash balances of £17.8m (31 March 2023: £19.3m). Total Group credit facilities amounted to £90.0m (31 March 2023: £65.9m), all of which were committed.

The Group has operated well within agreed covenant levels throughout the year ended 31 March 2024 and expects to continue to operate comfortably within covenant limits in the coming year.

The net debt/adjusted EBITDA multiple as at 31 March 2024 was 0.6x (31 March 2023: 0.9x), calculated in accordance with the banking agreement. The adjusted EBITDA/interest cover as at 31 March 2024 was 11.1x (FY23: 13.7x).

Going concern

The financial statements have been prepared on a going concern basis. In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future.

Further information in relation to the Group's business activities, together with the factors likely to affect its future development, performance and financial position, liquidity, cash balances and borrowing facilities is set out in the Chair's statement, the Chief Executive's review, the Finance Director's review and in the section on principal risks and uncertainties. Additional details of the Group's cash balances and borrowings and facility are included in Notes 13, 14 and 23.

The key covenants attached to the Group's multi-currency revolving credit facility at year end relate to leverage, net debt to EBITDA, maximum 3.0x and interest cover (minimum 4.0x). The Group regularly monitors its financial position to ensure that it remains within the terms of its banking covenants, and has remained within those covenants for the whole of the financial year.

Given the current level of macroeconomic uncertainty stemming from inflation and geopolitical risks, and being also mindful of the risks discussed in the section on principal risks and uncertainties, the Group has performed financial modelling of future cash flows. The Board has reviewed the cash flow forecasts which cover a period of 12 months from the approval of the 2024 Annual Report, and which reflect forecast changes in revenue across the Group's business units. A reverse stress test has been performed on the forecasts to determine the extent of a downturn which would result in a breach of covenants. Revenue would have to reduce by approximately 46% over the period under review for the Group to be likely to breach the leverage covenant under the terms of its borrowing facility. The reverse stress test does not take into account further mitigating actions which the Group would implement in the event of a severe and extended revenue decline, such as reducing discretionary spend and capital expenditure. This assessment

indicates that the Group can operate within the level of its current increased facilities, as set out above, without the need to obtain any new facilities for a period of not less than 12 months from the date of this report.

Following this assessment, the Board of Directors is satisfied that the Group has sufficient resources to continue in operation for a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in relation to this conclusion and preparing the consolidated financial statements. There are no key sensitivities identified in relation to this conclusion.

Treasury and financial instruments

The Group's treasury policy, approved by the Board, is to manage its funding requirements and treasury risks without taking any speculative risks. Treasury and financing

matters are assessed further in the section on principal risks and uncertainties.

To manage foreign currency exchange impact on the translation of net investments, certain US Dollar denominated borrowings taken out in the UK to finance US acquisitions are designated as a hedge of the net investment in US subsidiaries. At 31 March 2024 this hedge was fully effective. The carrying value of these borrowings at 31 March 2024 was £2.4m (31 March 2023: £7.3m).

At 31 March 2024, the Group had £0.5m (31 March 2023: £0.5m) of its gross debt at fixed interest rates. Cash deposits are placed short-term with banks where security and liquidity are the primary objectives. The Group has no significant concentrations of credit risk, with sales made to a wide spread of customers, industries and geographies. Policies are in place to ensure that credit risk on individual customers is kept to a minimum.

Pension assets and liabilities

The Group has a mix of UK (87% of gross liabilities) and overseas (13% of gross liabilities) defined benefit pension obligations as shown below.

	2024			2023		
	Assets £m	Liabilities £m	(Deficit)/surplus £m	Assets £m	Liabilities £m	Deficit £m
UK scheme	100.3	(140.0)	(39.7)	101.6	(145.8)	(44.2)
German scheme	–	(17.5)	(17.5)	–	(17.7)	(17.7)
Other overseas schemes	3.1	(3.0)	0.1	12.9	(13.2)	(0.3)
	103.4	(160.5)	(57.1)	114.5	(176.7)	(62.2)
Deferred tax asset			3.0			5.1
Net deficit			(54.1)			(57.1)

The Group's retirement benefit deficit decreased from £62.2m (£57.1m net of deferred tax) at 31 March 2023 to £57.1m (£54.1m net of deferred tax) at 31 March 2024. All defined benefit schemes are closed to new members and, with the exception of one small scheme for workers under a union agreement at the Westfield plant in the US, are also closed for future accrual.

UK funded scheme

The deficit of the UK scheme decreased in the year to £39.7m (31 March 2023: £44.2m).

A decrease in gross liabilities of £5.8m arose primarily due to an increase in the discount rate (5.00% FY24 compared with 4.85% in the prior year). The long-term CPI inflation assumption remained constant at 2.85%.

Contributions in the year ended 31 March 2024 were £4.6m (FY23: £4.1m). This includes payment of £0.6m per annum for five years until 2027 to cover a contribution deferral agreed during the Covid pandemic. The underlying contribution to the UK scheme increases annually by RPI plus 1.5% (capped at 5%).

Overseas schemes

The largest overseas scheme is in Germany, which is unfunded in line with normal practice in Germany, with a total liability and thus deficit of £17.5m (31 March 2023: £17.7m). Cash payments for this scheme were £1.1m (FY23: £1.2m).

Other overseas schemes are small and are funded, with a combined surplus of £0.1m (31 March 2023: deficit of £0.3m). Total contributions in the year for these schemes were £0.3m (FY23: £0.5m). During the year the Group progressed with the plan to buy-out overseas schemes with the exception of the Union plan in Westfield and the German scheme. The Canadian and US staff schemes are expected to be bought-out during FY25.

JIM HAUGHEY
GROUP FINANCE DIRECTOR

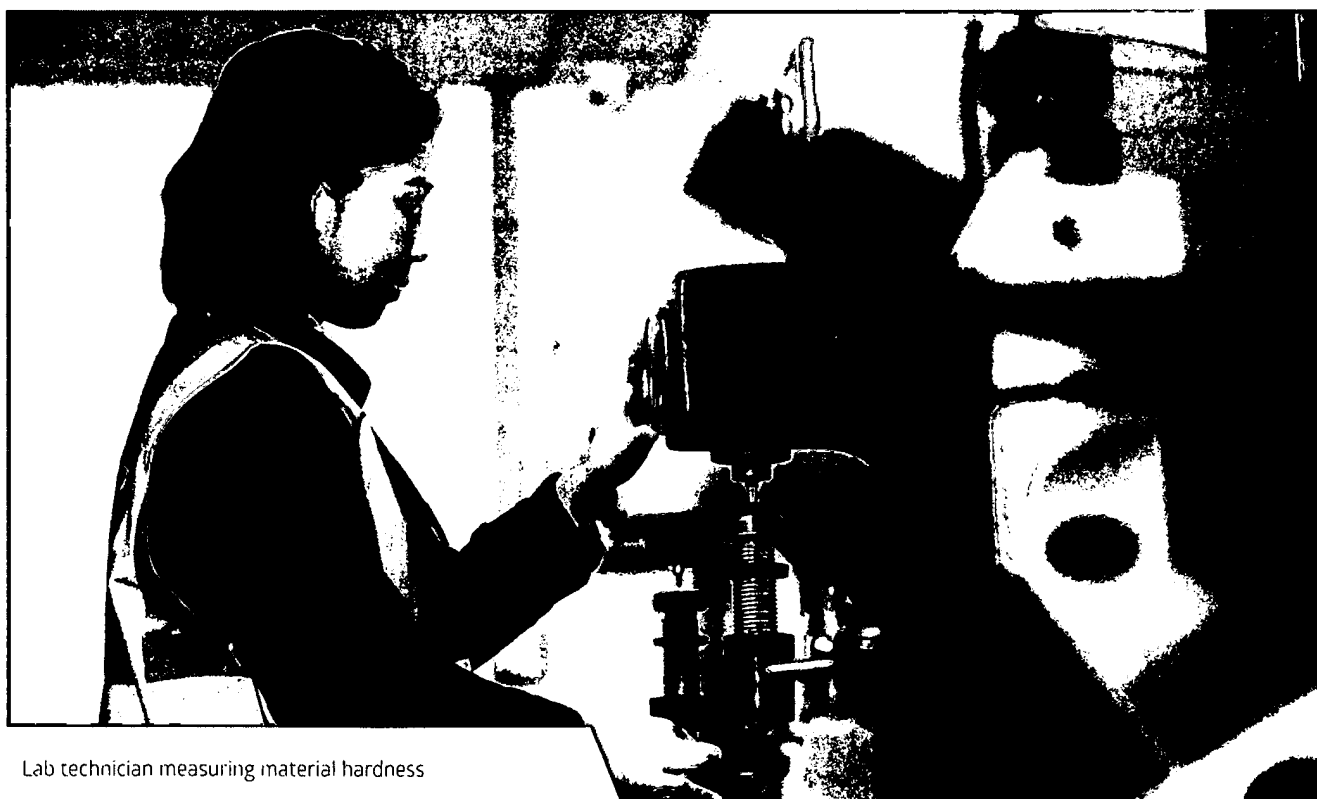
16 July 2024

Non-financial and sustainability information statement

The table below constitutes the Group's non-financial information statement and sets out where information relating to non-financial climate-related matters can be found in our strategic report, as required under sections 414CA and 414CB of the Companies Act 2006.

Reporting requirement	Relevant information	Page
A description of the Group's governance arrangements in relation to assessing and managing climate-related risks and opportunities.	○ Climate-related disclosures	44
A description of how the Group identifies, assesses, and manages climate-related risks and opportunities.	○ Climate-related disclosures	44
A description of how processes for identifying, assessing, and managing climate-related risks are integrated into the Group's overall risk management process.	○ Climate-related disclosures	44
A description of:		
– The principal climate-related risks and opportunities arising in connection with the Group's operations.	○ Climate-related disclosures	44
– The time periods by reference to which those risks and opportunities are assessed.	○ Principal risks and uncertainties	48

Regulation allows the omission some or all of certain disclosure requirements (CA 2006 s414 CB (2A) (e), (f), (g) and (h)) where these are not considered necessary for an understanding of the business. This exemption has been taken on the basis that there are no material climate risks identified.



Lab technician measuring material hardness

Stakeholder engagement

Directors' duties

The Board takes into account the interests of Renold's broad range of stakeholders and due consideration is given to the impact of the Board's decisions and the Group's activities on these stakeholders in accordance with the obligations of Section 172 of the Companies Act.

Section 172 requires the Directors to act in a way they consider would be most likely to promote the success of the Company for the benefit of the members as a whole. In doing so the Directors must have regard to:

- a. the likely consequences of any decision in the long term;
- b. the interests of the Company's employees;
- c. the need to foster the Company's business relationships with suppliers, customers and others;
- d. the impact of the Company's operations on the community and the environment; the desirability of the Company maintaining high standards of business conduct; and
- e. the need to act fairly between shareholders of the Company.

The table below outlines Renold's key stakeholders and how we engage at different levels through the organisation.

Why it is important to engage	Our people	Our customers	Our partners	Our investors	Our local communities
	The calibre and capability of our people are critical to Renold's success. We want our people to be proud of working for Renold and we want to be in a position to attract and retain the best talent.	Our customers are ultimately the key users of our products, and without their continued support, we would not have the potential to grow and develop.	The Group is dependent on high-quality goods and services provided by our suppliers and as a result, long-term partnerships are sought for the benefit of all parties.	Our investors are the owners of our business and are critical to supporting future strategic development of the Group.	We recognise our responsibility to the communities in which we operate and our broader responsibilities to reduce the impact of our activities on our environment.
Stakeholders' key interests	○ Opportunities for development and progression. ○ Fair reward and recognition of performance. ○ Stable employment. ○ An inclusive and safe environment.	○ High-quality, sustainable products that deliver value. ○ A problem-solving capability to resolve issues and improve performance. ○ A service ethos that can be relied upon to deliver.	○ Clear communication of requirements. ○ Fair and timely payment. ○ A partnership approach that seeks to provide long-term benefits to all parties.	○ A successful, clearly communicated strategy that is delivering results. ○ Delivery of sustainable improvement for the long term.	○ To interact in a considerate manner, being aware of our impact on the areas within which we operate and make a positive contribution.
Ways we engage	'Value our people' is recognised as a core value at Renold. Employees are encouraged to ask questions and raise issues to all levels. This continues through to Board site visits, where the Directors make themselves available to answer questions directly with a broad base of employees.	We regularly engage with our customer base directly through our sales teams, our technical engineering teams and our operational management teams.	The Group generally operates localised supply chains in the territories in which it operates. This allows direct interaction between our supply-chain teams, our business unit management and local suppliers, ensuring short lines of communications and the ability to react quickly.	The Board is available to all investors at the AGM, and responds to all letters and emails throughout the year.	The Group interacts with people in the communities in which we operate, supporting charity fundraising activities, education and development initiatives. This encompasses a range of activities including apprenticeship schemes we operate, through to supporting infrastructure projects at schools in India.

Stakeholder engagement CONTINUED

	Our people	Our customers	Our partners	Our investors	Our local communities
Ways we engage (continued)	The Chief Executive and Group Finance Director present the annual results and half year results to global management and to all employees based at the Group Head Office. Employees are invited to participate in a question and answer session after each presentation.	At Board level, the broad-based, geographically spread customer base does not support significant direct customer interaction. Through reports from local management teams, monitoring of customer service levels and explicit reports of product issues, the Board ensures customers continue to receive the high-quality products and levels of service that the Renold brand stands for.	We work closely with our banking partners to ensure that the Group is adequately funded.	The Executive Directors regularly meet with institutional investors, particularly after full-year and interim results announcements, and feedback received following those meetings is considered by the Board. A Capital Markets Day was held in May 2023, where presentations were given by the Executive Directors and senior management to explain the operations and strategy to prospective shareholders.	Read more about our involvement in community projects in local level sustainability initiatives in the past year on pages 39 to 40.
Result of engagement	A co-operative Group-wide environment in which all our people work together for the benefit of the Company and the individual.	Development of sustainable products going forward, including lubricant-free and long-life products.	We are liaising with suppliers to ensure our product supplies are generated from sustainable, low carbon sources.	We have listened to the feedback from shareholders to formulate our sustainability, acquisition and growth strategy.	We are working closely with local communities to develop projects for their benefit.

Principal decisions made in the year:

Acquisition of Australian Davidson Chain Pty

Key stakeholder groups: our people, our banking partners, our investors

The trading assets of Davidson Chain Pty were acquired on 1 September 2023. During the acquisition we liaised with our banking partners to inform them of the transaction. Following the acquisition we commenced detailed on-boarding procedures to engage with the Davidson employees to welcome them to the Group and to implement Renold policies, procedures and reporting requirements. Executive management also engaged with investors to explain the rationale for the acquisition and the resulting synergies.

Execution of CSC contract

Key stakeholder groups: our employees in the UK Couplings division, our other partners for naval couplings work

Renold Power Transmission Limited concluded a contract with a value of £10.6m with Irving Shipbuilding Inc for the supply of Hi Tec couplings for the Royal Canadian Navy's Surface Combat Programme. This represented the third naval couplings contract secured by the Torque Transmission division in the UK following on from the Type 26 programme for the Royal Navy and Hunter Programme for the Royal Australian Navy. To deliver on this project required significant capital investment in Renold's Cardiff site. As each of these programmes are linked, the contract negotiation with Irving Shipbuilding required close collaboration with our partners involved in the other two programmes, in terms of scheduling of works and collaborative working.

Significant new capital investments

Key stakeholder groups: our employees, our banking partners, our investors, our customers, our partners

A number of significant investment decisions were made in the year that have enhanced the capabilities of a number of our factories. The investments underwent rigorous analysis including, where appropriate, by the Board. These investments allow the Group to compete better on the world stage producing products at the right price and with ever increasing technical performance and quality. This creates value for investors, security and more skilled jobs for our people and more opportunities for our partners.

Renold will make sustainability a guiding principle. We will strive to act responsibly, balancing the expectation of all our stakeholders whilst reducing our impact on the environment and increasing our contribution to the communities we operate within.

Introduction and ambition

Renold's ambition to become an organisation with sustainability fully embedded in our business remains undiminished. The intent is to strike a balance between shareholder expectation and the needs and concerns of the environment, our employees, customers and the communities within which we operate. This focus on sustainability, as well as being "the right thing to do", will contribute to lasting economic success.

The global concern for sustainability is a consideration in our decision making and we continually strive to identify those areas where we can improve and deliver benefit to all our stakeholders. Our overarching approach is to focus on taking action at both a local and

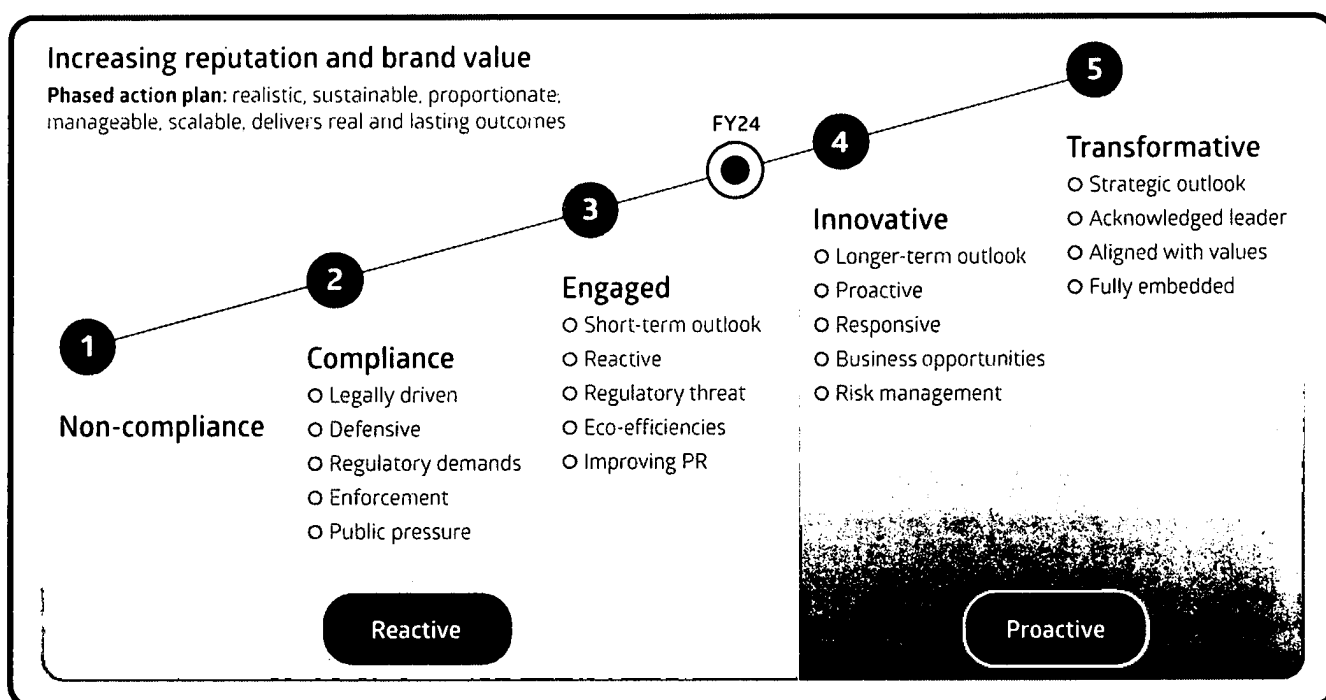
global level. Our employees are engaged in the identification and delivery of improvement actions.

In the last year, Renold has continued to make good progress towards becoming a more sustainable Company. Nevertheless, it is recognised that this process will be ongoing. As we move forward, we will keep things simple, making a real difference through a focus on a few key objectives at a time. Our approach to sustainability will evolve, becoming increasingly sophisticated but focussing on making a real difference.

Steps to sustainability – the progression

The diagram below illustrates the development and evolution of our sustainability work.

Renold has developed from a position of compliance with statutory obligations and regulatory requirements to being actively engaged in driving improvement actions at multiple levels. The next step will be to move to a more proactive approach in which the business embeds sustainability in its strategic plans and has the potential to develop more innovative and transformative solutions.



With a well-established Sustainability Steering Group and sustainability management processes, the Group is now positioned to extend our plans in a proportionate, scalable and manageable way. The diagram on page 46 shows how the function and processes of the Sustainability Steering Group are an integral part of the business.

Approach, management framework and scope

Renold has adopted a pragmatic approach to sustainability and environmental, social and governance (ESG) matters.

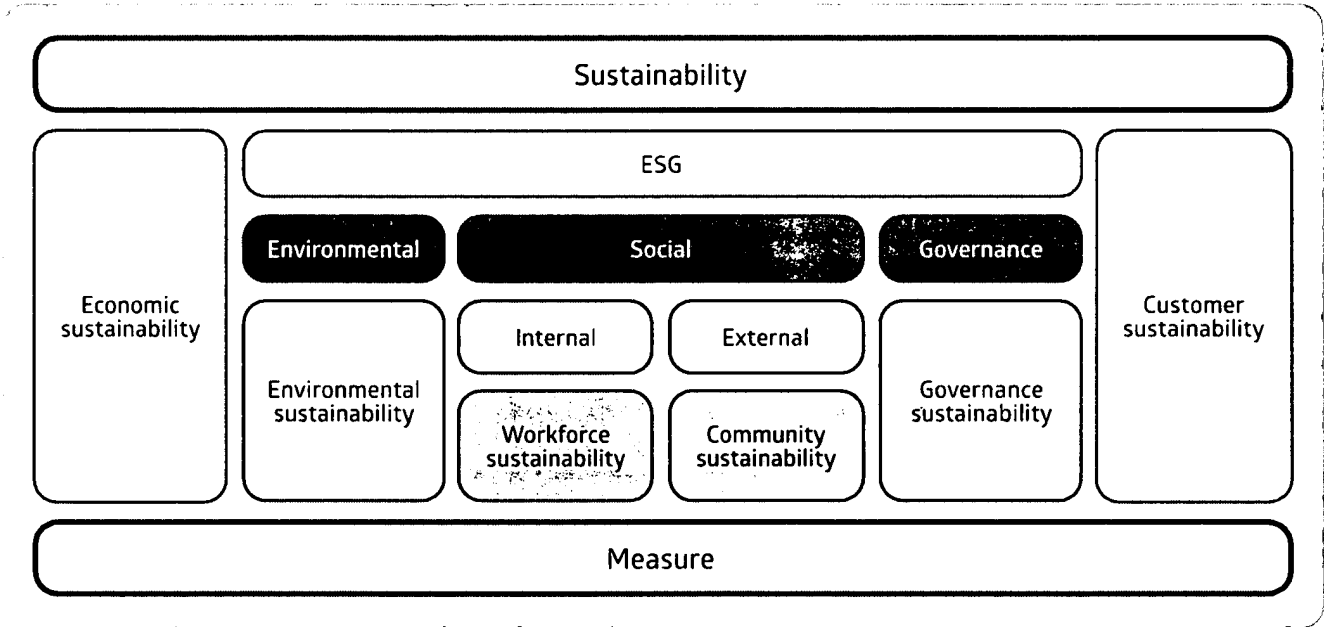
Our Sustainability Steering Group, chaired by the Sustainability Programme Leader, meets regularly. This steering group is responsible for planning our approach, determining what needs to be done, measuring progress and proposing ways to improve.

The Sustainability Programme Leader updates the Board on progress periodically. Climate-related risks are reviewed in line with the approach to risk outlined on page 46, through the Executive Risk Management and Monitoring Committee, which meets three times a year, and with oversight from the Audit Committee.

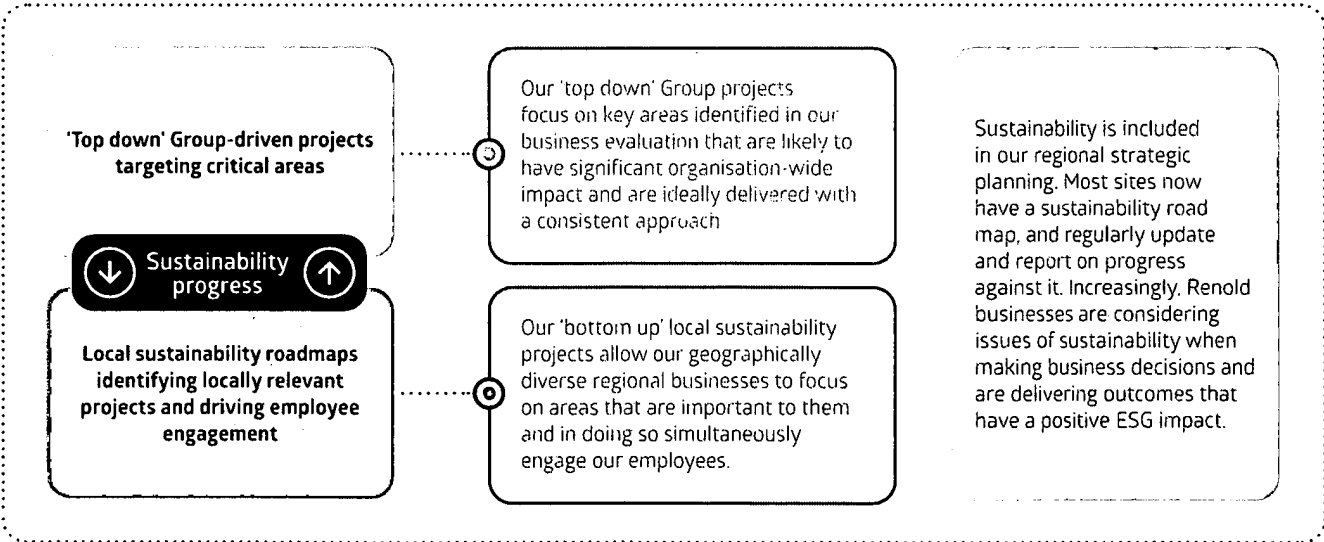
Using our Sustainability Model's five pillars and applying our two-pronged approach to driving sustainability actions, both illustrated below, we have identified those areas where our efforts should yield the most impact.

Renold's sustainability pillars

Our Sustainability Model, which has now been in place for three years, illustrates how ESG is embedded within a larger Sustainability Framework and has been widely communicated across the Group.



Renold's two-pronged approach to drive sustainability activities



Health and safety

Safety is our number one priority. We believe that every work-related incident and injury is preventable and are committed to providing a zero-harm workplace.

Our focus on improving our health and safety performance continues as a strategic key priority and all Renold's locations across the world operate in accordance with the Group health and safety policy, which is reviewed annually.

Cascading from the policy is the framework, with compliance required at every location. This defines the Board's expectations regarding health and safety management and performance. The framework is consistent with recognised standards, including the internationally adopted model of Plan-Do-Measure-Act and ISO 45001. The framework consists of seven core components, which include setting a supportive leadership tone, with sub-processes covering hazard assessment, incident management and the management of third parties.

We use an Integrated Risk Management System (IRMS), which provides aligned processes and data mining functionality. This allows sites to manage accident reporting, opportunities for improvement, hazard assessment and to track all improvement actions. Performance data to inform monthly Board reporting and site reviews are extracted from the system.

An independent programme of audits is in place, through which all major sites are audited within a 12-18 month period. These robust audits assess compliance and performance against the Framework. Each audit typically takes a week to perform. The audit results, along with other KPIs, are reported each month to the Board. There is particular focus on any serious accidents or near misses, including determining root causes and ensuring updated consistent practices are rolled out across all sites.

Group-wide performance:

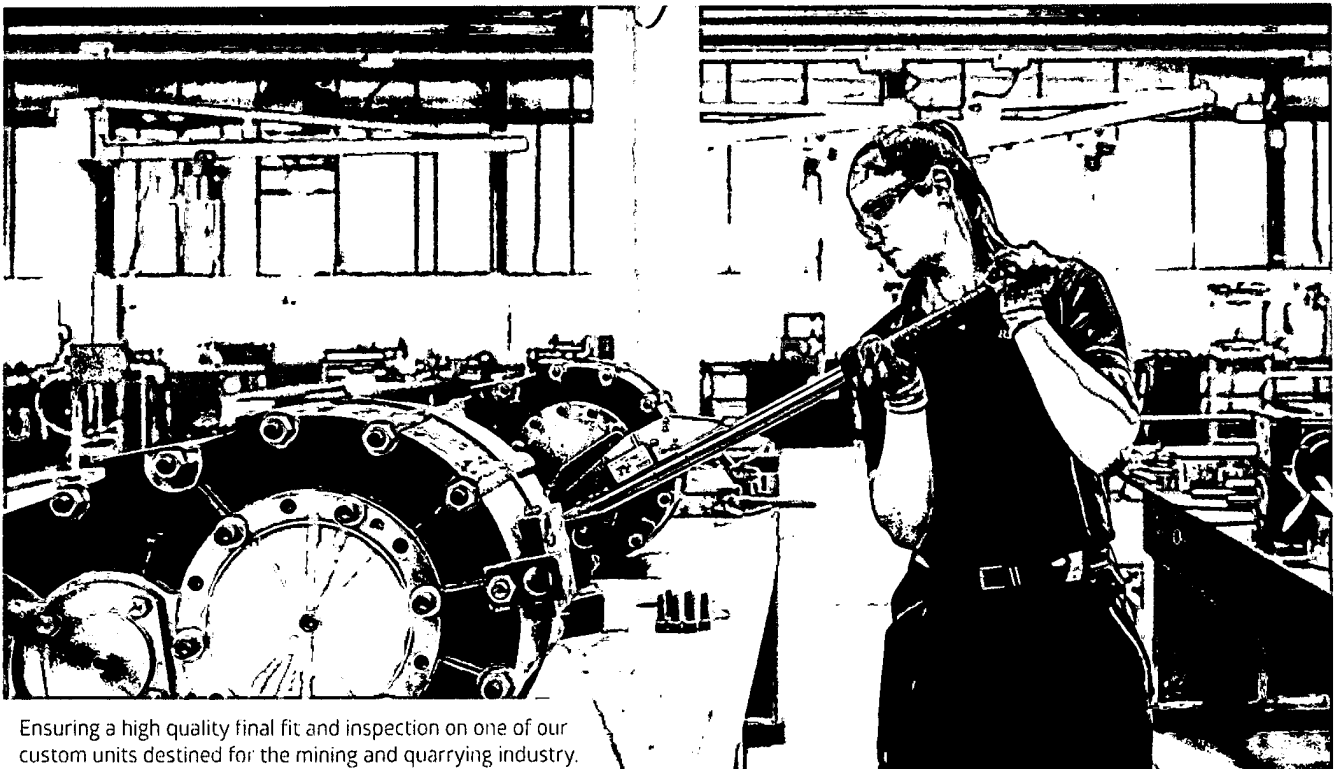
The Group uses several KPIs to monitor performance. A comprehensive report from the Group Risk and Assurance function is provided for each Board meeting. The report includes a rolling analysis of the KPIs along with other relevant criteria and action planning. Further detail regarding these metrics can be found on page 25.

5.23
Lost Time Injury
Frequency Rate
(2023: 5.3)

462
Lost Time Days
(2023: 297)

817
Reportable Injury Rates
(2023: 1,056)

2,278
Safety Improvements
(2023: 1,519)



Ensuring a high quality final fit and inspection on one of our custom units destined for the mining and quarrying industry.

Group level sustainability initiatives in the past year



Our Group level sustainability activities are focussed on those areas that will have significant and consistent Group wide impact.

Energy project

This project has:

- Defined how Renold plans to measure our energy usage across the Group
- Established the Group's underlying energy usage pattern
- Established a reporting methodology
- Enabled sites to use the reported data to drive energy reduction activities

Our newly developed energy monitoring tool enables the consistent and regular reporting of the energy usage across the Group. The tool provides for visual and numerical reporting of:

- Total energy usage in KWh
- Total tCO₂e emitted

and energy intensity of tCO₂e:

- Per currency amount of gross revenue
- Per standard hour worked
- Per kg of product produced

Based on the data collected, a substantial number of local energy improvement projects have been initiated.

Most of our intensity measures show a gradual improving trend, which will accelerate as projects come to fruition.

Renold chain efficiency project

This project seeks to understand to what degree our chain products provide environmental benefits through more energy efficient running, longer chain life and reduced chain transportation emissions.

Work demonstrates that the most material difference arises from the extended life of our products and the resultant environmental savings from reduced manufacturing and shipping, when set against the use of shorter life, more frequently replaced alternatives.

Further testing and analysis is currently underway. This will allow Renold to more fully understand and potentially unlock future benefits for our customers.

Sustainability progress awards

A new sustainability progress award was launched in the last financial year to recognise progress made in the calendar year.

Many of our sites submitted detailed applications and eleven sites were granted the award.

Packaging project

This project was to consolidate and simplify the cardboard packaging and labelling for transmission chain products, introducing environmentally friendly and entirely recyclable materials, whilst reducing the cost and volume of packaging materials used. As a result 335 box variants have been reduced to 34. We are now seeking certification of sustainability.

Group level charitable activities

Renold has given financial support to the Outward Bound Trust for many years and we are proud of our association with the Trust. This was especially important as the Trust ramped up its activities again after the Covid disruptions. Renold provided sponsorship for a school in the local Manchester area.

Local level sustainability initiatives in the past year

Our regional business units and individual sites have once again delivered against their local sustainability road maps.

Local environmental and energy saving projects

Many of our sites have undertaken local energy saving projects. Often these projects are straightforward but prove very effective.

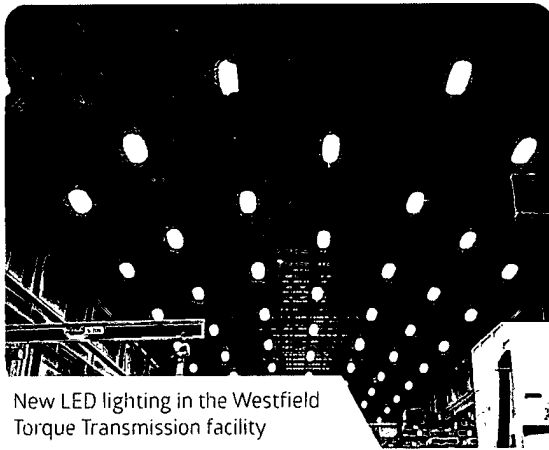
Examples include:

In our Valencia facility lighting installations are being transitioned to LED, automatic door closers have been installed to improve air conditioning efficiency and electric car charging points installed. There have also been employee campaigns to educate and encourage lower energy use.

Einbeck has installed auto shut-offs for hydraulic pumps.

Morristown has undertaken an infrastructure project that is expected to reduce site electrical usage by an estimated 15%.

Gudalur has added insulation to furnaces, eliminated compressed air leaks, improved furnace motors, installed solar outdoor lights and replaced halogen lighting with combined expected savings of 214k KWh p.a.



New LED lighting in the Westfield Torque Transmission facility

Employee welfare, engagement and wellbeing sustainability projects

The business makes a conscious effort to communicate consistently and regularly with all employees across the Group. Twice a year, the Chief Executive Officer and other senior managers discuss the performance of the business, future strategy and the opportunities and challenges we face, directly with employees, with the opportunity for questions and answers.

In addition, many of our sites have implemented programmes to help support the engagement and wellbeing of their people, for example:

Morristown launched a wellness challenge to "Walk Across Renold". Teams and individuals all competed to walk "virtually" to various Renold sites across the globe. This initiative contributed to a 2% reduction in absenteeism and a reduced spend on health plans during the year.

Bredbury organised an Easter Run to raise funds for a local charity and converted unused pallets into onsite communal vegetable patches.

At Gudalur, 168 employees attended a non-communicable disease camp, organised with a local primary health centre.

Social events were organised across much of the Group, including meals on festival days in India, an Employee Appreciation Day in Morristown held at a local theme park and a staff party in Jintan, as well as staff fitness challenges and participative charitable events.



Staff party in Jintan

Local level sustainability initiatives in the past year

Community based sustainability projects

Renold has a strong track record of supporting local projects that contribute to the communities in which we operate. We look for opportunities that are consistent with our values and make a real difference.

We attempt to provide support that is not just financial, but also through the direct involvement and engagement of our employees.

We aim to contribute to and support stable, lively, healthy and prosperous communities. We help strengthen community links, deliver charitable activities, improve CSR policy and practice and drive greater employee involvement.

There are many examples of these community projects:

In Gudalur the Group has funded and constructed three fully equipped and furnished classrooms, including computers, projectors, fixtures and fittings at a local secondary school.

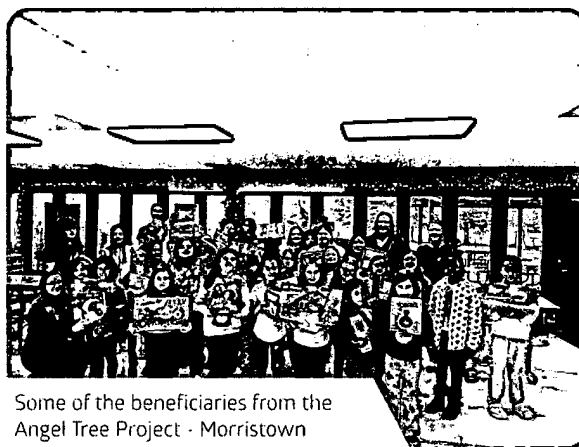
In Morristown, the 7th annual food drive benefitted The Daily Bread and Hope Société of LaSalle by raising 6,729lbs of non-perishable goods and \$9,000. Renold agreed to match these contributions. The donations provided 6,182 meals to those in need. Since 2016, along with Renold's match, the Morristown team have provided the equivalent of 60,000 meals to community members.

Our facility in Valencia held a charity drive. Employees successfully collected four pallets of clothes, toys, shoes and electronic equipment, which was donated to Actiyam, a Spanish charity carrying out social work to integrate and help homeless people.

Morristown's annual Angel Tree Project sponsored one elementary school, an all-female after school programme, one children's home, and one senior citizen nursing home/residential facility. This project provided Christmas gifts for children in lower income households and sponsored a total of 41 children and four senior citizen residents who are without family.



Classroom inauguration ceremony in the sports hall, previously built with Renold's assistance



Some of the beneficiaries from the Angel Tree Project - Morristown

Governance sustainability

We operate our business in an ethical and responsible manner and expect all our employees and businesses to conduct themselves with the highest levels of integrity, honesty and fairness. The Renold Statement of Values and Behaviours continues to act as the standard to which we hold everyone in the business. We expect:

- Transparent and compliant reporting
- To maintain a strong risk management philosophy
- To have all required compliance certifications
- To have effective policies and procedures
- To embed our corporate values and behaviours and ethical standards across the Group

Business integrity and ethics

The highest standards of ethical business conduct are required from all our employees in the performance of their duties.

Employees may not engage in conduct or activity that could raise questions as to our honesty, impartiality, reputation or otherwise cause embarrassment to the Group. We have a Group Gifts and Hospitality policy under which all employees are required to neither offer nor accept improper or illegal gifts, hospitality or payments.

Every Renold employee has the responsibility to ask questions, seek guidance and report suspected violations of the Group's code of ethics.

The Group is committed to compliance with anti-corruption laws in all countries and operates a zero-tolerance policy. The Group Anti-Corruption policy forms part of that commitment, together with the Gifts and Hospitality policy, both of which are designed to assist Renold employees in meeting corporate and individual obligations under anti-corruption laws including the UK Bribery Act and the US Foreign Corrupt Practices Act. Extensive anti-bribery and corruption training is provided to all relevant employees at least annually.

Other control processes and updates to formal contractual arrangements with agents and distributors have been put in place to ensure compliance with the requirements of the UK Bribery Act and US Foreign Corrupt Practices Act.

Human rights

The Board has overall responsibility for ensuring the Group upholds and promotes respect for human rights and has adopted the definition within the European Convention on Human Rights.

The Group respects all human rights including the right to non-discrimination and fair treatment. The Group's employment policies and procedures reflect principles of

equal treatment. Respect for the individual is also enshrined in the Group's Statement of Values and Behaviours.

The Group has not been made aware of any incident in which the organisation's activities have resulted in an abuse of human rights. Following the introduction of the UK Modern Slavery Act 2015, we have published a statement on our website that sets out the steps being taken by the Group to ensure that slavery and human trafficking are not taking place in the business or the supply chain relating to our goods.

The Group is committed to ensuring that our business and business partners do not undertake any activity that contravenes the Modern Slavery Act.

Diversity

The Group is committed to equal opportunities and operates a non-discriminatory working environment. We always expect our staff and job applicants to be treated equally regardless of age, race, religion, disability or gender.

As at 31 March 2024, the Group employed 1,824 people including 283 in the UK. Of the total number of employees, 300 (16%) are female. The Group recognises that there remains a need to increase diversity throughout the employee population at all levels, including the Board.

The table below shows a breakdown of the gender of employees at different levels in the Group as at 31 March 2024.

	2024			2023		
	Male	Female	Total	Male	Female	Total
Board of Directors	5	1	6	5	1	6
	83%	17%		83%	17%	
Executive Management Team (excluding Directors)	3	1	4	3	1	4
	75%	25%		75%	25%	
Other Senior Managers ¹	22	9	31	23	6	29
	71%	29%		79%	21%	
Other employees	1,494	289	1,783	1,540	285	1,825
	84%	16%		84%	16%	
Total	1,524	300	1,824	1,571	293	1,864
	84%	16%		84%	16%	

1. A senior manager is defined in the legislation as an employee who has responsibility for planning, directing or controlling the activities of a company or a strategically significant part of a company. While falling within the definition of 'senior manager', the most senior leadership population (below the Board), the Executive Management Team, is shown in a separate category.

Whistleblowing

Across the Group, we have a well-established employee whistleblowing procedure. This is provided and managed by an external third party. Through this process, employees are able to pass information to the senior leaders in the business about areas of concern to them. This can be done with full anonymity. The number of reports, the nature of them and the business response is regularly reviewed at senior management and Board level.

Values

The Renold Statement of Values continues to be the standard to which we operate. Since the launch of this statement we have worked to embed these in the business with clear communication across the Group and integration into the way in which we do things, including incorporation into terms and conditions of employment.

In particular, we have focussed on ensuring that our recruitment methodology incorporates our values and that we seek future hires who are able to demonstrate alignment with these desirable traits.

The values have also been incorporated into our performance and development review process.

Our values



Operate with integrity



Value our people



Work together to achieve excellence



Accept accountability



Be open minded



Employees in Germany running in a community charity event

Streamlined energy and carbon reporting programme (SECR)

In compliance with UK reporting requirements, our energy consumption data for the year ended 31 March 2020 is now used as our baseline consumption. The GHG Protocol Corporate Accounting and Reporting Standard has been followed where relevant, and this report includes all Scope One, Two and Three mandatory emissions as required by SECR for AIM listed companies.

We collect energy usage information from all our operating locations on a monthly basis using our Energy Management System. Currently some of the data has to be estimated, although this is reducing. We intend to have actual data for all locations by the end of FY25.

In FY24 our Scope 1 energy usage has reduced by 2.6%. Our Scope 1 and 2 emissions fell by 8.6%.

Significant improvements made in data collection for Scope Three UK transport has led to an increase in reported tCO₂e from 2 in FY23 to 11 in FY24.

There have been significant energy management projects this year and these have contributed to the progressive reduction in emissions intensity over the past five years.

Self-generation from our Einbeck CHP plant and the solar panels at Valencia in FY24 was 0.341 GWh. This has reduced from last year as the CHP plant has come to end of life. Purchased electricity from renewables (wind and solar) where there is a direct contract with the supplier at our site in India was 2.665 GWh.

	2020	2021	2022	2023	2024
Group GHG emissions (tCO ₂ e)					
Scope 1	7,563	5,734	7,475	7,091	6,036
Scope 2	17,578	12,666	13,679	12,907	12,235
Total Scope 1 and Scope 2	25,141	18,400	21,154	19,998	18,270
Emissions intensity	149.5	125.3	120	96	87
Energy consumption (GWh)					
UK Scope 1 fuel usage	3.6	3.6	3.7	3.0	2.2
RoW Scope 1 fuel usage	36.6	26.7	35.7	34.1	29.6
Total Scope 1 fuel usage	40.2	30.3	39.4	37.1	31.8
UK electricity usage	3.5	2.7	2.9	2.7	2.6
RoW electricity usage	29.6	24.0	29.5	28.5	27.9
Total electricity usage	33.1	26.7	32.4	31.2	30.4
Total generated electricity		0.6	0.8	0.6	0.3
SECR Report		2021	2022	2023	2024
UK GHG emissions (tCO ₂ e)					
Scope 1			715	607	435
Scope 2			614	526	533
Scope 3			7	2	11
UK total			1,336	1,135	979
UK emissions intensity			64	50	38
UK energy consumption (GWh)			6.7	5.7	4.9
Percentage of estimated UK data		9%	2%	2%	0%

Figures reported have been calculated and independently verified by Carbon Decoded, a specialist energy management consultancy.

GHG Protocol Corporate Accounting and Reporting Standard has been followed where relevant. This report includes all Scope One, Two and Three mandatory emissions as required by SECR Reporting for large unquoted companies.

Data was collected for all fuels using the Renold Energy Management System and Teams.

International transport data has been estimated where data was unavailable.

Published international conversion factors were used where available. 2023 UK Government Conversion Factors for Company Reporting were used for all UK calculations and where international conversion factors were unavailable.

The intensity measurement is total emissions reported normalised to £m constant exchange rate revenue. Our emissions intensity was previously calculated using reported revenue, before adjustment, for constant exchange rates. The base exchange rate used is 2016, and therefore 2017 to 2023 have been restated to remove the impact of exchange rate changes.

The Base Year for Renold is 01/04/2019 to 31/03/2020.

Climate-related disclosures

Renold is required to comply with the climate-related financial disclosure requirements under the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

Renold has embraced these regulations and substantial progress has been made with discussions and reviews of actions required, included in the Sustainability Steering Group, Leadership Team and the Executive Risk Management and Monitoring Committee meetings.

Governance

- Renold has a well-established Sustainability Steering Group chaired by a member of the senior leadership team. The understanding of the requirement of climate-related disclosures and the oversight of the activity required to meet these is being driven through this group. The steering group regularly provides updates, through the Chair, directly to the Board.
- For matters relating to climate-related disclosures the steering group updates the Executive Risk Management and Monitoring Committee (ERMMC). The ERMMC in turn will report all business risks, including those related to climate to the Board.
- Climate-related risks are captured and recorded in our risk management system, along with all other business risks, and are subject to the same regular and diligent review, management, and reporting.

Strategy

- Regional business units are required to include a sustainability and climate-related component in their strategic planning process. This is integrated into the formal structure of the business strategy review process conducted annually. This review involves Executive Directors and senior business leadership.
- Sustainability and climate change is an integrated component of the Board strategic planning process, undertaken annually.
- Renold's diverse markets, industrial sector and customer portfolio ensures that climate impact on a particular market, industry, sector or customer is highly unlikely to have any material impact upon Renold's financial viability. It is becoming increasingly apparent that there are significant advantages for Renold when operating in an environment where end users are increasingly focussed on the sustainability of product manufacture, quality, life and operational efficiency.

Risk management

- All regions have completed a process within their local businesses to identify climate-related risks. This has been completed against a comprehensive written management guidance framework.
- Renold has recorded all climate-related risks in our risk management system as for all other business risks.
- The work completed this year to identify climate-related risks shows that there are relatively few climate-related risks facing the Group.
- Where climate-related risks have been identified they are either not financially material or are mitigated by adequate control measures.
- The risks that do exist will be subject to regular review.

Metrics and targets

- Our primary sustainability metrics remain focused on our greenhouse gas (GHG) emissions.
- Our report on GHG emissions and SECR can be found on page 43.
- We are very pleased with the progress that we are able to report in this area. The Group and local level project work focussed on driving improvement in energy usage and emissions is delivering positive and tangible results.

Assessment of climate-related risks

Regional businesses independently identified climate-related risks with a financial impact in their units using a comprehensive CFD risk assessment methodology and guidance framework.

Our approach to the management of climate-related risks identified is aligned with the approach adopted for all other business risks as set out on page 46. Twenty-one climate-related risks have been identified.

These climate-related risks fall into two broad categories. Firstly, the risks arising from more frequent extreme weather events, either impacting Renold directly or suppliers and supply chains and secondly, risks associated with climate change influencing customer, industry or regulatory behaviour.

None of these risks are assessed as having a material financial impact upon the Group, even before any control measures that have been identified are applied.

Future climate-related risk activity

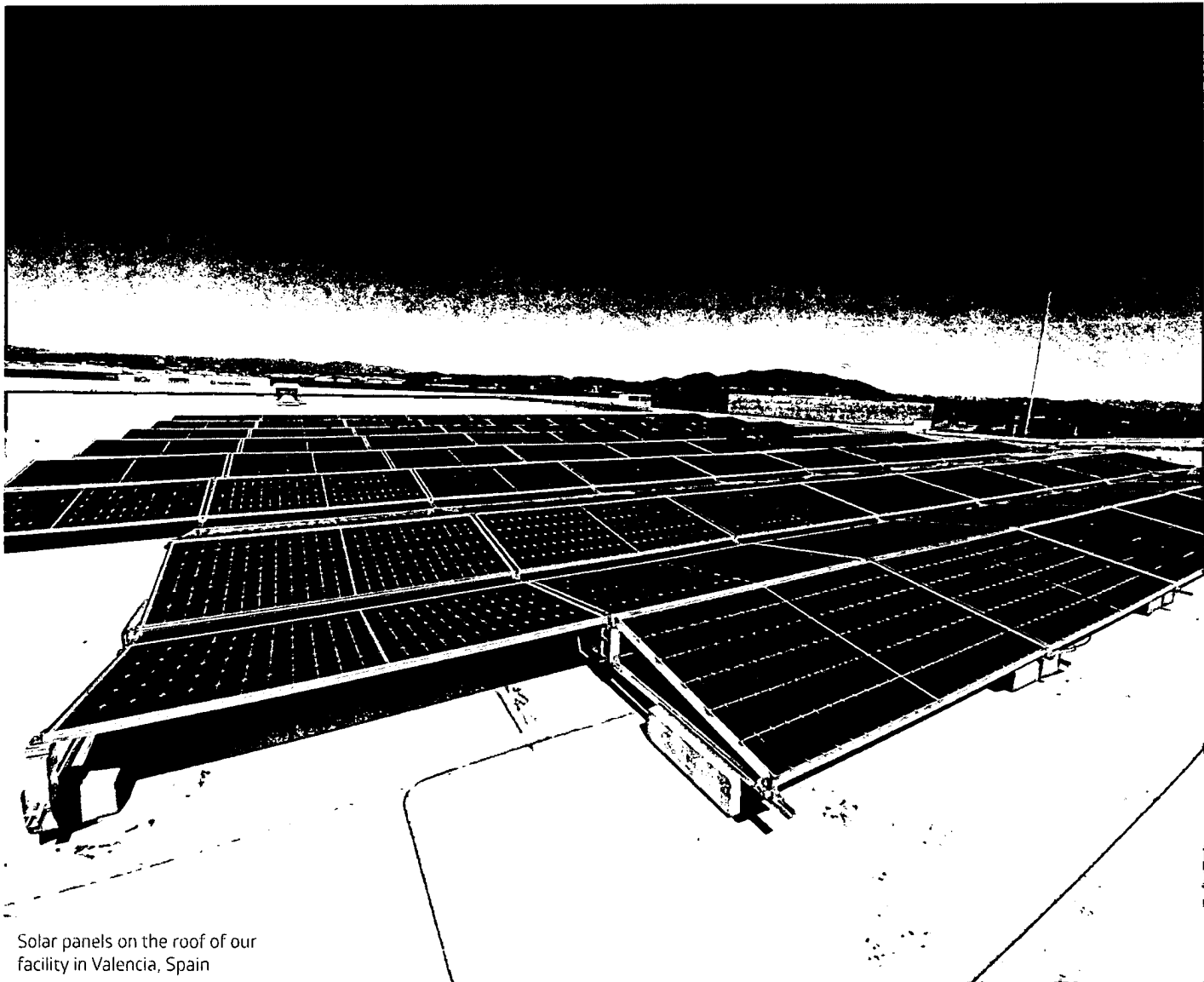
Building upon this first year of climate-related financial disclosures, Renold will continue to review and strengthen the focus on climate-related risks.

The framework and process for identifying, recording and monitoring these risks is now well established and functions properly. As our knowledge and experience grows, we will be able to further improve our overall identification and evaluation of climate-related risk.

The current focus has been on identifying, recording and mitigating climate-related risks for the first time. Following this phase we will progress to conducting scenario assessments.

We intend to build on this work, more fully understanding and better mitigating existing risks, and seek to take a forward-looking approach to identifying potential future climate-related risks.

In summary, we are pleased with the overall progress we have made this year in identifying climate-related risks and intend to continually improve risk identification, management and reporting.

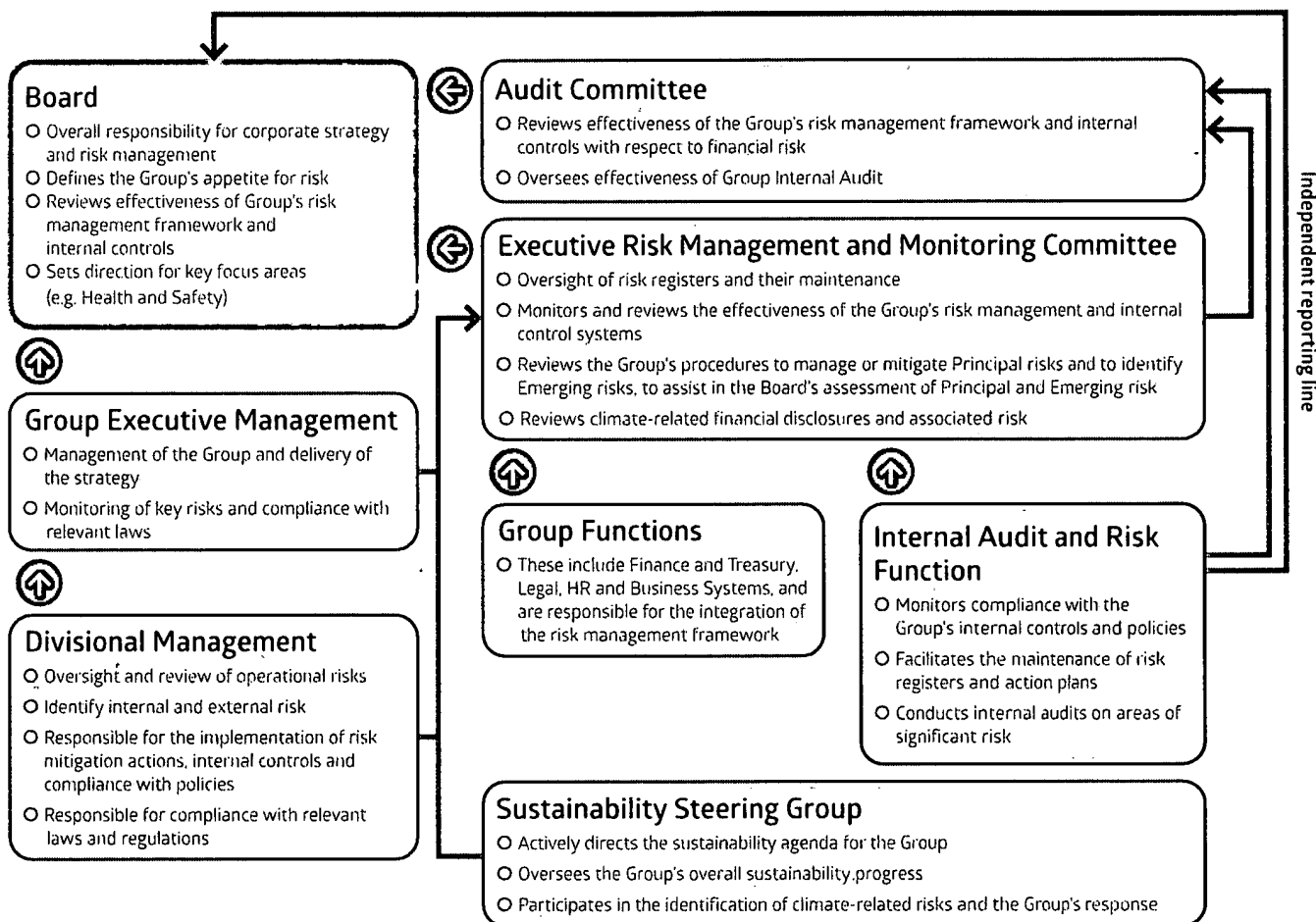


Solar panels on the roof of our facility in Valencia, Spain

Our risks

Proactive risk management is a key business process at Renold and is used to help management create and protect value.

The Board of Directors has overall responsibility for the Group's risk appetite and risk management strategy. Roles and responsibilities for managing risk are clearly defined throughout all levels of the Group, as presented in the diagram below.



Our approach to risk

Renold's risk management framework is designed to identify and assess the probabilities and consequences of risks occurring, in order to identify and implement the actions necessary to reduce those risks and to mitigate their potential impact.

Our process combines a 'bottom-up' and 'top-down' approach, which ensures that:

- All material risks have been identified, with input from several perspectives
- There is alignment between local management and central management
- Management take ownership of the risks within their individual operating unit
- Controls are in place to mitigate risks at the operating unit level are appropriate

In order to maintain a robust risk management process, we actively share best practice across our operating locations, guided by our the internal audit and risk function, and utilise local 'on the ground' experience and knowledge of specific risk factors.

Risk workshops involving local and functional staff, along with the internal audit and risk function, are also used to develop risk profiles and action plans.

Risks are assessed against the framework defined in our Group Risk Management Policy, which considers:

- The likelihood of a risk materialising; and
- The potential impact if the risk materialised – impact definitions cover a range of financial and non-financial criteria.

Our model also considers each risk from two different perspectives:

- The extent of inherent risk (i.e. before any mitigating controls or actions); and
- The extent of residual risk (i.e. after mitigating controls and actions).

This allows us to identify the impact of controls on reducing the underlying inherent risk.

The Board has overall responsibility and oversight of the risk management framework and is also responsible for setting the parameters of acceptable and unacceptable risk (referred to as 'risk appetite').

Renold's risk appetite

The Board acknowledges that the Group is exposed to risk during the normal course of business. Renold must be willing to accept an appropriate level of risk in order to achieve its strategic objectives. The Board's attitude to risk management and its appetite for risk can be described as 'tending to risk averse'.

Our risk management process

The Audit Committee monitors matters relating to financial risk, and provides its recommendations relating to such risks to the Board.

The Board reviews the principal risks and uncertainties together with relevant mitigating controls.

Executive Risk Management and Monitoring Committee (ERMMC)

The Group Executive Risk Management and Monitoring Committee (ERMMC) is chaired by the Chief Executive and meets at least three times per year. The ERMMC comprises the Executive Directors and other senior members of the business, including the Group Business Systems Director, Group Director – People and Sustainability, Group Internal Audit, and the Group General Counsel and Company Secretary. Other members of divisional and functional management attend the committee meetings by invitation, in order to present risk profiles for their areas of responsibility and the associated action plans to mitigate those risks.

A detailed risk management status report is presented to the ERMMC, which provides insight on newly identified material risks and updates on progress over delivery of mitigating actions. This report is compiled using a bottom-up and top-down approach: every site-level management team has the ability to report newly identified risks via the Group's risk management system, and these risks are reviewed and challenged for completeness by the internal audit and risk function through a series of risk workshops.

Senior management across all business regions are invited to present to the ERMMC on a cyclical basis, or more regularly as required, and the ERMMC challenges the completeness of their local risk register and action identification. The ERMMC also reviews the consistency and accuracy of their risk scoring, along with their successful implementation of actions. Examples of areas discussed with senior management during the year include: business interruption, health and safety, climate change, cyber security, business terms and conditions, and availability and cost of energy and labour. The ERMMC is also provided with information in the form of reports on health and safety, climate-related financial disclosures, material litigation, insurance, data protection and whistleblowing on an ongoing basis.

All ERMMC minutes are reviewed and discussed by the Board and also the Audit Committee, where financial related-risk is concerned.

Internal audit and risk function

The internal audit and risk function is provided by an outsourced professional services firm, who facilitate the end-to-end risk management process and ensure consistency of approach across our operating regions and compliance with Group policy.

The Board recognises its responsibility for risk management in the organisation. The identification of risk and the strategies put in place to deal with identified risk remain the sole responsibility of the Board.

How we manage risk

Having identified the risks the business faces, our Group policy then provides guidance on the expected level of response to those risks, depending on where they sit on the risk 'heat map'.

The heat map shows the four bandings in the different shades of risks as set out below, as well as expected actions and responses to risks in these areas:

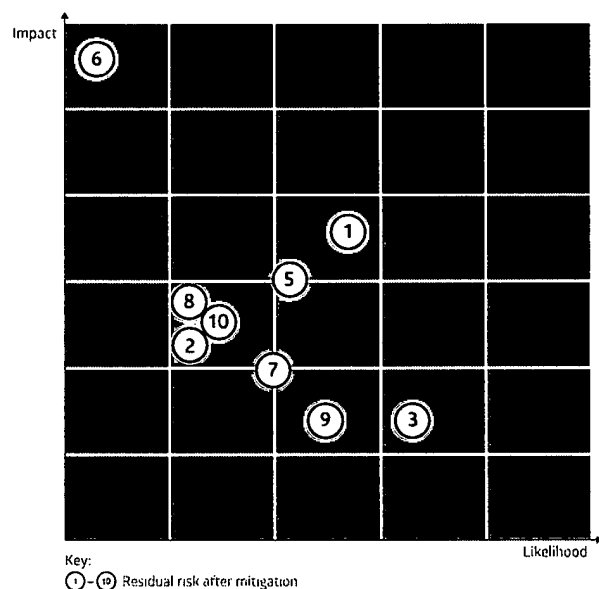
- **Green:** Ongoing monitoring in place;
- **Amber:** Some actions are required in order to reduce the residual likelihood or impact of the risk;
- **Red:** High combination of residual probability and impact. Management actions required, with some urgency, to mitigate the risk; and
- **Grey/Black:** Risks that are deemed to have such an impact that they could theoretically affect the ability of the business to continue in existence. If any, they would need consideration when assessing the Directors' viability statement.

Where the reduction or removal of the risk is not possible, the Group formulates a management action plan to respond to the risk and mitigate the impact should the risk materialise (e.g. business continuity plans).

Principal risks and uncertainties

Governance and culture

The Board continues to carry out a robust assessment of the Principal Risks facing the business, and has concluded that an ongoing process of identifying, evaluating and managing the Group's significant risks has been in place throughout the year. A robust assessment of the Principal and Emerging Risks has been undertaken, with significant risks being continually monitored. The Board has critically reassessed the risks we face in light of the Group's progress on its Strategic Plan, coupled with the external factors such as wider market trends and the macroeconomic and geopolitical backdrop. This assessment is reflected in the Principal Risks and Uncertainties, being those which could have a material impact on the Group, as set out on pages 48 to 55 and as presented on the heat map below



- ① Macroeconomic and geopolitical volatility
- ② Strategy execution
- ③ Product Liability
- ④ Health and safety in the workplace¹
- ⑤ Security and effective deployment and utilisation of IT systems
- ⑥ Prolonged loss of a major manufacturing site
- ⑦ People and change
- ⑧ Liquidity, foreign exchange and banking arrangements
- ⑨ Pensions deficit
- ⑩ Legal, financial and regulatory and legal compliance

¹ The risk associated with health and safety in the workplace (4) is not represented on the risk heat map. The risk heat map assesses a financial impact against a likelihood of an event occurring. As health and safety relates to the wellbeing of employees and others, it is not felt appropriate to assess this against a financial measure.

The Board continues to monitor potential emerging or evolving risks on an ongoing basis. No new matters have been identified which require inclusion in the Group's Principal Risks at this time, however, the Board continues to monitor potential emerging or evolving risks such as climate change, digitalisation and changing technology within our end-user markets.

The effect of climate change is an area that has been subject to additional focus during recent years, across all levels of the business. Renold recognises the importance of considering climate risks and opportunities in our business decisions, and over the last 12 months we have continued to undertake specific projects in order to better and more formally understand the extent to which climate change impacts our business. We will continue to develop these processes over time, in order to ensure the completeness of our risk management processes and to identify those topics that are most significant for our operations, such that we prioritise our risk mitigation efforts accordingly.

Climate change may represent both potential risk and opportunity for the Group. Whilst climate change may impact on some end markets negatively it will also impact positively on others. Renold's diverse geography, product range, markets and applications mean that risks and opportunities are dispersed and individually small, whilst the high specification long lasting products we produce have an intrinsically lower carbon footprint than competitors' shorter life lower cost products. The ability of our products to reduce customers' carbon footprint and environmental impact mean that we can help them achieve their sustainability goals.

We do not believe that climate change is a stand-alone Principal Risk, and instead believe that it should be assessed in an integrated way within our existing risk management processes. We recognise that the effect of climate change will have an impact, to a greater or lesser extent, across all of our existing Principal Risks, however, we do not believe this to have a material impact on our Principal Risk assessment at this time. As with all risks, we will continue to monitor the evolving situation over time.

Strategic objectives

- A Significantly improving our health and safety performance
- B Operating profit margin expansion
- C Enhancing customer service
- D Optimising business processes
- E EPS growth
- F Developing our people
- G Annual net cash generation

① Macroeconomic and political volatility

Medium FY23 Unchanged^a
Medium FY24 Unchanged

Detailed risk

Material changes in prevailing macroeconomic or geopolitical conditions could have a detrimental impact on business performance. We operate in 18 countries and sell to customers in over 100, therefore we are necessarily exposed to economic and geopolitical risks in these territories.

Link to strategic objectives



Potential impact

Potential touch-points include:

- Commodity and energy prices which have a negative impact on demand in the whole supply chain.
- Changes to tariffs and import duties which can distort customer buying decisions.
- Foreign exchange volatility can impact customer buying patterns, leading to lower demand or the need to rapidly switch supply chains.

Mitigation and control

- Our diversified geographic footprint inherently exposes us to more countries where risks arise. Conversely, this diversified footprint, coupled with actions to increase product standardisation, provides some degree of flexibility and improved supply chain resilience.
- Actions to lower the Group's overall break-even point also serve to reduce the impact of any global economic slowdown.
- A focus on 'predict and respond', e.g. sales forecasting and raw material price monitoring, leading to operational change such as sales price increases or cost reductions.
- Active monitoring of stock levels and customers in relevant geographies to identify any issues early.
- We have a good level of liquidity, with access to sufficient multi-currency debt facilities.

The FY24 risk trend is unchanged.

Renold has demonstrated the ability to manage costs in response to revenue shocks, protecting profitability and returns.

Rising interest rates and inflation increase the cost of borrowing, however, this is offset with some stabilisation of the high-cost inflation previously experienced on raw material, freight and energy prices.

Greater geopolitical risk with the wars in Gaza and Ukraine, and previous supply chain disruption during the pandemic, has resulted in customers shortening their supply chains and moving supply closer to their main operating locations.

Renold benefits from manufacturing locations across several continents, which are often in close proximity to our customers' locations.

Growth in the global economy, following stabilisation of the Covid-19 pandemic, presents opportunity, though this growth may not continue.

Principal risks and uncertainties CONTINUED

② Strategy execution			Medium FY23 Unchanged Medium FY24 Unchanged
Detailed risk The Group's ongoing strategy requires the co-ordinated delivery of a number of complex projects. Part of the Group's strategy is to grow through selective acquisitions. Performance of acquired businesses may not reach expectations, impacting Group profitability and cash flows. Similarly, poorly managed asset sales may result in under-achievement of value. Link to strategic objectives (B) (C) (D) (E) (F) (G)	Potential impact - While these projects are designed to deliver targeted benefits, they have the potential to negatively impact the Group's operations if not appropriately managed. - When completing acquisitions, value can be lost through over-paying, missing key issues in due diligence or potential value leakage through poor contract negotiation. Value can also be lost through a poorly planned or executed integration phase, or failure to deliver anticipated benefits during 'business as usual'.	Mitigation and control - The Strategic Plan has been developed to deliver a sustained improvement in performance and to make that performance more stable and less exposed to revenue volatility. - The Board reviews progress against the different strategic projects in each of its meetings. This is based on a regularly updated report from the CEO, which groups the individual projects into themes linked directly to our strategic objectives. - Major projects are all managed in accordance with best practice project management techniques. - External advisers are utilised where special expertise is required, where new capabilities are required, or where insufficient capacity is available in-house. - Monitoring of specific acquisition targets: Business acquisition process incorporating concept evaluation, business case, indicative offer/heads of terms, due diligence (covering a range of criteria), and integration, planning, execution and post integration appraisal which in turn feeds back to the business acquisition process.	The FY24 risk trend remains stable. Stable management team, with appropriate skills and experience, are in place to deliver the well-defined Group Strategy. This is supported by the Group's long-term credit facility which was renewed in May 2023. The successful acquisitions of Davidson Chain in September 2023, YUK in August 2022 and the Brooks Conveyor Chain business in April 2021, coupled with Renold's track record of delivering results above forecast, demonstrates our ability to manage risk associated with our acquisition strategy well.

③ Product liability

Medium FY23 New Risk
Medium FY24 Unchanged

Detailed risk

A failure in one of our products results in serious injury, death, damage to property or non-compliance with product regulations.

The risk that products are not manufactured to contractually agreed specification or additional customers' requirements.

Link to strategic objectives



Potential impact

- Non-compliance with quality standards.
- Financial loss.
- Reputational damage.

Mitigation and control

- Standard Terms and Conditions of Sale are utilised, which are appropriately reviewed by in-house Legal Counsel and external advisers as appropriate. These cap financial exposure and exclude consequential losses.
- Non-standard Terms and Conditions of Sale must be approved by in-house Legal Counsel and senior executives in line with the Group Authority Matrix, following, where necessary, thorough external legal and commercial review.
- Strict quality processes are adhered to, and our manufacturing locations maintain industry-relevant accreditations.
- Potential damages resulting from this risk are fully or partially covered through the Group's various insurance policies.
- Legal self-assessment checklists are completed by all operating locations and are reviewed by in-house legal counsel, in order to identify any potential non-standard terms and conditions.

The recent major couplings contract win, announced in May 2024, combined with further underlying growth in Renold's TT division, results in an increasing weighting to sales of TT products that are generally larger and carry a higher product liability risk.

Whilst an increasing weighting towards couplings products means the inherent impact and likelihood of this risk occurring would be high, we believe that we have sufficient and robust controls in place, such that the risk is mitigated to an acceptably low level.

As such, the FY24 risk trend is unchanged.

④ Health and safety in the workplace

Medium FY23 Unchanged
Medium FY24 Unchanged

Detailed risk

The risk of death or serious injury to employees or third parties associated with Renold's worldwide operations.

We are proud of the progress we have made in recent years, but recognise that we have more to do.

Link to strategic objectives



Potential impact

Accidents caused by a lack of robust safety procedures could result in life-changing impacts for employees, visitors or contractors. This will always be unacceptable. In addition, accidents could result in civil or criminal liability for both the Group and the Directors and officers of the Group and Group companies, leading to financial loss or reputational damage.

Mitigation and control

- Group policies and a Group-wide management system known as the Health and Safety Framework, set control expectations.
- The Group operates a rolling programme of health and safety audits to assess compliance against the Framework. These audits have largely returned to 'in person' site visits, following previous Covid-19 related travel restrictions.
- Continual hazard assessments to ensure awareness of risks.
- Live tracking of accident rates and root cause analysis via our Group reporting system, plus monthly Board reporting focused on a range of KPIs.
- Specific initiatives include the BAT (Be safe: Act safe: Think safe) safety logo and the Annual Health and Safety Awards Scheme to recognise success.
- Proactive identification and management of emerging risks.

The FY24 risk trend is unchanged.

No matter what mitigating actions are undertaken, there remains a risk of death or serious injury. We therefore continue to assess the risk as the highest possible impact, but through the mitigation actions seek to reduce the likelihood. Significantly improving our health and safety performance continues to be our number one strategic objective.

Principal risks and uncertainties CONTINUED

⑤ Security and effective deployment and utilisation of information technology systems

Medium FY23 Unchanged
Medium FY24 Unchanged

Detailed risk

We seek to leverage the use of IT to achieve competitive advantage. The Group continues to implement a global ERP system to replace numerous legacy systems which inherently brings with it the risks associated with a large-scale change programme.

The threat from cyber-attacks, and therefore security of our IT systems, is constantly evolving. The frequency of attacks is increasing, and the nature of such attacks are becoming more sophisticated. The risk to our Group, our supply chains and our customers is ever present.

Link to strategic objectives



Potential impact

- Interruption or failure of IT systems (including the impact of a cyber-attack) would negatively impact or prevent some business activities from occurring. If the interruption were long lasting, significant damage could be done to the business.
- It is essential that we are able to rely on the data derived from our business systems to feed routine but fundamental business performance monitoring.
- An unsuccessful implementation of the global ERP system has the potential to materially impact that site's, and possibly the Group's, performance.

Mitigation and control

- In the short-term maintain stability of existing hardware and legacy software platforms.
- Governance and control arrangements operating over the Group's ERP implementation programme.
- New ERP system has been successfully implemented at several locations.
- Use of specialist external consultants and recruitment of experienced personnel.
- Phased implementation rather than 'big bang', along with project assurance and 'lessons learned' reviews to continuously improve the quality of successive rollouts.
- Steering Committee in operation with cascading project management disciplines.
- A range of preventative and detective controls to manage the risk of a cyber-attack, including technical solutions in addition to employee training programmes.
- Regular system maintenance and upgrades, including patching, to ensure known vulnerabilities are protected.

The overall risk for FY24 is unchanged.

Whilst we recognise that cyber threat is ever increasing, we have continued to invest in additional capability and controls designed to defend against such threats. There is a continued focus on managing and reducing the impact of any potential attack.

6 Prolonged loss of a major manufacturing site

Medium FY23 Unchanged
Medium FY24 Unchanged

Detailed risk

A catastrophic loss of the use of all or a significant portion of a strategic production facility. The prolonged loss of certain larger plants has the potential to impact the viability of the Group. This could result from an accident, a strike by employees, a significant disease outbreak, major disruption to supply chains, fire, severe weather or other causes outside of management control.

Link to strategic objectives



Potential impact

- In the short and long term, a related risk event could adversely affect the Group's ability to meet the demands of its customers.
- Specifically, this could entail significant repair costs or costs of alternative supply. A significant proportion of the Group's revenue is on relatively short lead times and a break in our supply chain could result in loss of revenue. All of this translates into lower sales and profits and reduced cash flow.

Mitigation and control

- Preventative maintenance programmes and new investments to reduce risk of interruption of manufacturing.
- A Group Fire Safety Policy mandating preventative, detective and containment controls.
- Alternative manufacturing capacity exists for a growing portion of the Group's product range, with this manufacturing capability spread across geographic territories.
- Inventory maintained to absorb and flatten out shorter-term raw material supply and production volatility risks.
- Comprehensive insurance policies to mitigate the impact of a number of these risks, albeit subject to exclusion of cover for specific risks (e.g. SARS and related disease outbreak) and claim limits.
- Amendments to operational processes, whenever and wherever required, to mitigate emerging risks and country-specific requirements.

The risk trend for FY24 is unchanged, largely as a result of already being classified at maximum risk levels.

We have continued to enhance the manufacturing capabilities at a number of our manufacturing locations through investment in equipment and additional training during the year, with the aim of reducing reliance on single geographical locations.

This is coupled with a Group-wide programme to continually maintain, develop and enhance our business continuity plans, such that the impact of business interruption is minimised in the event it occurs.

7 People and change

Medium FY23 Reducing
Medium FY24 Unchanged

Detailed risk

The Group's operations are dependent upon the ability to attract and retain the right people with an appropriate range of skills and experience.

Succession planning and the ability to swiftly replace staff retiring or leaving is also critical.

Link to strategic objectives



Potential impact

- Failure to retain, attract or motivate the required calibre of employees will negatively impact business performance.
- The delivery of the Strategic Plan and our strategic goals may also be delayed.

Mitigation and control

- Competitive reward programmes, focused training and development, and a talent retention programme.
- Ongoing reviews of succession plans based on business needs.
- Performance management and personal development programmes introduced alongside training initiatives.
- Management team strengthened with new capability from external hires and internal promotions.
- The Renold Values, launched in 2015, are embedded and are linked to recruitment processes for new employees.

The FY24 risk trend is stable.

The employment market remains competitive, however, we continue to attract and retain high calibre individuals.

Whilst industrial action across a range of sectors has been increasingly publicised during the year, we have continued to maintain positive relationships with our employees and have, where possible, worked in partnership to achieve mutually agreeable pay awards and working arrangements.

Principal risks and uncertainties CONTINUED

8 Liquidity, foreign exchange and banking arrangements Medium FY23 Reducing Medium FY24 Unchanged			
Detailed risk A lack of sufficient liquidity and flexibility in banking arrangements could inhibit the Group's ability to invest for the future or, in extremes, restrict day-to-day operations. Link to strategic objectives (BI) (E) (G)	Potential impact ○ Potentially cause under-investment and sub-optimal short-term decision making. ○ Limiting investment could prevent efficiency savings and reduce competitiveness. ○ In an extreme situation, the Group's ability to operate as a going concern could also be jeopardised.	Mitigation and control ○ The Group's primary banking facility expires in May 2026 with an option to extend the term for a further two years. The facility is fully available given current levels of profitability and we continue to maintain a positive relationship with our banking providers. ○ Rolling foreign exchange forward contracts covering committed future cash flows.	The FY24 risk trend is unchanged. The Group remained, with good headroom, within banking covenants throughout the year and retains a strong cash position.
9 Pensions deficit Medium FY23 Reducing Medium FY24 Reducing			
Detailed risk The principal pensions risk is that short-term cash funding requirements of legacy pension schemes diverts investment away from the Group's operations. Secondly, the size of the reported balance sheet deficit can operate as a disincentive to potential investors or other stakeholders, limiting the Group's ability to raise financing on capital markets. Link to strategic objectives (E) (G)	Potential impact ○ Given the Group's cash needs to invest in the business, the pace of performance improvement could be slowed if cash has to be diverted to the pension schemes. ○ The balance sheet pension deficit could act as a disincentive to potential investors and could reduce the Group's ability to raise new equity or debt financing, limiting the strategic options open to the Group.	Mitigation and control ○ We maintain a good relationship with pension trustees. ○ Specialist professional advice is obtained to help us manage the associated liabilities and risks. ○ The major UK pension cash flows (over 75% of all defined benefit pension cash costs) are stable, known and defined under the 25-year asset-backed funding scheme put in place during 2013. A further 20% of the annual pension cash flows are pensions in payment in Germany in a mature scheme that has passed its peak funding requirement.	The size of the reported balance sheet deficit has continued to reduce in the year, primarily due to the cash contributions which remain known and stable. As such, the FY24 risk trend is reducing.

10 Legal, financial and regulatory compliance

Medium FY23 Unchanged
Medium FY24 Unchanged

Detailed risk

The risk of censure, fine or business prohibition as a result of any part of the Group failing to comply with regulatory or legal obligations.

Risks related to regulatory and legislative changes include the inability of the Group to comply with current, changing or new requirements.

Many of the Group's business activities are subject to increasing regulation and enforcement by relevant authorities.

Link to strategic objectives



Potential impact

Failure by the Group or its representatives to abide by applicable laws and regulations could result in:

- Administrative, civil or criminal liability.
- Significant fines and penalties.
- Suspension of the Group from trading.
- Reputational damage.

Mitigation and control

- Communication and management of a clear compliance culture.
- Risk assessments and ongoing compliance reviews at least annually at all major locations.
- Published up-to-date policies and procedures with clear guidance and training issued to all employees.
- Monitoring of compliance with nominated accountable managers in each business unit.
- Financial control assurance and legal compliance are monitored through internal audit and a control self-assessment process.
- Self-certification from every operating region that internal controls have been complied with and that legal compliance has been maintained and is reviewed on at least an annual basis. All units and functions in the Group are subject to internal audit on a regular risk-based cycle. Any non-compliance reported is reviewed by the Audit Committee.

The FY24 risk trend is unchanged.

Viability statement

Longer-term viability of the Group

The Directors have assessed the prospects of the Group over a three-year period to March 2027. This is significantly longer than 12 months from the date of approval of the financial statements, the period used as the basis for assessing going concern.

Analysis of business prospects

The Board has considered the long-term prospects of the Group based on the strategy, market review, principal risks and uncertainties and business model as outlined previously within this report.

In the strategic review of the Group, the Board highlights a number of factors that underpin its long-term prospects and viability. These include:

- Broad base of customers and end user markets;
- High specification products that deliver operational and environmental benefits for customers;
- Global market position and unique geographic manufacturing capability;
- The implementation of the Group's sustainability strategy; and
- The strategic progress delivered in recent years in strengthening the financial position of the Group, through improved productivity, profitability and cash generation.

Assessment of viability

In determining the appropriate period over which to assess viability, the Board has considered the Group's budgeting, forecasting and strategic planning cycles (covering the three-year period to March 2027), the timeframe within which risks are assessed and the maturation of the Group's core financing facility (maturing in May 2026, with an option to extend for a further two years). The Board therefore continues to be of the view that a three-year period is appropriate, taking into account the reliability of data as well as the predictability of events.

As in prior years, the Board and Audit Committee have continued to review and assess the Group's ongoing risk appetite, register of principal risks and uncertainties and progress on actions to mitigate the probability and impact of risks crystallising. The internal control structures and processes described on pages 46 to 48 also serve to mitigate exposure to single risk events that could threaten the Group's longer-term viability. Whilst all risks have the potential to impact longer-term viability, the principal risks deemed more relevant for a reasonable assessment of viability due to the potential to impact the Group's financial position are set out below:

Viability modelling	Link to principal risks and uncertainties
Scenario 1 The Board considered a number of events that could notably impact planned sales performance, either in a specific country due to a loss of use of a strategic production facility or across the entire Group. This included global disruption events more severe than the impact of the recent Covid-19 pandemic. Assumptions ○ Sales – reduction of 15% in FY25 with sales remaining at this level throughout FY26 and FY27. ○ Downside operating profit gearing of 25% on the sales shortfall (worse than the downside gearing of 8% experienced during the pandemic). ○ Mitigating actions – Reduction in expansionary capital expenditure outflows.	○ Macroeconomic and political volatility Uncertainty driven by global events is undoubtedly creating volatility. As an international manufacturing business, the Group is dependent on stable trading environments to deliver our products and the resulting shareholder value. Significant changes in global trading dynamics have the potential to undermine the Group's longer-term prospects. ○ Prolonged loss of a major manufacturing site The risk of the loss of use of all or a significant portion of a strategic production facility, which would adversely affect the ability of the Group to meet the demands of its customers. This would ultimately translate into lower sales, lower profits and reduced cash flow.
Scenario 2 The Board considered the Group's strategy and the impact of failing to co-ordinate and deliver on all of the projects. Assumptions ○ Return on sales reduced to and maintained at 6.0% over the period of the viability review. ○ Increase in the Group's working capital ratio to 25%.	○ Strategy execution The risk of the Group's inability to successfully implement the Strategic Plan, which could lead to the Group continuing to experience volatile financial results and weak levels of cash generation, including failure to fully pass through inflationary increases in the cost base.
Scenario 3 The Board considered a requirement to inject additional contributions into the Group's pension schemes. Assumptions ○ Additional pension cash payments of £1m per annum.	○ Pensions deficit volatility The risk of short-term cash funding requirements for legacy pension schemes diverting investment away from the Group's operations.
Scenario 4 The Board considered a combination of scenarios 1 to 3 above.	○ As above

The Board has continued to review the strategic plan during the current year. This included detailed review of our markets, competitors and product strategies in addition to financial forecasts. The review assessed the results of the above scenarios on financial forecasts and also financing options around the Group's acquisition strategy. The Board thereby assessed the potential impact of the risks noted above, which could affect solvency or liquidity in 'severe but plausible' scenarios over the three-year period and concluded that the business would remain viable. In scenarios one to four, there were no breaches to the Group's covenants, and substantial covenant and liquidity headroom was maintained.

Reverse stress testing has also been applied to determine the level of fall in sales that would be required before the Group would be at risk of breaching its existing financial covenants or current liquidity headroom during the assessment period. The reverse stress test was conducted on the basis that only limited mitigating actions would be undertaken to reduce overheads during the period as sales declined and, on that basis, a fall in forecast sales of 46% (applied in the first year, with no subsequent growth in the three-year period) would be required before such a breach occurred. The Board considers the possibility of such a scenario to be remote and further mitigation, such as a reduction in planned capital expenditure, a possible extension of borrowing facilities and the potential to raise additional funds through share issues should be available if future trading conditions indicated that such an outcome were possible.

The Group maintains a conservative approach to borrowing. Whilst the banking covenants include a leverage limit of 3.0x Adjusted EBITDA, the Board generally seeks to operate within an internally imposed 2.0x leverage limit ensuring access to short-term borrowing to cope with short-term financial shocks.

Viability statement

Based on the outcomes of the viability assessment, the Board has a reasonable expectation that the Group would be able to withstand the impact of each of the above scenarios, in isolation and in a number of plausible combinations, should they occur in the course of the three-year assessment period. In each event, the Group would continue to operate and meet its obligations and liabilities as they fall due over the period to 31 March 2027.

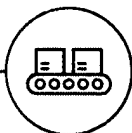


Set-up technician checks chain cutting parameters at our facility in Jintan, China



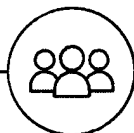
Case study

Food industry



What is it used for?

A global ice cream producer approached Renold to produce a transmission chain solution to drive one of their lines and optimise production time. We designed a bespoke 250m transmission chain, specified to work in the challenging food environment, featuring food approved wax lubrication and including specialist attachments.

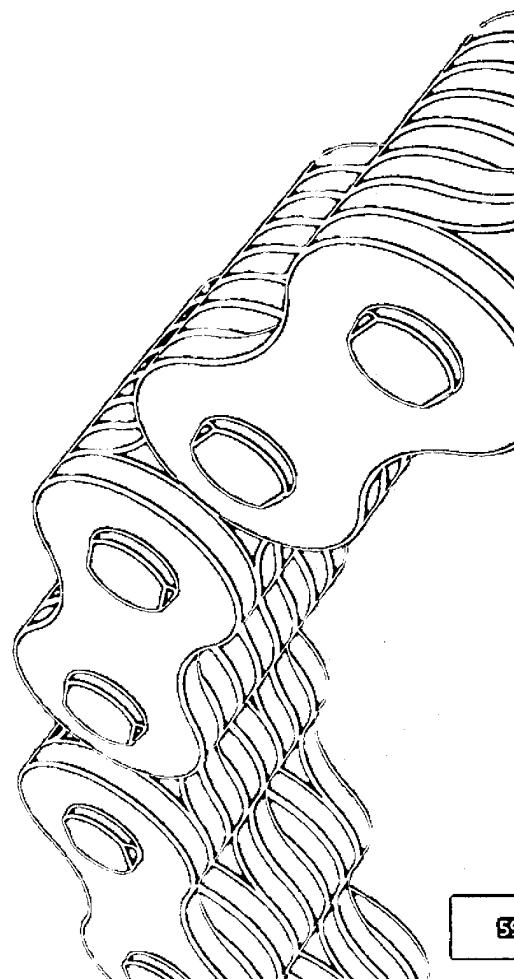
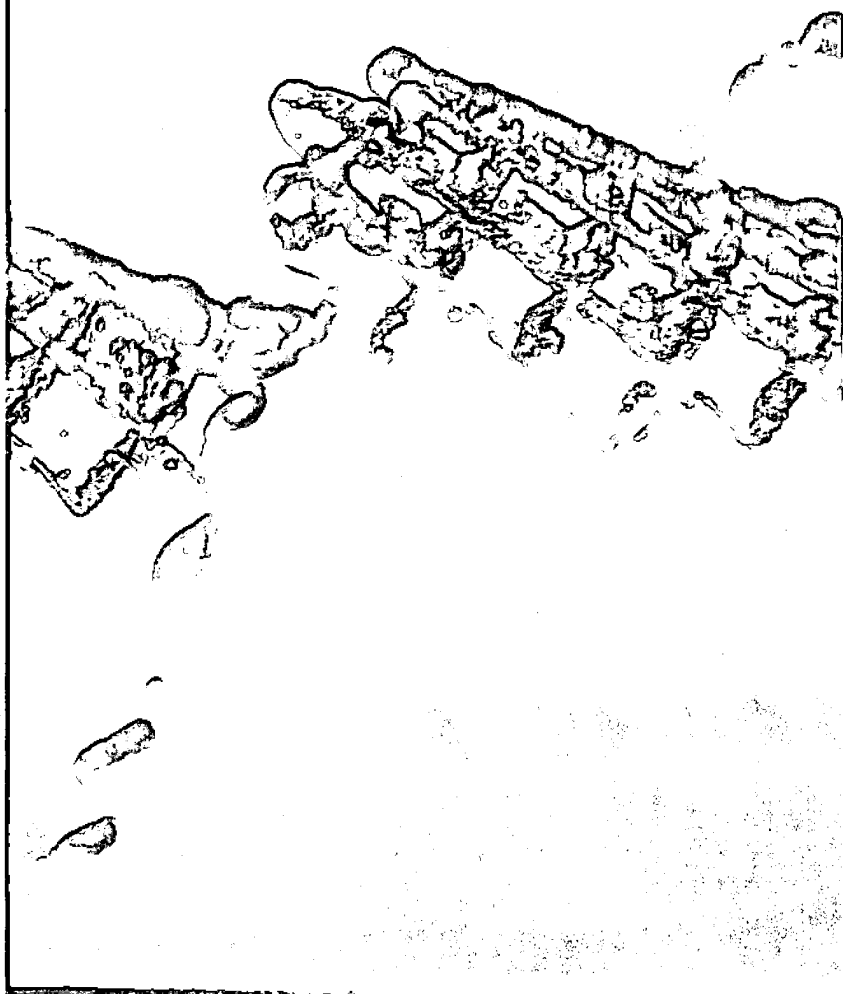


Why Renold?

Below expectation experiences with alternative suppliers had rendered them cautious. Renold's reputation as a reliable, high quality performing solutions provider was ultimately the key factor in selecting Renold.

Governance

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Chair's letter



DAVID LANDLESS
CHAIR



I place great importance on the breadth of relevant experience, diversity, and complementary skills amongst the Group's Directors and management."

Dear Shareholder,

On behalf of the Board, I am pleased to present the Governance Report for the year ended 31 March 2024.

This section of the Annual Report and Accounts highlights the Group's governance processes, alongside the work of the Board and Board Committees.

When the Company re-listed on AIM, it elected to adopt the QCA Code as its principal corporate governance code and the Board's compliance for the year ended 31 March 2024 is therefore measured against the requirements of the QCA Code. The Board considers that the Company has complied with all provisions set out in the QCA Code that are applicable to it throughout the year ended 31 March 2024.

The QCA issued a revised version of their Code on 13 November 2023 that applies to financial periods commencing on and from 1 April 2024. The Board intends to comply with the provisions of the revised QCA Code in the financial period to 31 March 2025.

The QCA Code is available from the QCA website, www.theqca.com.

Our compliance with AIM governance principles can be seen by viewing the Company's Rule 26 compliance section in the Investors' section of the Group's website at www.investors.renold.com.

The Group's principal risks and uncertainties are described in the Strategic Report and that section of the Annual Report and Accounts also forms part of the Governance Report.

We appreciate the importance of upholding the principles of good corporate governance, not only for compliance purposes, but because we recognise that good governance reduces risk and adds value to the business.

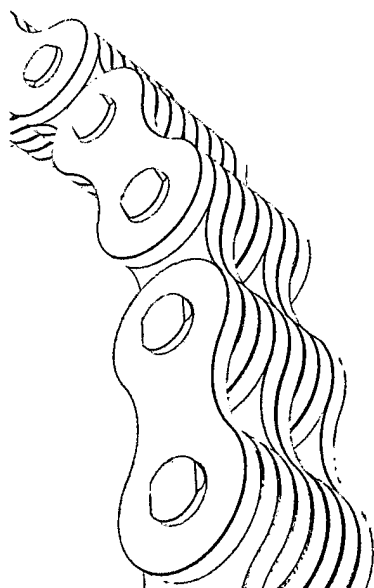
Board composition

The Chair of the Board is primarily responsible for the composition of the Board and for ensuring high standards of governance.

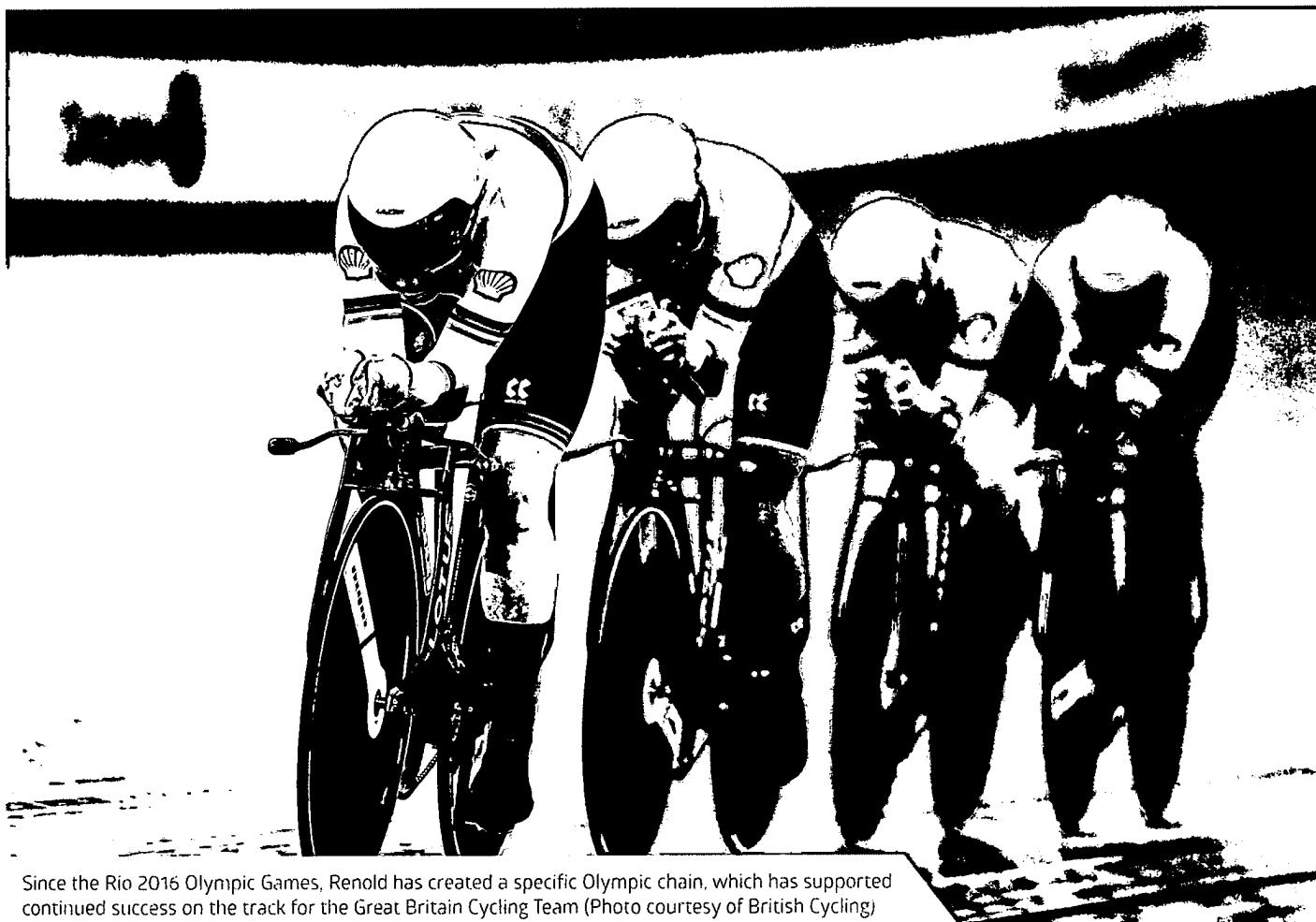
As Chair, I place great importance on the breadth of relevant experience, diversity, and complementary skills amongst the Group's Directors and management. I believe that a diverse leadership team will build on the development of the successful business strategy and deliver a sustainable performance over the long term.

With a team of two Executive Directors and four Non-Executive Directors, I believe we have a balanced Board with a blend of skills and experience that will successfully promote the long-term strategy of the Group.

Going forward, the Board will continue to ensure that effective succession plans are in place for the Non-Executive Directors and key senior management positions..



Automated warehouse in our facility in Valencia, Spain



Since the Rio 2016 Olympic Games, Renold has created a specific Olympic chain, which has supported continued success on the track for the Great Britain Cycling Team (Photo courtesy of British Cycling)

Tone from the top

The Board continues to believe strongly in operating to the highest standards of ethical business conduct and in the importance of setting the right 'tone from the top'. These principles, which are core parts of the Group's culture, are reflected in the statement of our Values and Behaviours and Renold requires the same from all employees in the performance of their duties. These principles are consistent with the Group's objective to deliver organic revenue growth, at least in line with GDP, in an ethical and sustainable manner. The Board monitors and promotes a healthy culture through stakeholder engagement and responding to stakeholders' key interests, as discussed in Stakeholder Engagement on page 33.

We remain vigilant to developments in corporate governance and ethics, whether in legislation, regulations or codes of practice.

In addition to matters of corporate governance and ethics, the key priority for the Board is the delivery of the strategic plan. On page 67 of our Corporate Governance Report we set out the areas of focus for the Board this year and highlight the links between the issues considered and the Group's strategic objectives.

Annual General Meeting

Our AGM will be held at 11 am on 10 September 2024 at the Company's registered office, Trident 2, Trident Business Park, Styal Road, Wythenshawe, Manchester M22 5XB.

Shareholders will be invited to raise questions about the resolutions to be proposed at the AGM, and any other topics of interest or concern; details will be provided in the Notice of AGM itself.

On behalf of the Board, I would like to thank shareholders for their continued support and welcome you to participate at the 2024 AGM.

DAVID LANDLESS
CHAIR

16 July 2024

Board of Directors

Committee memberships key:

-  Audit Committee
-  Nomination Committee
-  Remuneration Committee
-  Executive Risk Management and Monitoring Committee

The Board provides entrepreneurial leadership of the Group within a framework of prudent and effective controls, which enables risk to be assessed and managed.

On these pages, we set out the age, tenure and biographical details of each Board member.



DAVID LANDLESS

Chair



ROBERT PURCELL

Chief Executive



JIM HAUGHEY

Finance Director

Committee memberships:



Appointment

January 2017

Experience

David, aged 64, was appointed to the Board as a Non-Executive Director on 9 January 2017, became Chair of the Audit Committee on 19 July 2017 and was appointed as Senior Independent Director on 13 November 2019. David became the Chair of Renold on 23 August 2021. As a fellow of the Chartered Institute of Management Accountants, David has significant experience at senior levels of international businesses in the industrials sector. He was most recently Group Finance Director of Bodycote plc from 1999 until his retirement on 1 January 2017. Prior to that, he held a range of finance roles for 15 years at Courtaulds in the UK and US, latterly as Finance Director of Courtaulds Coatings (Holdings) Limited, from 1997 to 1999. David is currently a Non-Executive Director of Ausurus Group Limited, which is the holding company for European Metal Recycling Limited as well as a Non-Executive Director and Chair of the Audit Committee of Innospec Inc. He was a Non-Executive Director of Luxfer Holdings plc from 2013 until June 2022, serving as Chair from May 2019 until March 2022.



January 2013

Robert, aged 62, joined the Group on 21 January 2013 as Chief Executive. Prior to joining Renold, Robert was Managing Director of Filtrona plc's Protection and Finishing Products Division. He has also held a Managing Director role at Low and Bonar plc within its technical textiles business. His early career was in operational management within Courtaulds plc, during which time he gained an MBA from the Cranfield School of Management.



October 2020

Jim, aged 57, was appointed to the Board as Finance Director on 1 October 2020. He is a member of The Institute of Chartered Accountants in England and Wales and has significant experience at a senior level within international industrial businesses. He spent 15 years working in senior financial positions with FKI plc and Bridon Group, and spent eight years as Group financial controller at Bodycote plc. More recently he held the positions of Group Finance Director at Mpac Group plc and Finance Director of Drive DeVilbiss Healthcare.

**TIM COOPER**

Senior Independent
Non-Executive Director

**ANDREW MAGSON**

Non-Executive Director

**VICKI POTTER**

Non-Executive Director

**ANDREW BATCHELOR**

Group General Counsel and
Company Secretary



November 2018

Tim, aged 65, was appointed as a Non-Executive Director of Renold in November 2018. He is Chair of the Remuneration Committee, a position he has held since November 2019. On 23 August 2021 Tim was appointed as the Senior Independent Director. Tim was an Executive Director of Victrex plc, a position he held from October 2012 until 30 September 2019. Tim joined Victrex in January 2010 as Managing Director of Victrex Polymer Solutions. Tim has over 30 years of international business management and commercial experience, having held senior leadership positions in a number of industries. Prior to joining Victrex, Tim was with Umeco plc, initially as Managing Director of Aerovac Systems Limited, but later becoming Group Managing Director of Umeco Composites Process Materials. He has been Managing Director of Tellermate plc and Avery Berkel Limited, having developed his international career with GEC, BP and Land Rover. Tim is currently the Senior Independent Non-Executive Director and Chair of the Remuneration Committee of Pressure Technologies plc.



December 2020

Andrew, aged 57, was appointed to the Board on 1 December 2020. On 23 August 2021 Andrew was appointed as Chair of the Audit Committee. Andrew, a Fellow of The Institute of Chartered Accountants in England and Wales, has career-long experience working in international industrial and manufacturing businesses owned by UK public companies. He was previously Group Finance Director of The Alumasc Group plc from 2006 until 2020. Prior to that, he was Group Financial Controller and Senior Corporate Finance manager at BPB plc as it grew to become a FTSE 100 company. Andrew spent his earlier career at PwC in London where he was a Senior Manager, gaining significant experience in Audit and Corporate Finance. Andrew is also Non-Executive Chair of Hardide plc and a Trustee of the Alumasc Group Pension Scheme and he chairs its Investment Committee.



May 2022

Vicki, aged 52, was appointed to the Board as a Non-Executive Director on 3 May 2022. She has broad management experience in international engineering and manufacturing companies. Vicki is currently the Chief Human Resources Officer and Customer Services Director for Oxford Instruments plc, a global FTSE 250 technology and manufacturing business. She has worked with Oxford Instruments since 2006, initially providing outsourced HR services across the group through her own consultancy business. Vicki joined Oxford Instruments permanently in January 2011 and was appointed to her current role and to the management board of Oxford Instruments in 2016. Vicki has a degree in Electrical and Electronic Engineering and an MA in Human Resources Management. Prior to working with Oxford Instruments, Vicki held engineering, project and operations management roles at Pepsico Inc. and ICI plc.

July 2018

Andrew, aged 59, was appointed to his role in July 2018. Andrew has extensive experience in private practice, becoming a partner with the law firm Edge Ellison, then continuing his career in-house as the General Counsel and/or Company Secretary to a variety of UK main market-listed companies. His previous roles include JD Sports Fashion plc, Promethean World plc and Itnet plc. Andrew has also held the roles of Head of Risk and General Counsel for the large private company retailer, Wilko.

Corporate governance report

Compliance with corporate governance

The Group is committed to high standards of corporate governance in order to facilitate efficient, effective and entrepreneurial management of the Company. The Board acknowledges its contribution to achieving management accountability, improving risk management and ultimately to creating shareholder value over the longer term.

When the Company re-listed on AIM, it elected to adopt the QCA Code as its principal corporate governance code and the Board's compliance for the year ended 31 March 2024 is therefore measured against the requirements of the QCA Code. The Board considers that the Company has complied with that commitment and with all provisions set out in the QCA Code that are applicable to it throughout the year ended 31 March 2024.

The QCA issued a revised version of their Code on 13 November 2023 which applies to financial periods commencing on and from 1 April 2024. The Board intends to comply with the provisions of the revised QCA Code in the financial period to 31 March 2025.

The QCA Code is available from the QCA website, www.theqca.com.

Board composition, responsibilities and activities

Membership of the Board

The Board continues to have a balance of Executive and Non-Executive Directors. The QCA Code recommends that there should be a minimum of two Non-Executive Directors and half of the Board should comprise Non-Executive Directors. Currently, the Board comprises a Non-Executive Chair, three Non-Executive Directors and two Executive Directors.

The Board's consideration of its composition in the context of diversity is set out in the Nomination Committee report on pages 76 and 77.

The Executive Directors are contracted to provide their full time and attention to the business of the Group, whilst the Non-Executive Directors are engaged to discharge their respective functions with an anticipated minimum commitment of 20 days per year.

Directors' independence and conflicts of interest

Principle 5 of the QCA Code states that independence is a Board judgement. The key factors considered by the Board when determining independence are:

- tenure (no Non-Executive Director has served more than nine years in office)
- other commitments (each of the Non-Executive Directors has other roles but none are considered to impinge upon or adversely affect the time commitment required by the Company to perform their respective roles)
- attitude and behaviours demonstrated at meetings (which highlights the approach of the Non-Executive Directors in practice).

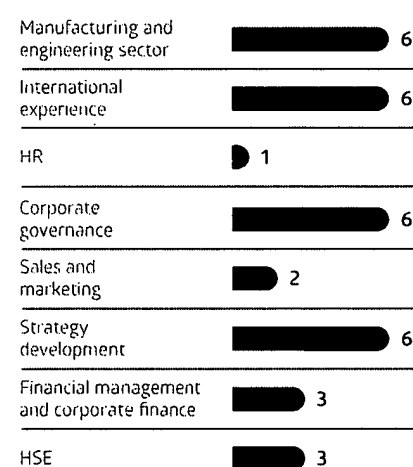
Each of the Non-Executive Directors is considered to be independent.

The Company has procedures in place to monitor Directors' conflicts of interest. The Directors are required to declare their interests, and those of their connected persons on an annual basis and in the event of any change of circumstances. During the period, no Director has, or has had, any interest in any contract, transaction, or arrangement that is, or was in conflict with the interests of the Company. All Directors hold shares in the Company. The Non-Executive Directors have insignificant shareholdings in the Company as can be seen on page 83 of the Directors' remuneration report. No Director holds more than 3% of the issued share capital of the Company.

Experience of the Board

The members of the Board maintain the appropriate balance of status, experience, independence and knowledge of the Group to enable them to discharge their respective duties and responsibilities and to ensure the Board is of a sufficient size that the requirements of the business can be met.

The below graphic shows the number of Directors with significant experience in the areas listed.



Responsibilities of the Board

The Board is collectively responsible for the effective oversight of the Group and its businesses.

In addition, it is responsible for strategic business planning, including reviewing succession planning, risk management and the development of Group policies in areas such as health, safety and environmental matters and Directors' and senior managers' remuneration and ethics. The Executive Directors have authority to deal with all other matters affecting the Group.

The Board has approved a schedule of reserved matters to ensure that it takes all major strategy, policy and investment decisions affecting the Group. As part of the Board's oversight of operations, it must ensure maintenance of a sound system of internal control and risk management.

Feedback is provided to the Board following presentations to investors and meetings with shareholders in order to ensure that its members, and in particular Non-Executive Directors, develop an understanding of the views of major shareholders about their Company.

Matters reserved for the Board

High-level decisions on certain matters are reserved for the Board and Board Committees (Schedule of Matters Reserved for the Board). These include the Group's strategy, corporate governance framework, investor relations, capital structure and significant contracts. Details of the matters that are reserved for consideration by the Board and Board Committees can be downloaded from our corporate website (investors.renold.com).

Risk monitoring

The Renold Group's approach to risk is set out on pages 46 to 48. The Board has overall responsibility for implementing the Group's system of internal control, including financial, operational and regulatory compliance controls and risk management systems. Whilst the Board is responsible for ensuring compliance with the FRC's 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting', the Audit Committee monitors internal financial controls and their effectiveness. Internal financial controls and the financial risk management processes are reviewed on a regular basis by the Audit Committee and the findings reported to the Board.

The ongoing process for the review of the system of internal controls by the Directors has been in place for the year ended 31 March 2024 and up to the date of approval of this report and the financial statements.

This review includes a focus on areas such as the operation of risk management and internal financial control systems, and their alignment with the Group's strategy.

This year, the internal audit and risk management functions were again provided by Forvis Mazars LLP, who presented progress reports to each Audit Committee meeting. As part of their role, they have:

- proposed the annual risk-based internal audit plan;
- conducted Internal Audit (IA) reviews in line with the risk-based plan approved by the Audit Committee. These Internal Audit reviews included a range of site minimum financial control audits and specific project audits, through a combination of in person site visits and remote audits;
- reported the findings and recommendations on a regular basis to the Executive and Audit Committees; and
- conducted risk workshops with all Renold operating locations, providing reports to the Executive Risk Management and Monitoring Committee ("ERMMC").

Further details about the composition and activities of the ERMMC and the Group's risk management framework, and the Board's oversight of the ERMMC can be found on pages 46 and 47 of the Strategic report.

Individual Directors' key responsibilities

The roles of Chair and Chief Executive are separated, with a clear division of responsibilities set out in writing and agreed by the Board.

Title	Responsibility
Chair David Landless	To ensure the effectiveness of the Board in setting the direction of the Group and the agenda of the Board.
Chief Executive Robert Purcell	To manage the business and implement the strategy agreed by the Board.
Finance Director Jim Haughey	To ensure sound financial management of the Group's business and provide strategic and financial guidance to ensure that the Group's financial commitments are met.
Senior Independent Non-Executive Director Tim Cooper	In addition to the role of an independent Non-Executive Director, to ensure that the views of each Non-Executive Director are given due consideration and act as a sounding board for the Chair.
Independent Non-Executive Directors Tim Cooper Andrew Magson Vicki Potter	To constructively challenge the Executive Directors and help develop proposals on strategy, including satisfying themselves on the integrity of financial information and ensuring financial controls and systems of risk management are robust and defensible.

Board members are able to seek independent legal or other professional advice in respect of their duties as they may require at the Company's expense, and have access to the advice and services of a Company Secretary, who ensures that Board procedures are complied with.

Board and Committee membership and attendance

The Board meets on a regular basis with an agenda and necessary papers for discussion distributed electronically in advance of each meeting via Board portal software, Diligent. Agenda items are agreed in advance and the principal items are set out in an annual planning schedule. The meetings are scheduled to coincide with the internal financial reporting timetable of the Company and key events, including interim and final results, and the AGM.

The Board's responsibilities are discharged by way of scheduled Board meetings. In addition, the Board reviews written reports in months where there is no meeting and convenes ad hoc meetings during the year in order to resolve matters by written resolutions to deal with specific business requirements.

Routine announcements to AIM are approved by a Disclosure Committee which is constituted by any two Directors whilst ad hoc Board Committees are established from time to time to address specific projects.

The table below shows the number of meetings of the Board and its key Committees during the year and individual attendance by Board and Committee members at those meetings. Six meetings have been held this year. In addition, the Board met for a separate full day to discuss the further evolution of the Group's Strategic Plan.

	David Landless	Robert Purcell	Jim Haughey	Vicki Potter	Andrew Magson	Tim Cooper
6 meetings The Board	6	6	6	6	6	6
6 meetings Audit Committee ^{1,2}	6	6	6	6	6	6
3 meetings Nomination Committee ²	3	3	3	3	3	3
6 meetings Remuneration Committee ²	6	6	6	6	6	6
3 meetings ERMM Committee	–	3	3	–	–	–

¹ David Landless attended Audit Committee meetings or part thereof by invitation.

² Robert Purcell and Jim Haughey attended Audit, Nomination and Remuneration Committee meetings or part thereof by invitation.

Board focus during the year

During the year ended 31 March 2024, the Board has provided its main focus on the following matters:

	Overview	Activity in year	Strategic objective ¹
Governance and Risk	○ Review of compliance with the requirements of the QCA Code. ○ Ensure a sound system of internal control and risk management including review of the Group's risk profile.	○ Consideration of the Viability Statement and agreeing the Group's risk profile, principal risks and uncertainties. ○ Review of the effectiveness of the risk management and internal control systems. ○ Conducting and reviewing an evaluation of the effectiveness of the Board and its Committees. ○ Review of raw material and energy costs. ○ Establishing the Board's approach to environmental compliance and sustainability.	(A)
Strategy	○ Responsibility for approval of the Group's strategic aims and objectives and review of performance. ○ Approval of major capital projects and oversight of benefits expectation and delivery.	○ Board Strategy Day held to debate and discuss the Group's performance under the Strategic Plan. ○ Supporting the Chief Executive in the evolution of the Strategic Plan. ○ Review of customer service enhancement initiatives including the service improvement programme: 'STEP2 Service'. ○ Received presentations from Group senior management on operations and continued implementation of the Strategic Plan across the divisions and functions. ○ Approval of purchase of Company shares by the Employee Benefit Trust. ○ Approval of a significant contract for the supply of couplings to the Canadian Navy's Surface Combat programme. ○ Approval of the Davidson Chain acquisition.	(B) (C) (D) (E) (F) (G)
Leadership	○ Responsibility for the overall leadership of the Group and setting the Group's values. ○ Setting the 'tone from the top'.	○ Monitoring health and safety performance. ○ Succession planning in relation to the Board and senior management. ○ Support to ongoing organisational development.	(A) (C) (D) (F)
Financial Stewardship	○ Approval of financial reporting and controls. ○ Approval of relevant policies. ○ Review of system of internal control.	○ Review and monitoring of the improvement to the financial control environment. ○ Approval of the annual operating and capital expenditure budgets. ○ Review of monthly business performance reports. ○ Review and approval of the half-year and full-year results and related announcements. ○ Specific approval for major capital investment projects. ○ Review of matters affecting the Group involving material litigation or disputes. ○ Review of the German pension scheme. ○ Review of the UK pension scheme and associated contributions.	(B) (D) (E) (G)
Shareholder Relations	○ Ensuring a satisfactory dialogue with shareholders, including approval of key information to shareholders.	○ Received and discussed feedback from roadshows and presentations to shareholders. ○ Approval of Annual Report and Accounts and information supplied to shareholders for the Annual General Meeting. ○ A Capital Markets Day was held on 10 May 2023 at which the Executive Directors and members of the Group's executive team presented on Renold's Chain division, Step2 strategy, the recent YUK acquisition, the Group's ESG and sustainability programme, as well as wider opportunities available to the Group, to a range of shareholders and potential investors.	(B) (E) (G)

¹ See key on page 24.

Corporate governance report CONTINUED

Expected Board focus for the coming year

The Board will continue to review the areas set out in the table on page 67. In addition, it is anticipated that the following areas will receive focus by the Board for the year ending 31 March 2025:

- Seeking opportunities for further acquisitions to support the Group's strategic aims.
- Working with the Group Head of People and Sustainability to continue to develop the Group's sustainability programme.
- Working to ensure the updated Group strategy is understood by existing and potential shareholders.
- Enhance succession plans for senior management roles.

Director induction and development

The training needs of the Board are discussed as part of the Board performance evaluation process. Updates are provided to the Board at regular intervals in order to refresh the Directors' knowledge. Training is arranged primarily by the Company Secretary or the Finance Director in consultation with the Chair. The Board has received an update from Peel Hunt LLP in relation to corporate governance best practice and developments. Remuneration advisers, PwC and latterly, Korn Ferry, have provided updates to the Remuneration Committee in relation to market trends in executive remuneration.

The Company has a detailed framework for the induction of new Directors. This includes the issuing of all key documents relating to each new Director's role on the Board, as well as site visits and face-to-face meetings with senior executives.

Non-Executive Director independence

The Non-Executive Directors are considered to be independent in character and judgement. The Board is of the opinion that all of the Directors take decisions objectively and in the best interests of the Company and that no individual or small group of individuals can dominate the Board's decision making. The balance between Non-Executive and Executive Directors allows independent challenge to the Executive Directors and senior management.

Board evaluation and effectiveness

The Board recognises that evaluation of its performance is important in enabling it to realise its maximum potential. A formal process for evaluating the performance of the Board, its members and its Committees is conducted annually. This process gives the Directors an opportunity to identify areas for improvement both jointly and individually through the use of questionnaires and/or open discussion. An evaluation of the Chair is also carried out annually, led by the Senior Independent Non-Executive Director.

In addition, evaluations of the Audit Committee, the Nomination Committee and the Remuneration Committee were also carried out during the year.

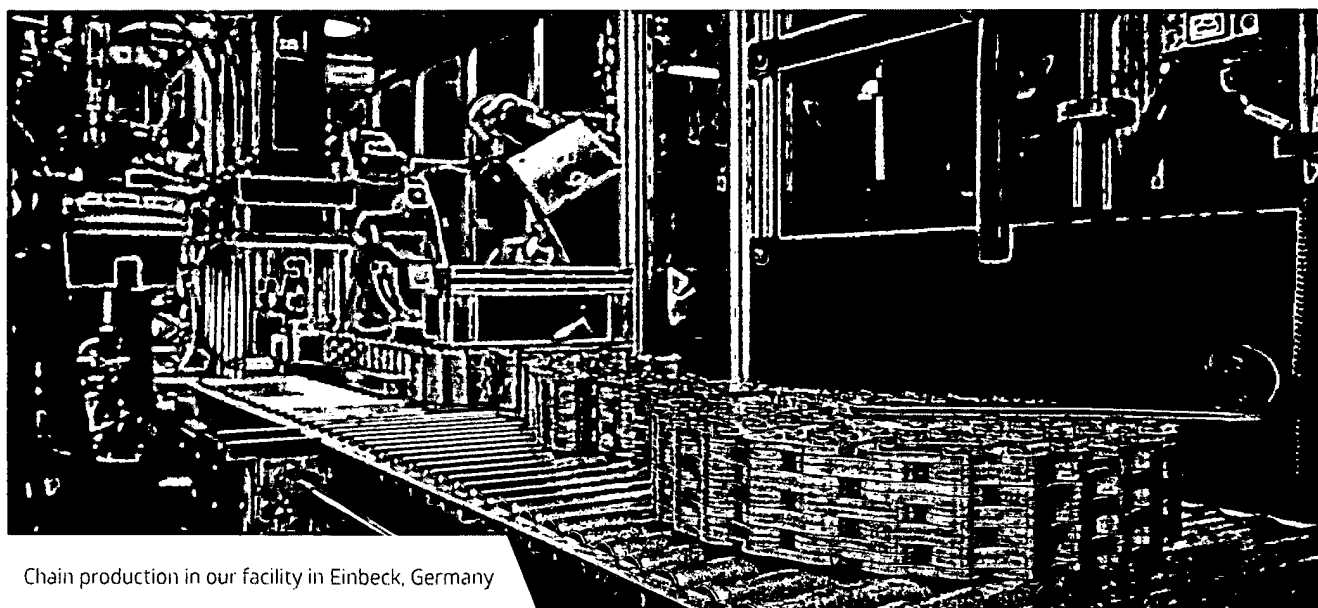
The evaluation process commences with the completion of a written questionnaire for each separate review, compilation of a summary of the results and feedback obtained and then discussion between the participants. The subsequent Board discussion highlighted a number of areas where objectives might be set by the Board and practical issues for consideration. The Board has continued to allocate separate time for review and consideration of the Strategic Plan.

The evaluation process also included a number of discussions during the year between the Chair and the Non-Executive Directors, without the Executive Directors present, to discuss feedback arising from the process and the performance of each Executive Director. The Senior Independent Director also met with the other Directors as part of the Chair's performance evaluation process. The evaluation process for the current year produced higher marks than in the previous year.

Election of Directors

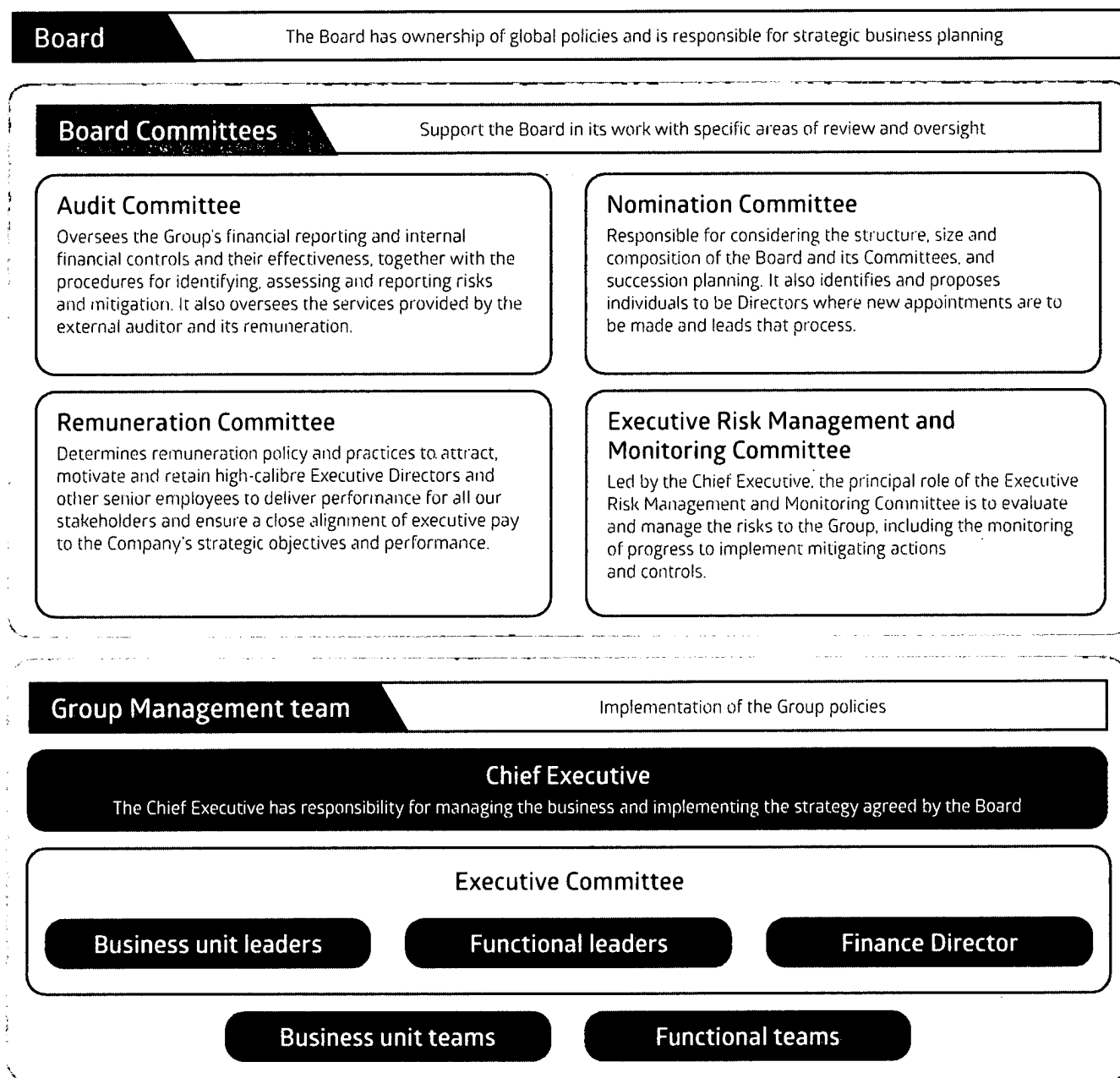
In accordance with Principle 6B of the New QCA Code, all Non-Executive Directors are subject to annual re-election.

Biographical and experience details of the Board appear on pages 62 and 63. Further details of the Executive Directors' service contracts and letters of appointment are set out in the Directors' Remuneration Report.



Chain production in our facility in Einbeck, Germany

Governance structure



Key features of governance structures

The key features of the Group's governance structures, as shown in the schematic on the prior page, are as follows:

- The Board has approved a Corporate Governance Compliance Statement, which contains terms of reference for the Board and each of the Board Committees. The terms of reference are available on the Company's website, www.renold.com. Internal controls are in place at both local and Group level.
- The ERMCC oversees, on behalf of the Board, the implementation of appropriate policies to identify and evaluate risks.
- An internal audit function that assists management and the Audit Committee in the fulfilment of the Board's responsibility for ensuring that the Group's financial and accounting systems provide accurate and up-to-date information about its current financial position while also permitting the accurate preparation of financial statements.
- An organisational structure that supports clear lines of communication and tiered levels of authority.
- A schedule of matters reserved for the Board's approval to ensure it maintains control over appropriate strategic, financial, organisational and compliance issues.
- The preparation of detailed annual financial plans covering profit and cash flow and the balance sheet, which are approved by the Board.
- The review of detailed regular reports comparing actual performance with plans and of updated financial forecasts.
- Procedures for the appraisal, approval and control of capital investment proposals.
- Procedures for the appraisal, approval and control of acquisitions and disposals.
- Access for all Group employees to a free-of-charge, independent whistleblowing hotline enabling them to report any concerns about theft, fraud or other malpractice in the workplace.

The Board and its Committees

- The Board delegates authority to various committees to deal with specific aspects of corporate governance.
- These committees are summarised on the prior page. Details about the structure and activities of each are set out in the separate committee reports. The committees communicate and work together where required.
- Committee membership may not be refreshed as frequently as would be the case for a company with a larger board. However, the Board is satisfied that no undue reliance is placed on particular individuals.
- Terms of reference for each standing committee, together with the schedule of matters reserved for the Board, are available on the Company's website, www.investors.renold.com.

Internal control

During the year ended 31 March 2024, a review of internal control effectiveness was undertaken by the Board, with the specific responsibility for the monitoring of internal financial control being delegated to the Audit Committee and reported to the Board as follows:

- Receiving and considering regular reports from the internal audit function on the status of internal control across the Group;
- Reviewing the internal audit function's findings, annual audit plan and the resources available to it to perform its work;
- Reviewing the external auditor's findings on internal financial control; and
- Monitoring the adequacy and timeliness of management's response to identified audit findings.

The Executive team is accountable to the Board of Directors for implementing Board policies on internal control and for monitoring and reporting to the Board that it has done so.

Group internal controls are designed to mitigate rather than eliminate the risks identified and can provide only reasonable and not absolute assurance against material misstatement or loss.

Our Governance framework is underpinned by key policies, which are subject to approval by the Board and also represent significant elements of the internal control programme.

These key policies include:

a. Anti bribery and corruption

This policy sets out the measures in place to eliminate bribery and/or corruption in any dealings involving Group companies to ensure compliance with the UK Bribery Act 2010, the US Foreign Corrupt Practices Act and other local and international legislative requirements.

b. Gifts and hospitality

The policy includes a procedure for declaring gifts and hospitality along with guidance on what constitutes inappropriate gifting/hospitality.

c. Whistleblowing

Across the Group, we have a well-established employee whistleblowing procedure which is widely advertised at all sites, globally. The procedure involves a confidential help line provided and managed by an external, independent third party. Through this process, employees are able to pass information about areas of concern to them with full anonymity. The number of reports, the nature of them and the business response is regularly reviewed by the Board.

d. Share dealing

Our share dealing code outlines how we expect employees to transact in the dealing of Renold plc securities to ensure that they do not misuse, or put themselves at risk of suspicion of misusing information about the Company that is not in the public domain. The Code applies to the Directors who are all of the persons discharging management responsibilities ("PDMRs") and those employees who may have access to insider information at key times of the year or in relation to certain projects.

Financial reporting

There are also established internal control systems in relation to the Company's financial reporting process and the Group's process for preparation of consolidated accounts. These systems include policies and procedures that:

- Relate to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets;
- Provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements in accordance with IFRS;
- Require representatives of the businesses to certify that their reported information gives a true and fair view of the state of affairs of the business and its results for the period; and
- Review and reconcile reported data.

The Board has responsibility for overseeing internal control systems, with the Audit

Committee being delegated the responsibility for overseeing and monitoring internal financial control systems including those listed above.

Fair, balanced and understandable reporting

The Annual Report and Accounts taken as a whole must be fair, balanced and understandable (FBU). The process for ensuring the Annual Report and Accounts meets the FBU requirement involves it being reviewed in the first instance by a Disclosure Committee and subsequently the Audit Committee and the Board. The Board's responsibility statement for the FBU requirement is on page 90.

Communications with shareholders

Communications with shareholders are given high priority and are made in a number of ways. The Board is accountable to shareholders and therefore, it is important for the Board to appreciate the requirements of shareholders and equally that shareholders understand how the actions of the Board and short-term financial performance relate to the achievement of longer-term goals. The Non-Executive Directors make themselves available to shareholders on request, can attend shareholder visits at Company sites and are available for discussions with analysts and

the Company's joint brokers Peel Hunt and Cavendish Capital Markets.

The reporting calendar is driven by the publication of interim and final results each year, in which the Board reports to shareholders on its management of the Company. Formal regulatory news service announcements are also made in accordance with the Company's reporting obligations. Comments on Group financial performance in the context of the business risks faced and objectives and plans for the future are set out in the Strategic Report on pages 13 to 57.

The Company continues to keep shareholders informed of its strategy and progress at other times during the year, with updates provided to AIM and shareholders via the Company's website, www.investors.renold.com.

The Board receives feedback from the Company's NOMAD, Peel Hunt, throughout the year. The Company's financial public relations consultants, IFC Advisory, also interact with and provide feedback from the financial media, shareholders and potential investors. In addition, the Chief Executive and Finance Director meet with major shareholders and potential investors to discuss Group strategy and performance and update the Board as a whole at each meeting. The Board also receives reports prior to each Board meeting that set out

the main changes to the composition of the Company's share register.

The Chief Executive and Finance Director attend presentations to investors and meetings with shareholders and analysts following the half year and full year results. Feedback from such meetings is provided to the Board. Brokers' briefings are also circulated to all Directors in order to ensure that Board members, and in particular Non-Executive Directors, develop an understanding of the views of major shareholders about their Company.

Annual General Meeting

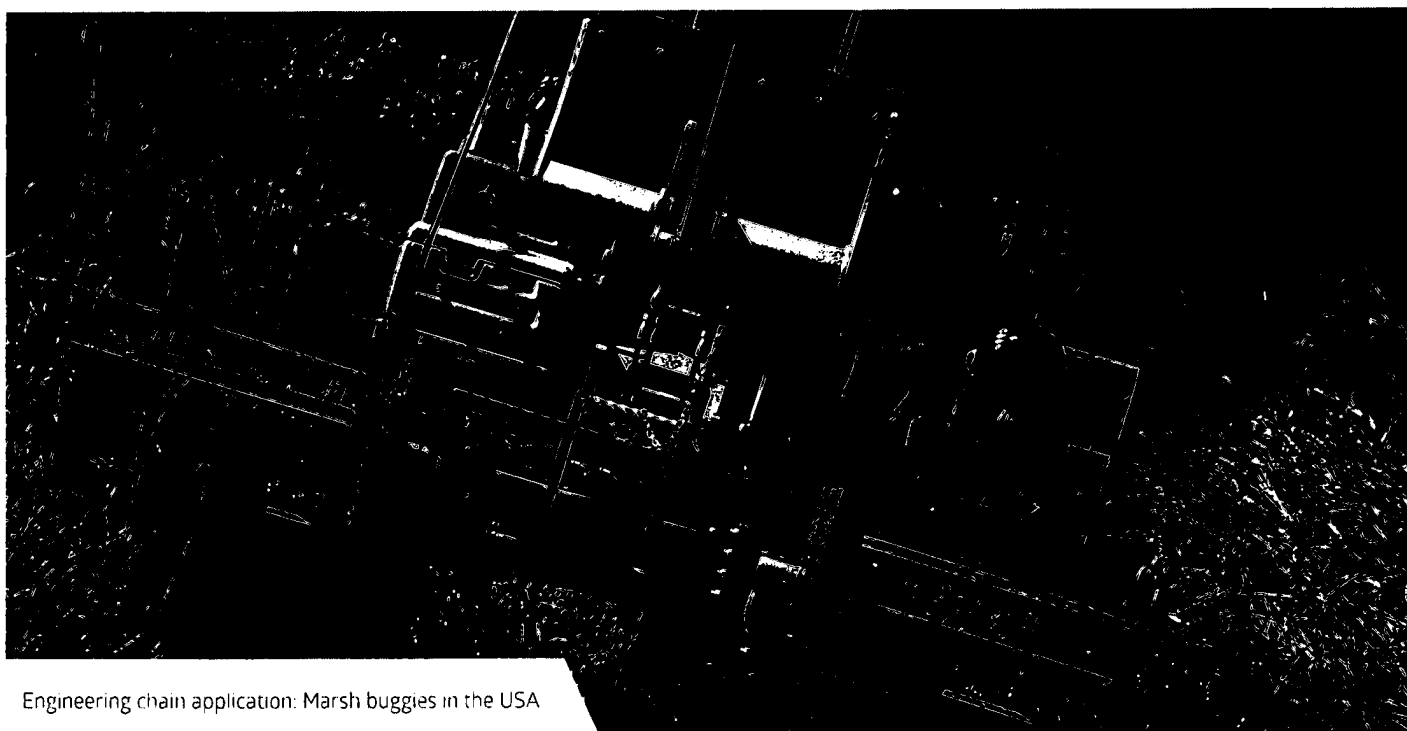
The AGM will be held at 11 am on 10 September 2024 at the Company's registered office at Trident 2, Trident Business Park, Styal Road, Wythenshawe, Manchester M22 5XB.

Notice of the AGM will be sent to shareholders at least 21 business days before the meeting.

There will be an opportunity for shareholders to post questions regarding the AGM and the resolutions to be proposed.

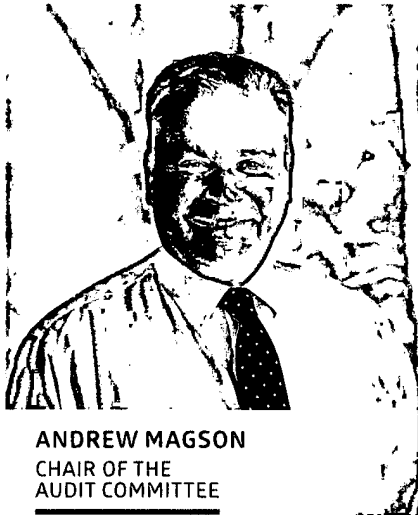
As usual, details of the outcome of the AGM and the resolutions passed will be announced to AIM and published on the Group's website at www.investors.renold.com.

All resolutions were passed at last year's Annual General Meeting.



Engineering chain application: Marsh buggies in the USA

Audit Committee report



The Committee continued to support management in continually improving accounting and control processes, whilst maintaining oversight of external and internal audit activity during the year."

Overview

The key areas of focus for the Committee's work this year were to:

1. Support management in driving continuous improvements in accounting and internal financial control across the Group.

Particular areas of focus this year related to key risk items including:

- further improvements to inventory valuation processes;
- re-evaluation of various tax positions across the Group, in particular with regard to transfer pricing and deferred tax;
- the recognition of revenue and profit over time in relation to long-term contracts; and
- oversight of the development of systems underpinning financial reporting and control.

The Committee was satisfied with reports received from both management and auditors in these areas.

2. Support management, where needed, to improve the quality of Renold's people resources in our finance function globally.
3. Work with management and Forvis Mazars LLP to assist in scoping the internal audit work for the financial year, including consideration of key internal financial control risks, and in helping to ensure that internal audit work dovetails well with assurance obtained elsewhere from central and divisional management reviews and the external audit.

Key objectives and responsibilities of the Committee

In support of the Board's duty of stewardship, the Committee aims to ensure appropriate corporate governance is applied to the Group's systems of internal financial control, financial reporting, external and internal audit and other compliance matters.

We monitor the integrity of financial information published externally for use by shareholders and other stakeholders. We also ensure that the integrity of the financial statements is supported by an effective external audit.

We support the efforts of the executive team to continuously improve the internal financial control and risk monitoring environment.

The terms of reference for the Committee were reviewed this year and updated. These terms of reference are available on the Company's website at www.investors.renold.com and they set out the responsibilities of the Committee in greater detail.

Committee membership and expertise

The Committee consists of three independent Non-Executive Directors: Tim Cooper, Vicki Potter and myself as Chair.

The Chair of the Company and Executive Directors are invited to attend when it is appropriate to do so.

Audit Committee members and meetings attended during the financial year

Committee member	Role	Meetings attended
Andrew Magson	Committee Chair and Non-Executive Director	6 of 6
Tim Cooper	Non-Executive Director	6 of 6
Vicki Potter	Non-Executive Director	6 of 6

Biographical details and experience of members are set out on pages 62 and 63.

The Board believes that Committee members have an appropriate range of financial, operational and commercial management expertise to allow the Committee to fulfil its duties. The Board considers that I have relevant and recent financial experience to perform the role of Committee Chair.

Committee meetings

During the year ended 31 March 2024, the Committee met six times. The meetings were attended by the independent Non-Executive Directors (the members), the Company Secretary and, by invitation, the Chair of the

Board, the Chief Executive, the Group Finance Director, the Group Financial Controller and representatives of the Group's external and internal auditors. From time to time, other members of the Group's management team and other external advisers are invited to attend to present or respond to

queries on particular areas of focus. The external and internal auditors have access to all Committee papers and minutes. The Committee meets privately at least once a year with representatives from both the external and internal auditors, which provides an opportunity for any matters to be raised in confidence which they consider should be brought to the attention of the Committee without the Executive Directors being present. Full details of Director attendance during the year are set out in the table of all Committee meetings on page 66 and in the table above.

Routine activities of the Committee during the year

In addition to the specific areas of focus described in the Overview section above, the Committee also carried out the following work under its Terms of Reference:

- Review, comment on, and recommend to the Board the Group's interim and full year financial statements for approval;
- Review and consider the appropriateness of the outcome of areas where significant judgements and estimates are required in the preparation of the financial statements, including those outlined on pages 109 and 110.
- Consider the appropriateness of presenting alternative performance measures and the clarity of disclosures relating to these measures;
- Consider and approve proposals from the external auditor regarding the approach to the audit strategy for the year ended 31 March 2024, including the proposed materiality level for the audit, and review of the findings of the audit;
- Review the results of internal audit activity for the year and consider, review, challenge and approve the scope of work proposed for the year;
- Review and update the Committee's Terms of Reference; and
- Review the Committee's effectiveness.

Significant issues considered in relation to the financial statements

The Committee monitors the integrity of the Company's financial information and other formal documents relating to its financial performance and makes appropriate recommendations to the Board before publication.

A key factor in the integrity of financial statements is ensuring that suitable and compliant accounting policies are adopted and applied consistently on a year-on-year basis and across the Group. In this respect, the Committee also considers significant estimates and judgements made by management in preparing the financial statements.

The Committee's considerations are supported by input from other assurance providers, e.g. the Group's external and internal auditors and other advisers such as pension scheme actuaries.

The following table summarises the material judgemental issues that the Committee considered during the year in relation to the financial statements. These were also the areas of key risk focus for the external auditors. The table also sets out the key performance indicators impacted by each of these issues in the financial statements, their relevance to the financial statements, an assessment of the degree of judgement required in concluding on each item and cross references to further detail.

Review matters	Relevant measures	Relevance	Judgement required
Inventory valuation and provisioning	Inventory value Average working capital ratio	○ Net inventory value £60.6m (2023: £61.8m) ○ Average working capital ratio 20% (2023: 17%) ○ For more detail see above and key sources of estimation uncertainty on page 110	Moderate to high
Deferred tax assets	Deferred tax asset recognition, supported by future taxable profit forecasts	○ Notes 4 and 17 to the financial statements ○ Key sources of estimation uncertainty, page 110	Moderate to high, after taking advice from external tax advisers
Revenue recognition (long term contracts)	Revenue and associated operating costs	○ Note 1 to the financial statements	Moderate
Retirement benefits	Retirement benefit obligation, IAS 19 finance costs	○ Notes 3 and 18 to the financial statements	Moderate, after taking advice from external advisers
Treatment of Bredbury lease	Operating profit, right-of-use asset disposal	○ Alternative performance measures; note 10 to the financial statements	Moderate

Audit Committee report CONTINUED

Internal audit

The Committee works with management and the internal auditors to help define the internal audit plan. It does so having regard to other available sources of internal control assurance, including reviews by the central and divisional finance teams and the external auditors. The internal audit plan, which contains risk-based and cyclical audits and reviews, together with specific scope reviews focussed on key risk areas or locations, currently focusses on internal financial controls.

The Committee receives and considers regular reports on internal financial controls from the internal auditors. These reports provide constructive feedback and recommendations for improvement. The Committee considers that the outsourcing of the internal audit function three years ago has improved the visibility of the operation of internal financial controls across the Group. In addition, the Committee monitors the resolution of internal and external audit points raised.

The Committee undertakes an annual review of the effectiveness of the internal audit function.

External audit

The Committee is responsible for overseeing relations with the external Auditor, including the approval of their terms of engagement, and makes recommendations to the Board on their remuneration and appointment and, where appropriate, reappointment based upon reviews of audit effectiveness.

Details of total remuneration for the Auditor for the year, including audit services, audit-related services and other non-audit services, can be found in Note 2(B) to the consolidated financial statements.

a. Auditor independence and objectivity

The independence of the external Auditor is essential to the provision of an objective opinion on the true and fair view presented in the financial statements. Auditor independence and objectivity is safeguarded by limiting the nature and value of non-audit services performed by the external Auditor. The Group has policies of not recruiting senior employees of an external Auditor who have worked on the audit in the past two years to senior financial positions within the Group. The lead engagement partner of the auditor is rotated at least every five years.

b. Non-audit services provided by the external Auditor

To safeguard the independence and objectivity of the Auditor, the Committee has approved a policy on non-audit services provided by the Auditor in line with professional practice and in accordance with ethical standards published by the Audit Practices Board of the Financial Reporting Council. Control of non-audit services is exercised by ensuring that all non-audit services, where fees exceed an agreed limit, are subject to the prior approval of the Committee, who must be satisfied there is no conflict of interest. The policy is available on the Company's website, www.renold.com. No non-audit services were provided by the Auditor in the financial year ended 31 March 2024.

c. Assessment of effectiveness of external audit

The Committee has a formal system for evaluating the performance and independence of the external Auditor. This system involves active dialogue with the lead engagement partner, a formal questionnaire and feedback process involving senior management in direct contact with the audit team, and the auditor's response to accounting, financial control and audit issues as these arise.

The Committee conducts an annual review of the structure and approach taken in the external audit, the level of non-audit fees, and the effectiveness, independence and objectivity of the external Auditor. This includes consideration of:

- The global external audit process.
- The Auditor's performance;
- The expertise of the firm and our relationship with them; and
- The results of the questionnaire process noted above.

The results of the review are discussed with the external Auditor.

Audit information

Having made the requisite enquiries, so far as the Directors in office at the date of the approval of this report are aware, there is no relevant audit information of which the Auditor is unaware and each Director has taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

Internal financial control effectiveness and fraud

Internal control effectiveness, which in Renold has focus on internal financial

controls, is assessed by the Committee through a combination of:

- Self-certification sign-off on compliance with minimum internal controls standards by the management of all Group businesses and Group management at the year end
- Management reports submitted to the Committee
- Internal audit reports
- External audit reports
- Reports from the Group's Executive Risk Management and Monitoring Committee (ERMMC)
- Discussions with management and site visits during the year
- Reporting to the Committee of any instances of fraud, and review of an annual paper from management considering fraud risks and the management of those risks

The Renold Group comprises a number of relatively small businesses, with operations in 17 countries worldwide, some in remote locations. Whilst operating a devolved management and control structure to enable the business to be responsive to local market needs, the Group defines the common values, codes of conduct, policies and minimum internal financial control standards that all Group businesses should adhere to.

Against this background, a key role of the Committee is to work with support and challenge management in evolving priorities for the continual improvement in the effectiveness of internal financial control systems, whilst ensuring the approach is proportionate and cost effective for an AIM listed group of Renold's size.

The Committee and Board are supporting management to progress the significant multi-year project to implement consistent business processes throughout the Group, including the replacement of a variety of legacy business systems with a common Infor M3 system. This should significantly improve the consistency, resilience and visibility of the operation and effectiveness of key controls throughout the Group. M3 systems are now largely implemented throughout the TT division, with roll-out now progressing through the Chain division.

Having considered and challenged internal control and audit reports received from management and our auditors and reports on remedial actions taken to address improvement points raised previously, nothing came to the Committee's attention that has caused us any material concern with regard to the effectiveness of the Group's systems of internal financial control in operation during the year.

Fair, balanced and understandable

As part of its review of the financial statements and annual report, and through discussions with management and the external auditors, the Committee considers whether disclosures made by the Company meet the 'fair, balanced and understandable' requirement. Any concerns are raised at Committee meetings and, where appropriate, reported to the Board and resolved accordingly.

Confidential reporting procedures and whistleblowing

The stewardship of the Group's assets and the integrity of the financial statements are further supported by confidential reporting and whistleblowing procedures. The Committee reviews these procedures once a year to ensure that appropriate processes are in place to treat complaints

confidentially and implement proportionate and independent investigations in all cases. The Committee is diligent in ensuring a high degree of visibility and accessibility of whistleblowing communication methods to all staff, including first-hand inspection during site visits. Details of all matters raised via the whistleblowing line and the progress in any open investigations are reported to the Committee.

Committee effectiveness evaluation

The Committee's effectiveness is assessed annually from questionnaires completed by Committee and Board members that are then discussed by the Committee and the wider Board. Feedback from the assessment is used to seek continuous improvement, where applicable. Following positive feedback again this year, the Committee considers that it acted within its terms of reference and carried out its responsibilities effectively.

We welcome feedback from shareholders on this report.

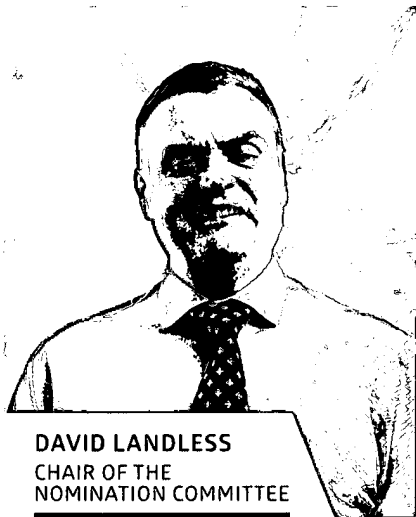
ANDREW MAGSON
CHAIR OF THE AUDIT COMMITTEE

16 July 2024



Engineers using moving particle simulation software to gain greater understanding of oil flows within a gearbox

Nomination Committee report



DAVID LANDLESS
CHAIR OF THE
NOMINATION COMMITTEE



The Committee's primary objective is to ensure that the Executive and Non-Executive Directors have the relevant skills, knowledge and experience to create a balanced and effective Board."

Whilst I am confident that our current Board is balanced and has a wide range of relevant skills, knowledge and experience required to successfully implement the Company's strategy, the Board recognises the benefits of further enhancing its diversity and skills.

Governance

The Corporate Governance Code adopted by the Company is the QCA Code. In November 2023 the QCA announced the introduction of a revised QCA Code (New QCA Code) to take effect from 1 April 2024 with a 12 month transition period to allow for the adoption of the New Code.

The Company intends to adopt and comply with the New QCA Code and will work towards the full adoption of the New Code during the transition period.

The terms of reference are available on the Company's website, www.investors.renold.com.

Members

The Committee comprises entirely Non-Executive Directors.

Committee Member	Role	Meetings attended
David Landless	Chair	3 of 3
Tim Cooper	Senior Independent Non-Executive Director	3 of 3
Andrew Magson	Non-Executive Director	3 of 3
Vicki Potter	Non-Executive Director	3 of 3

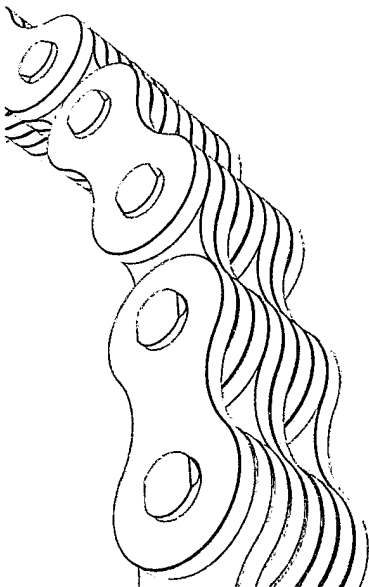
Activities of the Committee

During the year, the Committee has also carried out its annual evaluation. Again, this has proved a useful exercise in reviewing the Committee's work and concluded that it continues to work effectively.

The focus for the Committee in Financial Year 2025 will be to update and enhance the existing robust succession plans for the Executive Directors and the senior management team.

Main areas of responsibility

- Reviewing the structure, size and composition of the Board and Board Committees. This includes assessing skills, knowledge, experience and diversity of Board members and any resulting recommendations for change;
- Where new appointments of Executive and/or Non-Executive Directors are to be made, to lead that process and identify and recommend candidates to the Board;
- Giving full consideration to succession planning for Directors and senior executives, taking account of the challenges and opportunities facing the Company; and
- Considering the effectiveness of Directors.



Policy on appointments to the Board and diversity

The Committee's primary objective is to ensure that the Executive and Non-Executive Directors have the relevant skills, knowledge and experience to create a balanced and effective Board and to support the Group in delivering its overall strategic objectives. Our policy extends to ensuring that the various standing committees of the Board also have an appropriate range of skills and experience to deliver their terms of reference.

In addition to skills and experience, we will also consider how an individual's personal attributes would complement and enhance the diversity of the Board. For the appointment of Non-Executive Directors, additional factors for consideration include independence and ability to commit sufficient time to the Company.

The Board recognises the benefits of diversity in all its aspects and is committed to continuing to appoint directors with this in mind.

In selecting candidates for any appointment, the Board always considers candidates from a wide range of backgrounds and on merit and against objective criteria.

A formal and rigorous process is followed during the recruitment process for a new Director. This commences with the evaluation process described above. The Committee will then seek to identify suitable candidates, usually with the use of external recruitment consultants or, where appropriate, the use of open advertising. The Board will only engage search firms who have signed up to the Voluntary Code of Conduct on gender diversity and best practice and who do not have any other connection with the Company.

After completion of the initial evaluation process, meetings will be held with the Chair and Chief Executive, with a final appointment being made after all Board members have had the opportunity to meet the relevant candidate.

Board composition

At the time of writing we have a Board consisting of six members, made up of two Executive Directors being the Chief Executive and the Group Finance Director as well as four Non-Executive Directors.

All Non-Executive Directors are considered to be independent. The Non-Executive Directors hold a session separate from the Executive Directors on the day of each Board

meeting so that they can discuss matters and exchange ideas outside of the formal Board meeting itself.

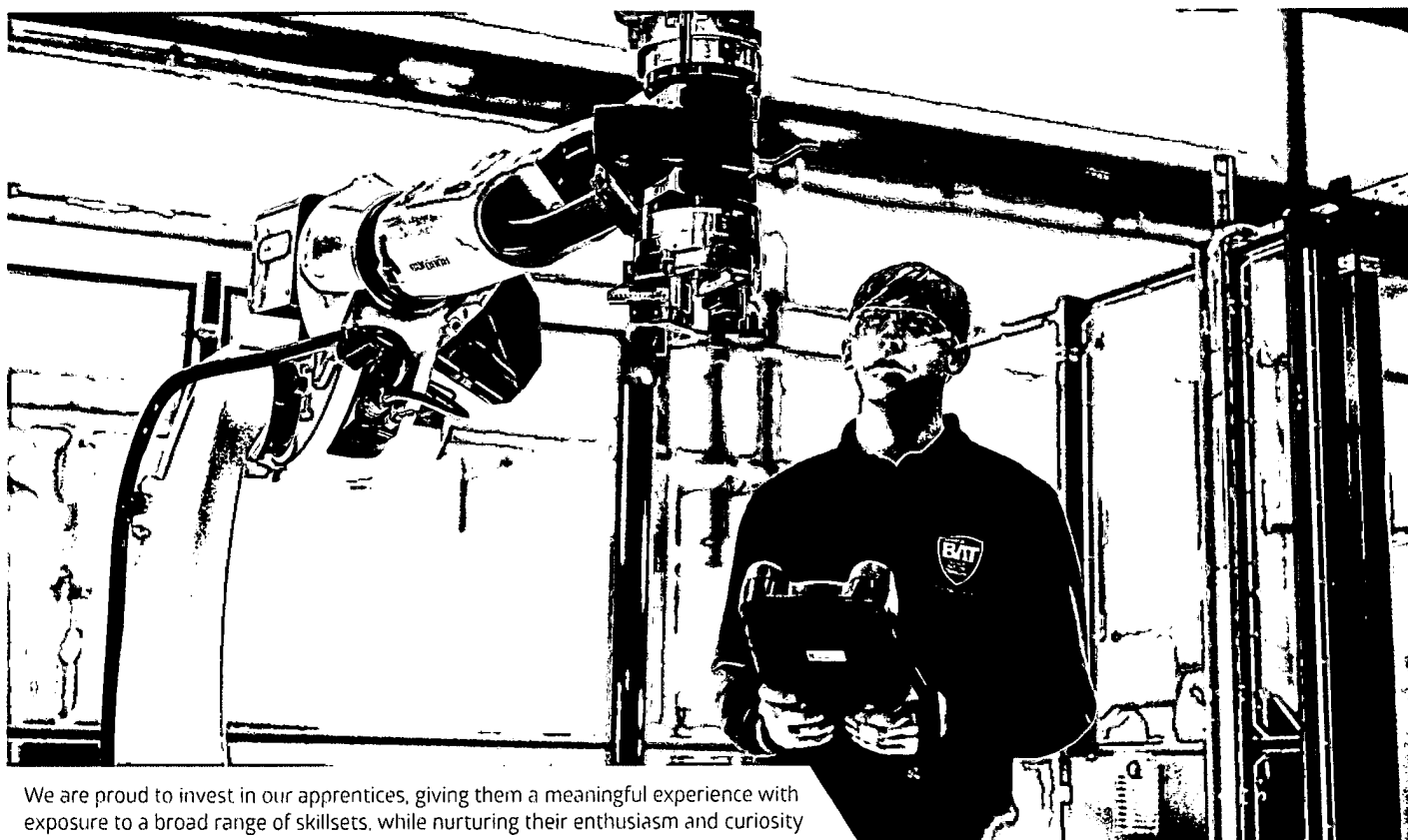
The Committee considers that the current capability of the Board is appropriate to progress the Group's strategy, whilst meeting expectations for good corporate governance.

All Board Committees comprise only Non-Executive Directors but the Executive Directors are invited to attend Board Committee meetings, where appropriate to do so.

For further information on the background of the Directors, see pages 62 and 63.

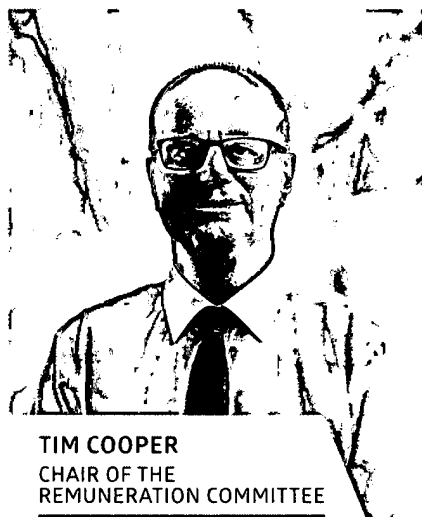
DAVID LANDLESS
CHAIR OF THE NOMINATION COMMITTEE

16 July 2024

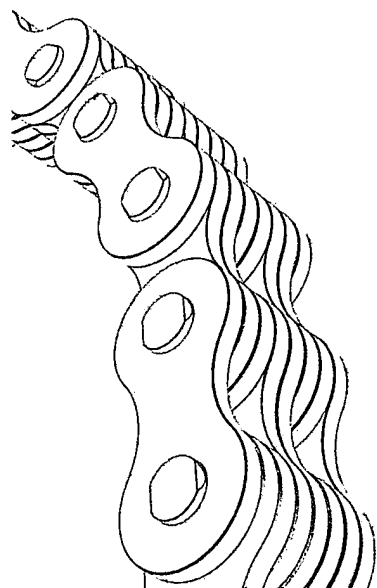


We are proud to invest in our apprentices, giving them a meaningful experience with exposure to a broad range of skillsets, while nurturing their enthusiasm and curiosity

Directors' remuneration report



The financial year 2023/2024 saw the Group continue to successfully execute on its strategy whilst delivering an excellent in year performance. The value creation and progress is reflected in the remuneration outcomes for the year."



Dear shareholders,

I am pleased to present the Directors' Remuneration Report. In this Annual Statement I summarise the main outcomes in the year for the remuneration of the Executive Directors and the continued application of the Remuneration Policy.

In the financial year 2023/2024, once again, the Company delivered a very strong financial performance ahead of market expectations and continued to build on its strategic goals. This is reflected in the remuneration outcomes (bonus and LTIP vesting) for the Executive Directors.

Renold moved its listing to AIM in 2019 and part of the Committee's work during the year has been to review its approach to remuneration reporting taking into account the new QCA Corporate Governance Code and the requirements and market practice of AIM listed companies. As a result of the review, we have made some changes to this report by removing some of the disclosures required of main market companies while ensuring that we retain our approach of providing clear and transparent disclosure of our remuneration arrangements.

Structure of our Directors' remuneration report

Our report is structured with the following sections:

- This, my Annual Statement, summarising the key decisions of the Remuneration Committee and remuneration outcomes for the year.
- The Annual Report on Remuneration, which shows the implementation of the Directors' Remuneration Policy during the year ended 31 March 2024 and how it is proposed to be applied for the year ending 31 March 2025.

The Remuneration Policy, which was approved at our 2022 AGM, can be viewed on the Group's website at investors.renold.com and in our 2022 Annual Report.

Key remuneration outcomes for the year

The Committee reviewed the salaries of the Executive Directors, considering the average increase awarded to UK-based employees, and determined that the salaries of the Chief Executive and Finance Director should be increased by approximately 5%. This led to new base salaries of £353,000 and £228,000 respectively. The salary increases were effective from 1 August 2023.

The fees payable to the Chair of the Company were also increased by approximately 5%, whilst the basic fees payable to the Non-Executive Directors increased by 5.3%.

The fees for the Chair of the Audit Committee and the Chair of the Remuneration Committee both increased to an annual fee of £7,000, and the Senior Independent Director to £3,000.

The key outcomes under the elements of variable pay for Executive Directors for the year are:

- Annual bonus: The executive annual bonus plan for the year to 31 March 2024 was based upon achievement of adjusted EBITDA and operating cash flow targets (with a weighting of 70/30). The Committee assessed performance against both targets and concluded that performance exceeded the higher range of each of the targets. As a result, the bonus achieved by the Executive Directors was 100% of the award available.
- PSP: The performance period for the PSP awards granted in July 2021 ended on 31 March 2024. The performance condition attached to these awards is Adjusted EPS CAGR over the three-year performance period of between 5% and 20% equating to between 2.3p – 3.5p respectively. The Adjusted EPS performance was 7.8p and therefore the awards vest in full.

The Committee did not apply any discretion to these awards.

In July 2023, performance share awards (PSP) were made to the Executive Directors and senior management with a performance target of EPS growth over a three-year performance period.

Implementation of policy for FY25

Salaries are reviewed in August each year and any increases will be reported in next year's Remuneration Report. There are no changes to our current approach to benefits and pension.

The bonus opportunity for FY25 will be 100% of salary for both Executive Directors. The performance measures will continue to be based on adjusted EBITDA and adjusted operating cash flow.

Any new Performance Share Awards (PSP) made to Executive Directors and senior managers in the financial year ending March 2025 will be made with a performance target of EPS growth over a three-year performance period. Any such award will be reported in next year's remuneration report.

Remuneration policy

Our Remuneration Policy was approved by shareholders at our 2022 AGM and following a main market triennial AGM approval timetable, the Committee will commence a detailed policy review during 2024 so that a new policy is brought to shareholders at our 2025 AGM. The Committee will also consider the implementation of the policy for the year ahead and the mix of performance measures and weightings for our incentives.

Tender process

This year, the Committee undertook a review of its long-term remuneration adviser, PwC, who had been in post since 2014. As a consequence of the review a tender process was initiated, which concluded with the appointment of Korn Ferry as the new remuneration adviser to the Committee in November 2023.

Closing remarks

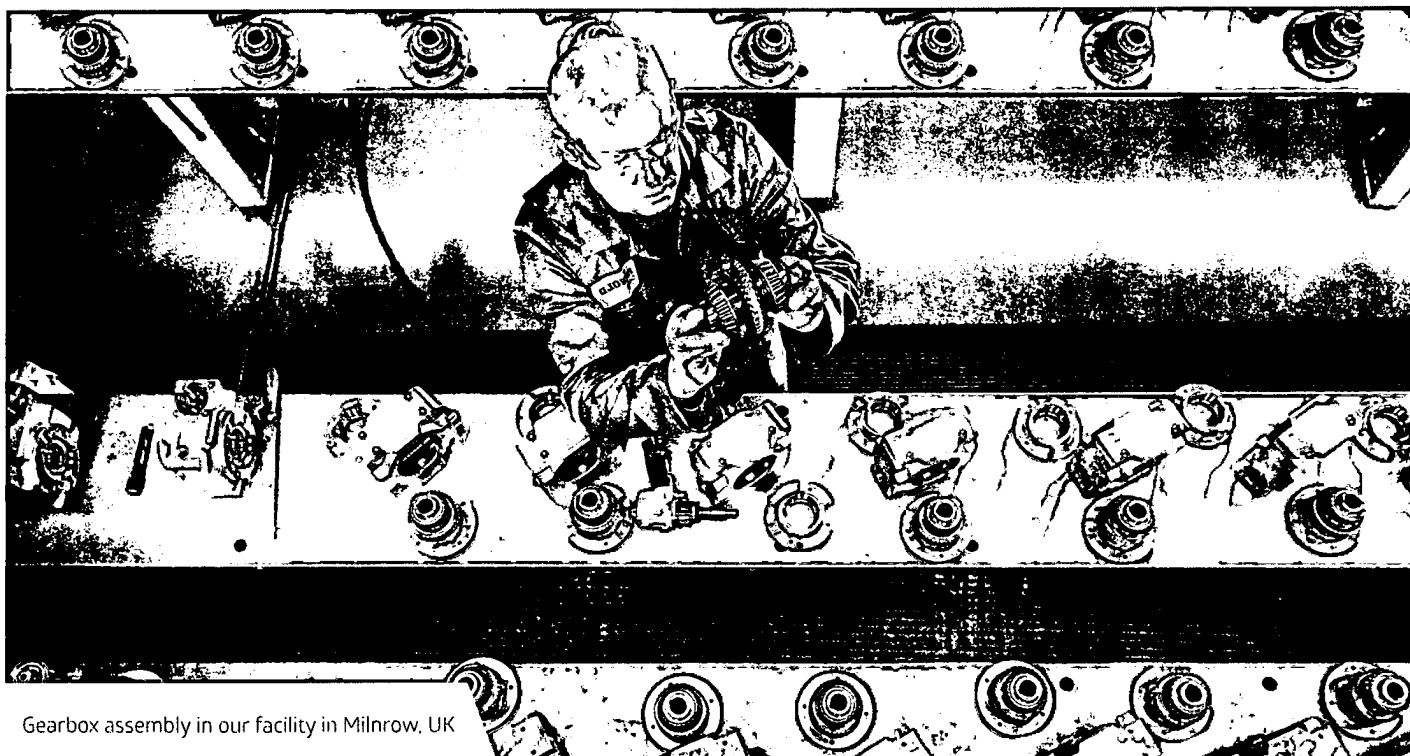
The Committee firmly believes our current remuneration structure continues to appropriately incentivise the Executive Directors and supports the delivery of the strategic objectives set out in the Strategic Plan. In addition, the shareholding requirements for Executive Directors will continue to align management's interests with those of shareholders. The Committee also believes that the remuneration outcomes for our Executive Directors for FY24 are clearly aligned to our underlying financial performance and investor interests and that the policy has operated effectively.

We will continue to be mindful of shareholder feedback and to changes in best practice within the context of the Group's governance framework as we move to review our current Directors' remuneration policy.

I look forward to receiving your support at our AGM for the advisory resolution to approve our Remuneration Report. If in the meantime you have any queries or would like to engage with me on remuneration matters, I can be contacted through our Company Secretary.

TIM COOPER
CHAIR OF THE
REMUNERATION COMMITTEE

16 July 2024



Gearbox assembly in our facility in Milnrow, UK

Directors' remuneration report CONTINUED

The Committee and its activities

This section of our report describes the membership of the Committee, its key responsibilities and principal activities during the year.

Remuneration Committee composition and meetings attended

The members of the Committee are the Non-Executive Directors. Members of the Committee during the year are set out below and further biographical details can be found on pages 62 and 63.

Remuneration Committee members and meetings attended

Name	Position	Meetings attended
Tim Cooper	Chair	6 of 6
David Landless	Non-Executive Director	6 of 6
Andrew Magson	Non-Executive Director	6 of 6
Vicki Potter	Non-Executive Director	6 of 6

The Executive Directors and the Group Director - People and Sustainability attend meetings by invitation. The external advisers to the Committee also attend meetings by invitation. No Director is involved in deciding their own remuneration, whether determined by the Committee or, in the case of the Non-Executive Directors, by the Board.

Governance

The terms of reference of the Committee are available on the Group's website: investors.renold.com. None of the Committee members has any personal financial interest (other than as shareholders) in the matters to be decided, or any conflict of interest, cross-directorships or day-to-day involvement in the running of the business.

Key responsibilities of the Committee

The Committee's responsibilities include:

- Determining, the overall remuneration packages for the Executive Directors and the Chair, and the terms of the service contracts and all other terms and conditions of employment of the Executive Directors.
- Ensuring that executive pay is strongly aligned to the Company's business priorities and the interests of shareholders. The Remuneration Policy is designed to attract, motivate and retain individuals who will deliver strong performance for all of our stakeholders. The Committee takes into account the pay and employment conditions of employees within the Group when determining the Executive Directors' remuneration.

Adviser to the Committee

During the year, the Committee determined to embark on a process to tender for the services of its nominated adviser having regard to the duration of the engagement of PwC, who were appointed in 2014.

This rigorous process concluded with the appointment of Korn Ferry as Remuneration Committee Advisers in November 2023.

In FY24, the Committee received independent advice initially from PwC and subsequently from Korn Ferry. Total fees for services provided by PwC over the year amounted to £23k.

PwC has also provided tax and pensions-related services to the Company. The Committee is satisfied that the advice given by PwC on executive remuneration is objective and independent. Korn Ferry has also provided recruitment services to the Company during the financial year. The Company is confident that the provision of these services creates no conflict of interest.

In addition to external advice received from its nominated adviser, the Committee consulted and received reports from the Finance Director and the Group Director - People and Sustainability. At all times, the Committee recognises the need to identify and manage conflicts of interest when receiving reports from, or consulting with, the Executive Directors or members of senior management.

Main activities of the Committee during the year

This year the Committee discussed the following themes and agenda items in accordance with its terms of reference:

Theme	Agenda items
Best practice	Considering the current corporate governance environment and the implications for the Company
Annual Report on Remuneration	Considering and approving the Annual Report on Remuneration to be put to shareholders
Executive Directors	Determining the Executive Directors' Incentive Plan (Bonus) in FY24 Determining the Executive Directors' annual pay review increase in FY24 Approving the awards made under the Company's Performance Share Plan (PSP) during the year
Committee performance	Reviewing the Committee's performance
Tender process for committee external advisers	Undertaking a review of the provision of external remuneration consultants' advisory services, considering the needs of the Committee and strategy of the Company

Directors' remuneration report

Annual report on remuneration

Governance

Introduction

This section of the Directors' remuneration report sets out the remuneration paid to Executive Directors and the fees paid to Non-Executive Directors for the financial year ended 31 March 2024. This section, together with the description of the composition of the Committee, which is set out on page 80 of the report, constitutes the Annual Report on Remuneration. The Annual Report on Remuneration will be subject to an advisory shareholder vote at the AGM on 10 September 2024.

Directors' remuneration (audited information)

Total remuneration – Single total figure table

The total remuneration for each Director for the period and for the prior year is set out below:

Executive Director	Salary (£'000)	Benefits (£'000)	Bonus (£'000)	LTIP ¹ (£'000)	Pensions (£'000)	Total 2024 (£'000)	Total 2023 (£'000)
Robert Purcell	347	18	336	1,004	52	1,757	1,432
Jim Haughey	224	7	217	324	17	789	643

¹ The FY23 LTIP value reflects those awards for which the performance period ended 31 March 2023. This value previously reflected the average share price for final quarter of the financial year, and has now been revised to reflect the actual share price on the date of vesting. The FY24 LTIP value reflects those awards for which the performance period ended 31 March 2024. The awards have been valued based on the FY24 Q4 share price of 40.5p.

Non-Executive Directors' fees	2024 £'000	2023 £'000
David Landless	139	132
Tim Cooper	57	53
Andrew Magson	54	51
Vicki Potter	47	41

(1) Fixed elements of pay

(i) Base salary

The salaries of the Executive Directors were reviewed on 1 August 2023. Increases were awarded to Robert Purcell and Jim Haughey of 5%, in line with the average increase awarded to UK-based employees. Robert Purcell's salary increased to £353,000 and Jim Haughey's salary increased to £228,000.

(ii) Pension

The pension entitlement for Robert Purcell is Company contributions equivalent to 15% of base salary. Company pension contributions for Directors appointed since 2020 are aligned to other UK employees at a rate of 7.5% of base salary. Accordingly, the pension entitlement for Jim Haughey is 7.5% of base salary. For the entirety of the financial year and going forward, Jim Haughey's pension entitlement has been paid to him through payroll as a cash payment, rather than directly into the Renold Pension Plan.

(iii) Benefits

Benefits received by the Executive Directors during the period included a company car or car allowance, fuel allowance, life assurance and private healthcare.

Non-Executive Directors do not receive any benefits.

Directors' remuneration report CONTINUED

Annual report on remuneration

(2) Variable elements of pay – awards assessed in the year

(i) Annual bonus (payable in cash)

The annual bonus, which is payable in cash, provides the Executive Directors with the opportunity to receive an annual bonus of up to 100% of base salary on achievement of adjusted EBITDA and adjusted operating cash flow targets. For the year ended 31 March 2024, the annual bonus targets were:

	Weighting	Entry (10% payout) £m	Mid (50% payout) £m	Max (100% payout) £m	Actual £m
Adjusted EBITDA	70%	32.8	35.3	37.8	£40.9m
Adjusted Operating Cash Flow	30%	9.3	13.3	15.3	£21.3m

Adjusted operating cash flow is a measure derived from the Group's management accounts and differs from the operating cash flow metric reconciled in Note 23. The adjusted operating cash flow metric used for bonus targets is designed to incentivise the senior management team to invest in appropriate capital expenditure or acquisition projects. Furthermore, the metric includes certain cash flows, including taxation and pension cash out flows, not ordinarily considered operating in nature but which are within the control of the senior management team.

Adjusted EBITDA and adjusted operating cash flow exceeded the maximum target and accordingly the bonus is payable in full, amounting to cash payments of £336,000 for Robert Purcell and £217,000 for Jim Haughey.

(ii) PSP awards performance testing

The performance period for PSP awards granted in July 2021 completed on 31 March 2024. The performance conditions applying to these awards are as follows:

Adjusted EPS performance criteria	Percentage of maximum vesting
Less than 2.3p	Nil
Equal to 2.3p	25%
Between 2.3p and 3.1p	Straight line basis from 25% to 80%
Between 3.1p and 3.5p	Straight line basis from 80% to 100%

The performance conditions in the table above were calculated based on the Compound Annual Growth Rate (CAGR) in adjusted EPS of between 5% CAGR at entry point and 20% CAGR at maximum.

Adjusted EPS for the year ended 31 March 2024 was 7.8p, as a result the awards to both Executive Directors are due to vest in full in July 2024.

(3) Variable elements of pay – awards made in the year

Awards made to Executive Directors during the year under the PSP, and associated performance conditions, are set out below. An award equal to 200% of salary was made to the Chief Executive, Robert Purcell and an award equal to 100% of salary was made to the Finance Director, Jim Haughey.

	Type of award	Face value ¹	Number of shares	Date of award	Performance period ending	Threshold vesting
Robert Purcell	Nil-cost option	£674,944	2,264,914	25 July 2023	31 Mar 2026	25%
Jim Haughey	Nil-cost option	£217,775	730,789	25 July 2023	31 Mar 2026	25%

¹ The number of shares awarded was based on a share price of 29.7p being the share price on 25 July 2023.

As in the majority of previous years, there is a single performance criteria linked to compound annual growth in adjusted EPS over a three year period.

(4) Payments to past Directors

There were no payments in the period to past Directors.

(5) Payments made for loss of office

No payments have been made to directors for loss of office in the year ended 31 March 2024.

(6) Directors' shareholding and share interests (audited information)

(i) Directors' interests

The beneficial interest of each of the Executive and Non-Executive Directors and their connected persons in the ordinary shares of the Company is detailed below.

The Chief Executive and Finance Director are required to build up a shareholding as shown below over a five-year period. This includes beneficially owned shares and vested but unexercised options. Unvested share options are not counted within the shareholding requirement. The table below sets out the extent to which this requirement was met as at 31 March 2024. No such minimum shareholding requirement exists for Non-Executive Directors.

	Shareholding at 31 March 2024			Shareholding at 31 March 2024 ¹ (as % of salary)
	Shareholding requirement (% of salary)	Beneficially owned shares	Vested but unexercised options	
Robert Purcell	200%	5,808,878	3,901,529	1,032%
Jim Haughey	100%	20,000	666,667	113%

¹ Based on a closing share price of 37.5p at 31 March 2024.

Non-Executive Directors	Shareholding at 31 March 2024
David Landless	35,000
Tim Cooper	43,482
Andrew Magson	50,000
Vicki Potter	45,000

There have been no changes in the interests of any current Director in the share capital of the Company between 31 March 2024 and the date of this report.

(ii) Directors' share options

Awards over shares in which the Executive Directors retain an interest are detailed in the table below as at 31 March 2024.

	Number of share options						Option price (p)	Date from which exercisable	Expiry date
	Options held at 1 Apr 2023	Granted in year	Lapsed or expired in year	Exercised in year	Options held at 31 Mar 2024	Options vested at 31 Mar 2024			
Robert Purcell									
PSP	1,834,862	-	-	-	1,834,862	1,834,862	Nil	22.11.2022	22.11.2029
	2,066,667	-	-	-	2,066,667	2,066,667	Nil	30.09.2023	30.09.2030
	2,480,000	-	-	-	2,480,000	-	Nil	23.07.2024	23.07.2031
	2,560,000	-	-	-	2,560,000	-	Nil	20.09.2025	20.09.2032
	-	2,264,914	-	-	2,264,914	-	Nil	25.07.2026	25.07.2033
Total	8,941,529	2,264,914	-	-	11,206,443	3,901,529			

	Number of share options						Option price (p)	Date from which exercisable	Expiry date
	Options held at 1 Apr 2023	Granted in year	Lapsed or expired in year	Exercised in year	Options held at 31 Mar 2024	Options vested at 31 Mar 2024			
Jim Haughey									
PSP	666,667	-	-	-	666,667	666,667	Nil	13.11.2023	13.11.2030
	800,000	-	-	-	800,000	-	Nil	23.07.2024	23.07.2031
	826,000	-	-	-	826,000	-	Nil	20.09.2025	20.09.2032
	-	730,789	-	-	730,789	-	Nil	25.07.2026	25.07.2033
Total	2,292,667	730,789	-	-	3,023,456	666,667			

The performance conditions for the share options are disclosed on page 82 and are included in this audited information section by reference. None of the terms and conditions of the share options were varied in the year.

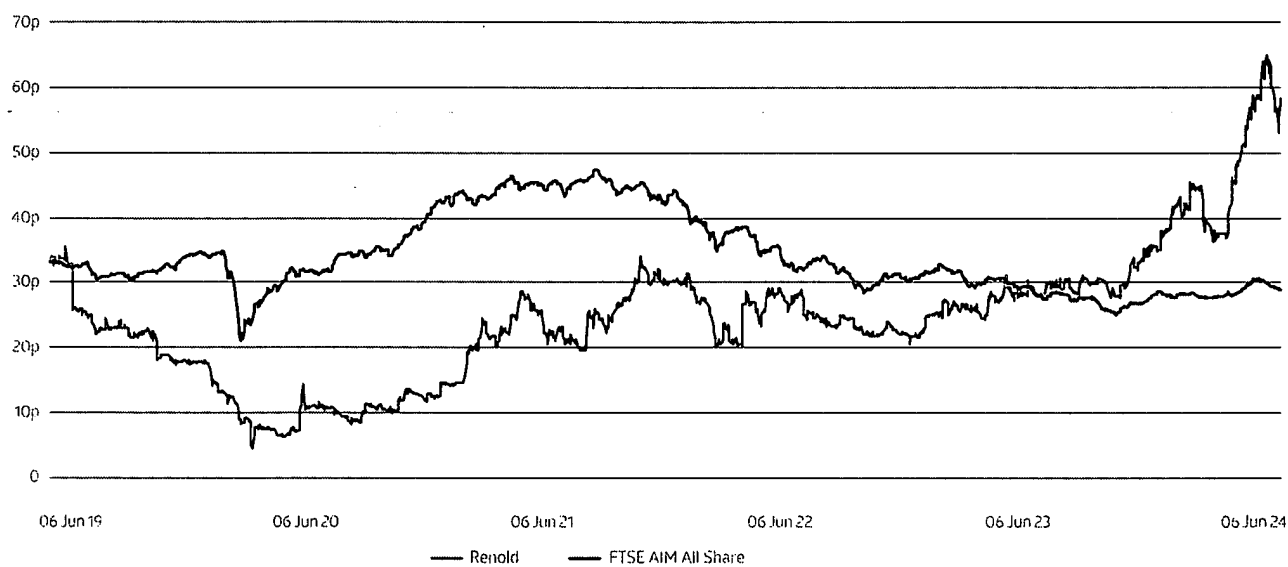
Directors' remuneration report CONTINUED

Annual report on remuneration

(7) Performance graph and table

The graph below shows the Company's total shareholder return for each of the last five financial years, of a holding of shares in the Company against a hypothetical holding of shares in the FTSE AIM All Share Index. The Committee considers this index to be an appropriate index for total shareholder return and comparison disclosure as it represents a broad equity index of similar companies.

Total shareholder return



(8) Chief Executive's remuneration for the years ended 31 March 2015 to 31 March 2024

The following table shows the history of the Chief Executive's total remuneration over the last ten years, and the proportions of annual bonus and options vesting each year as a percentage of the maximum.

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Chief Executive's total remuneration ¹ £'000	561	1,015	363	364	434	378	345	1,119	1,432	1,757
Annual bonus as % of maximum awarded	67%	–	–	–	20%	–	–	100%	100%	100%
LTIP as % of maximum vesting	n/a	100%	–	–	–	–	–	100%	100%	100%

¹ The FY23 LTIP value reflects those awards for which the performance period ended 31 March 2023. This value previously reflected the average share price for final quarter of the financial year, and has now been revised to reflect the actual share price on the date of vesting.

Future application of the remuneration policy

(1) Base salary

Consistent with the timing of annual employee pay reviews across the Group, which are implemented with effect from 1 August, the Committee reviews base salaries for the Executive Directors annually. The next review is expected to take place in September 2024 and any change will be backdated to be effective 1 August 2024. The current base salaries for the Executive Directors are set out on page 81.

Fees of the Non-Executive Directors are set out below, along with their date of first appointment. Each Non-Executive Director is re-appointed annually.

Name	Date of first appointment	Contractual fees
David Landless	9 January 2017	£141,500
Tim Cooper	14 November 2018	£58,000
Andrew Magson	1 December 2020	£55,000
Vicki Potter	3 May 2022	£48,000

The basic fee for Non-Executive Directors, the Chair's fee, the fee for Chair of the Audit and Remuneration Committees and the Senior Independent Director is expected to be reviewed in September 2024 and any change backdated to be effective 1 August 2024.

(2) Annual bonus

The performance measures for the 2024/25 annual bonus will be based on adjusted EBITDA and adjusted operating cash flow. The performance targets for the annual bonus are based on internal targets and considered commercially sensitive. In the interests of transparency, performance targets will continue to be disclosed retrospectively in the Remuneration Report for 2024/25.

(3) Long term incentive plan – PSP

The performance conditions attaching to options that will be granted under the PSP in the year commencing 1 April 2024 are expected to be in line with those awarded in the current year, being linked to EPS growth. Grant levels will be 200% of salary for the Chief Executive and 100% of salary for the Finance Director.

Approved by the Board and signed on its behalf by:

TIM COOPER

CHAIR OF THE REMUNERATION COMMITTEE

16 July 2024

Directors' report

The Directors submit their report and the financial statements as set out on pages 100 to 154. The Directors' Report, which comprises pages 86 to 89, sets out certain information in relation to the Company in accordance with the requirements of the Companies Act 2006 and the FCA's Listing and Disclosure and Transparency Rules.

The Strategic Report provides an overview of the performance of the business in the year ended 31 March 2024 and covers likely future developments in the business of the Company and the Group.

In accordance with section 414C (11) of the Companies Act 2006, information about the employment of disabled persons, employee involvement and greenhouse gas emissions, which is required to be included in the Directors' Report, has been included in the Strategic Report. The Corporate Governance Report also forms part of the Directors' Report. Where statutory disclosures have been made elsewhere in the Annual Report and Accounts, they are cross-referenced in the table on page 89 and therefore incorporated by reference.

Group

The Company is a public limited company incorporated in England and Wales with registered number 249688. Its registered office is located at Trident 2, Trident Business Park, Styal Road, Wythenshawe, Manchester M22 5XB.

The Group is an international engineering Group, producing a wide range of high-quality engineering products that are sold worldwide.

Results

Profit before tax for the year ended 31 March 2024 is £22.9m, compared with £17.3m for the year ended 31 March 2023.

Dividends

The Directors are recommending the payment of a dividend of 0.5 pence per share in relation to the ordinary shares. This is the first time that a dividend has been paid on the ordinary shares since 2005.

The Company may, by ordinary resolution, from time to time declare dividends not exceeding the amount recommended by the Board. Subject to the Companies Act 2006, the Board may pay dividends, whenever the financial position of the Company, in the opinion of the Board, justifies its payment.

Subject to approval at the Annual General Meeting, the final dividend will be paid on 17 September 2024 to ordinary shareholders on the register as at 9 August 2024.

Dividend payments in respect of the 6% cumulative preference stock in the Company were made on 3 July 2023 and 2 January 2024.

Directors' appointment and replacement

The appointment and replacement of Directors of the Company is governed by its Articles of Association and legislation. The Company's Articles of Association give power to the Board to appoint Directors to fill a vacancy or as additional Directors, but also require Directors to retire and submit themselves for election at the first AGM following their appointment.

In addition, any Director who was not elected or re-elected at either of the two preceding Annual General Meetings must retire and seek re-election. The Board has decided that all Non-Executive Directors are subject to annual re-election; please refer to the Corporate Governance Report on page 64 for further details. In compliance with the QCA Code Principle 6B, all Directors will stand for re-election at the 2024 AGM.

Under the terms of reference of the Nomination Committee, appointments to the Board are recommended by the Nomination Committee for approval by the Board. For a full description of the Company's policy on appointments to the Board, see the Nomination Committee Report on pages 76 to 77.

Shareholders may also appoint a Director by ordinary resolution.

Directors' interests

Details of the interests of the Directors and their connected persons in the Company's share capital and in options held under the Company's share option schemes, along with any changes in such interests since the end of the year, are detailed in the Directors' Remuneration Report on pages 78 to 85. No Director had any interests in contracts of significance in relation to the Company's business during the year.

Directors' and officers' liability insurance

Liability insurance for Directors and officers was maintained throughout the year. No qualifying third-party indemnity provision or qualifying pension scheme indemnity provision was in force when this Directors' Report was approved or was in force during the year.

Conflicts of interest

The Company's Articles of Association allow the Board to authorise potential conflicts of interest of Directors, on such terms (if any) as the Board thinks fit when giving any authorisation. Any decision of the Board to authorise a conflict of interest is only effective if it is approved without the conflicted Directors voting or without their votes being counted and, in making such a decision, the Directors must act in a way they consider in good faith will be most likely to promote the success of the Company. The Board considers that the procedures it has in place for reporting and considering conflicts of interest are effective and a review of previously approved conflicts is carried out annually.

Shares

Share capital

As at 31 March 2024, the issued share capital of the Company was £11,851,369 divided into 225,417,740 ordinary shares of 5p each and 580,482 units of 6% cumulative preference stock of £1 each.

The ordinary shares represent 95.1% of the Company's total share capital and the preference stock represents 4.9%. The Company's ordinary shares and preference stock are listed on AIM.

Purchase of own shares

The Company obtained shareholder authority at the 2023 AGM to make market purchases of up to 22,541,774 ordinary shares in the Company, which remains outstanding until the earlier of the conclusion of the 2024 AGM and 6 December 2024. The minimum price (exclusive of any expenses) that must be paid for any ordinary share is the nominal value of such share at the time of the purchase and the maximum price (exclusive of any expenses) shall be the higher of (i) 5% above the average of the middle market quotations of the ordinary shares (as derived from the AIM Appendix to the Daily Official List of the London Stock Exchange) for the five business days immediately prior to the contracted purchase date and (ii) the highest current

independent bid for any number of ordinary shares on the London Stock Exchange. As at the date of this report, the Company had not purchased any of its own ordinary shares in the market pursuant to such authority. The Directors will seek authority from shareholders at the 2024 AGM for the Company to purchase, in the market, up to 22,541,774 of its own ordinary shares (which represents approximately 10% of the Company's ordinary share capital as at the date of this report) either to be cancelled or retained as treasury shares.

Details of the Company's share capital are also set out in Note 19 to the Group financial statements.

The rights and obligations attaching to the Company's shares are contained in the Company's Articles of Association, a copy of which is available at investors.renold.com or can be obtained upon request from the Company Secretary. The Articles of Association were adopted at the General Meeting held on 8 May 2019 and amended on 8 May 2019 and 15 April 2021.

Voting rights

The Directors confirm that no person has any special rights of control over the Company's share capital and that no shares have been issued that carry any special rights with regard to control of the Company.

Holders of ordinary shares have one vote for every ordinary share held. The preference shares do not carry any voting rights.

Participants in employee share schemes have no voting or other rights in respect of the shares subject to those awards until the options are exercised, at which time the shares rank *pari passu* in all respects with shares already in issue. No such schemes carry any special rights with regard to control of the Company.

No member shall, unless the Directors otherwise determine, be entitled to vote at a General Meeting either personally or by proxy, or to exercise any other right conferred by membership in relation to meetings of the Company, if any call or other sum presently payable by them to the Company in respect of such shares remains unpaid. The Directors also have powers to suspend voting rights in certain limited circumstances when a shareholder has failed to comply with a notice issued under section 793 of the Companies Act 2006.

Full details of the deadlines for exercising voting rights and appointing a proxy or proxies in respect of the resolutions to be considered at the 2024 AGM are set out in the Notice of the forthcoming AGM.

Major shareholdings

At 29 March 2024 (the last trading day before 31 March 2024) the Company was notified of the following major holdings of voting rights attached to its ordinary shares under the FCA's Disclosure and Transparency Rule 5:

Shareholder	Shares	% issued share capital
Renold plc Employee Benefit Trust (UK)	27,344,580	12.13%
Hargreaves Lansdown Asset Mgt (Bristol)	22,920,436	10.17%
Jupiter Asset Mgt (London)	22,387,000	9.93%
Interactive Investor (Manchester)	19,935,799	8.84%
Janus Henderson Investors (London)	19,150,473	8.50%
Canaccord Genuity Wealth Mgt (London)	12,300,000	5.46%
Premier Miton Investors (London)	11,397,750	5.06%
River Global (London)	9,766,997	4.43%
A J Bell Securities (Tunbridge Wells)	7,102,916	3.15%
Halifax Share Dealing (Halifax)	5,850,037	2.60%

No major shareholder had any interest in derivatives or financial instruments relating to shares carrying voting rights that are linked to the Company's shares.

Directors' rights in respect of shares

The Board, which is responsible for the management of the Company's business, may exercise all the powers of the Company subject to the provisions of relevant legislation and the Company's Articles of Association. The powers of the Directors set out in the Articles of Association include those in relation to the issue and buyback of shares.

Issue of shares

The Directors are authorised to issue equity securities either by way of a rights issue or in any other way, provided that the shares issued, other than by way of a rights issue, open offer or other pre-emptive offer of the Company, be limited to shares with an aggregate nominal value of £563,544.35, being equal to 5% of the aggregate nominal amount of the Company's ordinary share capital in issue as at the date of the Notice of the Company's 2023 Annual General Meeting. The authority will expire at the earlier of the forthcoming AGM and 5 December 2024. The Directors will seek authority from shareholders at the 2024 AGM to issue equity securities either by way of a rights issue or in any other way, provided that the shares issued, other than by way of a rights issue, open offer or other pre-emptive offer of the Company, be limited to shares with an aggregate nominal value of £563,544.35.

In addition, the Directors are authorised to issue equity securities free of pre-emption rights, up to a maximum nominal amount of £563,544.35, representing an additional 5% of the issued ordinary share capital, for transactions which the Directors determine to be an acquisition or other specified capital investment. The authority will expire at the forthcoming AGM. The Directors will seek authority from shareholders at the 2024 AGM to issue equity securities free of pre-emption rights, up to a maximum nominal amount of £563,544.35, representing an additional 5% of the issued share capital, for transactions which the Directors determine to be an acquisition or other specified capital investment.

In addition, the Directors have authority to allot shares up to a maximum nominal amount of £7,506,410 (of which one half

may be allotted in any circumstances and the other half may be allotted pursuant to any rights issue or pursuant to any arrangements made for the allocation of shares included in, but not taken up, under such rights issue), the aggregate sum representing approximately two-thirds of the issued ordinary share capital as at the date of the Notice of the Company's 2024 Annual General Meeting. The authority will expire at the earlier of the forthcoming AGM and 5 December 2024. The Directors will seek authority from shareholders at the 2024 AGM to allot shares up to a maximum nominal amount of £7,506,410 (of which one half may be allotted in any circumstances and the other half may be allotted pursuant to any rights issue or pursuant to any arrangements made for the allocation of shares included in, but not taken up under, such rights issue), again representing approximately two thirds of the issued ordinary share capital as at the date of the Notice of the AGM.

Transfer of shares

The registration of transfers may be suspended at such times and for such periods as the Directors may determine. The Directors may refuse to register the transfer of any share that is not a fully paid-up share and may refuse to register any transfer in favour of more than four persons jointly. The Directors may also refuse to recognise any instrument of transfer unless it is in respect of any one class of share, is lodged at the requisite place and, where appropriate, is accompanied by any relevant share certificate and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer.

The Directors may suspend transfers where a shareholder has failed to comply with a notice issued under section 793 of the Companies Act 2006.

There are no other restrictions on the transfer of shares in the Company other than certain restrictions which may, from time to time, be imposed by laws and regulations (e.g. insider trading laws and market requirements relating to close periods) and pursuant to the AIM Rules for Companies whereby certain employees of the Company require the approval of the Company to deal in the Company's securities.

The Directors are not aware of any agreements between holders of securities that may result in restrictions on the transfer of securities or voting rights.

Donations

During the year, the Group made no political donations.

Contracts: change of control provisions

The Company's main UK banking facilities agreement with HSBC UK Bank plc, CitiBank N.A., AIB Group (UK) plc and Santander plc contains a change of control provision. This requires the Company to provide notification to the agent in the event of a change of control. The banks may then demand cancellation and repayment of the commitments and the loans.

Each of the three naval contracts entered into by Renold Power Transmission Limited (RPTL) in relation to the Type 26, Hunter and CSC programmes contain change of control clauses in relation to a change of ownership of RPTL (RPTL is wholly owned by Renold plc). The change of control provisions allow for the termination of such contracts by the counterparty where there is either a change of ownership to a party on a prohibited list or where there are material concerns about the ability of RPTL under new ownership to continue to perform its material obligations under the relevant contract.

No other material contracts contain change of control provisions.

There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a takeover bid.

Note 18 to the Group financial statements details the Group's obligations to contribute to the UK defined benefit pension schemes.

Annual General Meeting

The Annual General Meeting (AGM) of the Company will be held at the Company's registered office at Trident 2, Trident Business Park, Styal Road, Wythenshawe, Manchester M22 5XB on Tuesday 10 September 2024 at 11 am.

The resolutions being proposed at the 2024 AGM will be general in nature, including the renewal for a further year of the limited authority of the Directors to allot the unissued share capital of the Company and to issue shares for cash other than to existing shareholders (in line with the Pre-Emption Group's Statement of Principles). A resolution will also be proposed to renew the Directors' authority to purchase a portion of the Company's own shares. Resolutions will be proposed to renew these authorities, which would otherwise expire at the 2024 AGM.

One of the areas of special business to be addressed at this AGM is the proposal to extend the authority to disapply pre-emption rights by a further 5% of the issued ordinary share capital, such additional authority to be used only for limited purposes, which will be set out in the Notice of Meeting of the AGM.

Auditor

The Company's current auditor, BDO LLP was re-appointed at the 2023 AGM in September 2023.

Going concern

After making enquiries, we, the Directors, have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. We therefore continue to adopt the going concern basis in preparing the financial statements.

The basis on which this conclusion has been reached is set out on page 105, which is incorporated by reference here.

Directors' statement of disclosure of information to the Auditor

Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Other disclosures	Pages
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The Directors' Report was approved by the Board on 16 July 2024.

For and on behalf of the Board:

ROBERT PURCELL
CHIEF EXECUTIVE

JIM HAUGHEY
FINANCE DIRECTOR

□ Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with United Kingdom adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period.

In preparing the Parent Company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with UK adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

Responsibility statement

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;

- The strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- The annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 16 July 2024 and is signed on its behalf by:

By order of the Board.

ROBERT PURCELL
CHIEF EXECUTIVE

JIM HAUGHEY
FINANCE DIRECTOR

The Company's website, www.renold.com, which presents additional information about the Group, is regularly updated and includes the posting of the interim and final preliminary results and interim management statements on the day they are announced.

If you wish to advise a change of name, address, or dividend mandate, please contact the Company's registrar, Link Group, whose contact details appear on page 161. Alternatively, you can view up-to-date information and manage your shareholding through Link's share portal where you will be able to access and maintain your holding at your own convenience. You will require your unique investor code, which can be found on your share certificate. The URL for the portal is: www.signalshares.com.

Beware of share fraud

Scams can be hard to spot, especially as fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment. While high profits are promised, if you buy or sell shares in this way, you will probably lose your money.

Be ScamSmart and visit www.fca.org.uk/scamsmart.

How to avoid share fraud

- Beware of fraudsters pretending to be from the FCA. The FCA will never ask you to transfer money to them, and they would never ask for your bank account PINs and passwords.
- Keep in mind that firms authorised by the FCA are unlikely to contact you out of the blue with an offer to buy or sell shares.

- Fraudsters will often apply pressure to invest quickly, downplay the risks to your money, say that they are only making the offer available to you and promise tempting returns too good to be true.
- Fraudsters usually cold call, but they can also come through by e-mail, post or word of mouth.
- On a call, do not get into a conversation; note the name of the person and firm contacting you and then end the call.
- Check the Financial Services Register (the Register) from <https://register.fca.org.uk/s/> to see if the person and firm contacting you is authorised or registered by the FCA.
- Check the FCA Warning List from www.fca.org.uk/consumers/warning-list-unauthorised-firms to check the risks of a potential investment and to see if the firm is known to be operating without authorisation.
- Beware of fraudsters claiming to be from an authorised firm, copying its website or giving you false contact details.
- Use the firm's contact details listed on the Register if you want to call it back.
- Call the FCA on 0800 111 6768 if the firm does not have contact details on the Register or you are told they are out of date.
- Search the list of unauthorised firms to avoid at www.fca.org.uk/consumers/warning-list-unauthorised-firms
- Consider that if you buy or sell shares from an unauthorised firm you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme.

- Think about getting independent financial and professional advice before you hand over any money. Do not use an adviser from the firm that contacted you. MoneyHelper has information on how to find a financial adviser <https://www.moneyhelper.org.uk/en/getting-help-and-advice/financial-advisers/choosing-a-financial-adviser>.

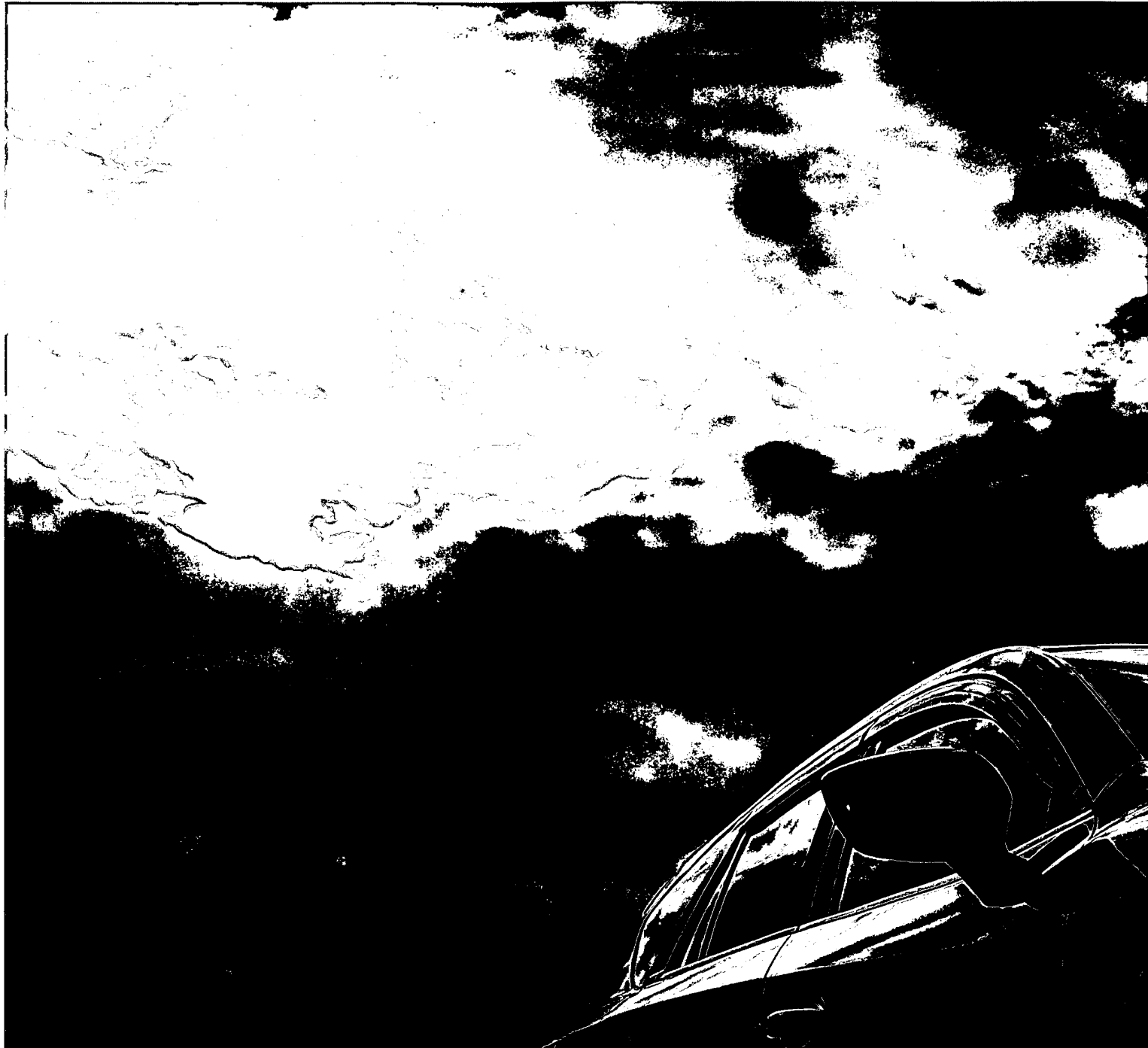
- **Remember: if it sounds too good to be true, it probably is!**

Report a scam

- If you are approached by fraudsters, please tell the FCA using the share fraud reporting form at www.fca.org.uk/consumers/protect-yourself-scams, where you can find out more about investment scams.

You can also call the FCA on 0800 111 6768.

If you have already paid money to share fraudsters you should contact Action Fraud on 0300 123 2040 or www.actionfraud.police.uk.



Case study

Car manufacturing



What is it used for?

Renold specialist conveyor chain solutions are frequently implemented in multiple processes found in the car manufacturing industry. Applications include carrying door panels to the assembly line or a highly bespoke conveyor chain aimed to move and secure a car for a shower test.



Why Renold?

With extensive experience in supplying the car industry Renold Chain Europe is a go-to supplier for many global manufacturers. Renold's reputation for supplying not just standard, but also highly engineered bespoke products, with proven reliability and low maintenance requirements, makes us a vital supplier to round the clock production facilities.

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Independent Auditor's report

to the Members of Renold plc

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2024 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Renold plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2024 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated and company statements of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- We obtained the assessment that supports the Directors' conclusions with respect to the disclosures provided around going concern;
- We challenged the rationale for the assumptions utilised in the forecasts, using our knowledge of the business, the sector and wider commentary available from competitors and peers;
- We considered the appropriateness of the directors forecasts by testing their mechanical accuracy, assessing historical forecasting accuracy and understanding the directors consideration of downside sensitivity analysis;
- We obtained an understanding of the financing facilities from the finance agreements, including the nature of the facilities, covenants and attached conditions;
- We assessed the facility and covenant headroom calculations, and reperformed sensitivities on the directors base case and stressed case scenarios; and
- We reviewed the wording of the going concern disclosures, and assessed its consistency with the directors' assessment of going concern, including underlying forecasts.

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

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

Overview

Coverage	83% (2023: 89%) of Group profit before tax (absolute) 93% (2023: 87%) of Group revenue 91% (2023: 88%) of Group total assets		
Key audit matters		2024	2023
	Inventory valuation	✓	✓
	Acquisition accounting		✓
	Acquisition accounting is no longer considered to be a key audit matter because the acquisition in 2024 is deemed to be non-complex and less significant when compared to the prior year acquisition.		
Materiality	Group financial statements as a whole £1.164m (2023: £900k) based on 5% (2023: 5%) of adjusted profit before tax.		

An overview of the scope of our audit

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

Our Group audit scope focused on the Group's principal operating locations, being those in the UK, US, India, Spain, Germany, Belgium, Switzerland, China, Australia and Canada. Full scope audits were performed on the significant components Renold Power Transmission Limited, Jeffery Chain LP, Renold Inc. and the Parent company and specified procedures were performed on the non-significant components Renold Canada Limited, Jeffery Chain Acquisition Company Incorporated, Renold Continental Limited and Renold Switzerland GmbH by the group engagement team. The full scope audits of significant components Renold Chain India Private Limited, Renold GmbH, Renold (China) Transmission Products Co. Ltd and Industrias YUK, S.A and specified procedures on non-significant components Renold Australia (Prop.) Limited, Renold Hi-Tec Couplings SA and Renold Transmission (Shanghai) Co. Ltd were performed by component auditors from other BDO offices in the global network. (2023: same scope with the exception of Renold (China) Transmission Products Co. Ltd being a non-significant component and desktop review procedures were performed by the group engagement team for Renold Australia (Prop) Limited and Renold Hi-Tec Couplings SA).

The remaining components of the Group were considered non-significant and these components were principally subject to analytical review procedures by the Group engagement team.

Our involvement with component auditors

For the work performed by component auditors, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. Our involvement with component auditors included the following:

The Responsible Individual and senior members of the Group engagement team were involved at all stages of the audit process, directing the planning and risk assessment work.

Detailed Group instructions were sent to the component auditors, which included the principal areas to be covered by the audits, materiality levels, significant risks, fraud risks and other significant auditing and accounting matters, and further set out the information to be reported to the Group engagement team.

The Group engagement team attended planning calls with all component teams where the scope of their work was discussed. The Group engagement team reviewed the audit working papers of the component auditors, at both planning and completion, and attended completion meetings, including attending in person at Renold Chain India Limited, Renold GmbH, Renold (China) Transmission Products Co. Ltd, Renold Transmission (Shanghai) Co. Ltd and Renold Australia (Prop.) Limited with the relevant component audit team, and the respective divisional management teams following completion of the work.

Independent Auditor's report CONTINUED

to the Members of Renold plc

Key audit matters

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

Key audit matter		How the scope of our audit addressed the key audit matter
Inventory valuation Refer to accounting policies, key sources of estimation uncertainty and note 11	The Group holds inventory of £60.6m (2023: £61.8m). Management judgement is applied to the cost of inventories in order to accurately reflect the manufacturing costs incurred in bringing them to their current condition and physical location. This manufacturing cost primarily relates to the assessment of direct labour costs incurred, manufacturing overheads to be absorbed and other relevant production costs. The risk identified is that the carrying value of inventory is not appropriate, specifically manufactured goods where there was an increased level of management judgement required around the labour and overhead absorption. For these reasons we determined inventory valuation to be a key audit matter.	We have performed the following audit procedures: ○ We reviewed management's rationale and supporting calculations for the valuation methodology adopted and considered its appropriateness in accordance with the requirements of IAS 2. ○ We challenged the completeness of overhead costs capitalised in the cost of inventory, as well as selected a sample of costs absorbed and assessed their appropriateness in accordance with the requirements of IAS 2. ○ For a sample of inventory items we have agreed to bill of materials, confirming total amount contributed from raw materials, labour and overhead costs. ○ We challenged management on assumptions used in relation to machinery hours, with reference to standard hour reports for the last 3 years, and labour costs, with reference to employee contracts and payslips. ○ We compared the actual costs incurred to the standard costs to challenge the labour and overhead costs absorbed. We reviewed the variance identified with consideration for the amounts recognised as variances within the P&L. Key observations: We found the judgements and estimates adopted by management in the absorption of costs into inventory to be reasonable.

Our application of materiality

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

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

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

	Group financial statements		Parent company financial statements	
	2024 £m	2023 £m	2024 £m	2023 £m
Materiality	1.164	0.9	0.85	0.85
Basis for determining materiality	5% of adjusted profit before tax		73% (2023: 95%) of Group materiality	
Rationale for the benchmark applied	It was considered that adjusted profit before tax was the most appropriate basis for materiality as it reflects the underlying trading performance of the Group, eliminating non-recurring items and is in the interests of the users of the financial statements.		We have capped materiality at a percentage of Group materiality to take into consideration component aggregation risk.	
Performance materiality	0.815	0.63	0.595	0.595
Basis for determining performance materiality	70% of materiality		70% of materiality	
Rationale for the percentage applied for performance materiality	The following factors were considered: ○ risk assessment, including assessment of the Group's overall control environment; and ○ the disaggregated nature of the Group.		The following factors were considered: ○ risk assessment, including assessment of the Parent Company's overall control environment.	

Component materiality

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group, apart from the Parent Company whose materiality is set out above, based on a percentage of between 13% and 43% (2023: 11% and 44%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £150k to £500k (2023: £100k to £400k). In the audit of each component, we further applied performance materiality levels of 70% (2023: 70%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £46k (2023: £36k). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

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

We have nothing to report in this regard.

Independent Auditor's report CONTINUED

to the Members of Renold plc

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance, the Audit Committee and internal legal counsel; and
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations

We considered the significant laws and regulations to be the applicable accounting framework (UK adopted international accounting standards), UK tax legislation, AIM Listing Rules and the Companies Act 2006.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation, data protection and employment law.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Involvement of tax specialists in the audit.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management, the Audit Committee and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls, revenue recognition in relation to the cut off of sales and revenue recognition of long term contracts.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Involvement of forensic specialists in the audit to assist with the risk assessment at the planning stage and to help design appropriate audit procedures;
- Reviewing minutes of Board meetings throughout the period to corroborate our enquiries and to identify any other matters not already disclosed by management and the Directors;
- Assessing significant estimates made by management for bias, in particular to the Group's inventory valuation (see key audit matter above);
- Testing a sample of revenue transactions around the year end to supporting documentation (including invoice and proof of delivery) for all significant components to assess if the revenue had been recorded in the correct period;
- Reviewing costs to complete on long term contracts, the related performance obligation and contract margin to ensure any contract assets or liabilities have been recognised correctly;
- Challenged management on the budgeting process by comparing the cost budgeted to the actual costs incurred to manufacture; and
- Performed sensitivity analysis on the contract margin to a range to assess the impact on revenue recognised, should management's estimate of the margin be incorrect.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including component engagement teams who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. For component engagement teams, we also reviewed the result of their work performed in this regard.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

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

STUART WOOD (SENIOR STATUTORY AUDITOR)
FOR AND ON BEHALF OF BDO LLP, STATUTORY AUDITOR

Manchester, UK
16 July 2024

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

Consolidated income statement

for the year ended 31 March 2024

	Note	2024 £m	2023 £m
Revenue	1	241.4	247.1
Operating costs	2	(210.9)	(224.2)
Operating profit		30.5	22.9
Finance costs	3	(7.6)	(5.6)
Profit before tax		22.9	17.3
Taxation	4	(5.8)	(5.5)
Profit for the financial year		17.1	11.8
Earnings per share	5		
Basic earnings per share		8.3p	5.7p
Diluted earnings per share		7.3p	5.1p
Basic adjusted earnings per share ¹		7.8p	6.5p
Diluted adjusted earnings per share ¹		6.9p	5.9p

All results are from continuing operations.

¹ Definitions of adjusted measures are provided in alternative performance measures on page 156 of the financial statements.

Consolidated statement of comprehensive income

for the year ended 31 March 2024

	Note	2024 £m	2023 £m
Profit for the financial year		17.1	11.8
Items that may be reclassified to the income statement in subsequent years:			
Exchange differences on translation of foreign operations		(4.0)	2.7
Gain/(loss) on hedges of the net investment in foreign operations		0.5	(0.8)
Cash flow hedges:			
(Loss)/gain arising on cash flow hedges during the year		(0.3)	0.3
Cumulative (loss)/gain arising on cash flow hedges reclassified to profit or loss		(0.2)	0.6
Income tax relating to items that may be reclassified subsequently to profit or loss	17	0.1	(0.2)
		(3.9)	2.6
Items not to be reclassified to the income statement in subsequent years:			
Remeasurement gains on retirement benefit obligations	18	1.4	22.2
Tax on remeasurement gains on retirement benefit obligations - excluding impact of statutory rate change	17	(0.4)	(5.8)
		1.0	16.4
Other comprehensive (loss)/income for the year, net of tax		(2.9)	19.0
Total comprehensive income for the year, net of tax		14.2	30.8

Consolidated balance sheet

as at 31 March 2024



	Note	2024 £m	2023' £m
ASSETS			
Non-current assets			
Goodwill	7	29.3	28.2
Intangible assets	8	11.5	10.9
Property, plant and equipment	9	56.1	56.8
Right-of-use assets	10	15.1	16.5
Deferred tax assets	17	7.7	8.4
		119.7	120.8
Current assets			
Inventories	11	60.6	61.8
Trade and other receivables	12	39.8	43.5
Current tax		0.1	0.6
Derivative financial instruments	24	-	0.3
Cash and cash equivalents	13	17.8	19.3
		118.3	125.5
TOTAL ASSETS		238.0	246.3
LIABILITIES			
Current liabilities			
Borrowings	14	(3.8)	(47.3)
Trade and other payables	15	(53.7)	(57.2)
Lease liabilities	10	(2.3)	(2.7)
Current tax		(8.6)	(6.6)
Derivative financial instruments	24	(0.3)	-
Provisions	16	(1.6)	(0.9)
		(70.3)	(114.7)
NET CURRENT ASSETS		48.0	10.8
Non-current liabilities			
Borrowings	14	(38.4)	(13)
Preference stock	14	(0.5)	(0.5)
Trade and other payables	15	-	(2.5)
Lease liabilities	10	(12.8)	(17.5)
Deferred tax liabilities	17	(3.7)	(4.4)
Retirement benefit obligations	18	(57.1)	(62.2)
Provisions	16	(5.0)	(4.1)
		(117.5)	(92.5)
TOTAL LIABILITIES		(187.8)	(207.2)
NET ASSETS		50.2	39.1
EQUITY			
Issued share capital	19	11.3	11.3
Currency translation reserve	21	8.0	11.5
Other reserves	21	(8.8)	(4.5)
Retained earnings	21	39.7	20.8
TOTAL SHAREHOLDERS' FUNDS		50.2	39.1

See Note 17.

Approved by the Board on 16 July 2024 and signed on its behalf by:

ROBERT PURCELL
CHIEF EXECUTIVE

JIM HAUGHEY
FINANCE DIRECTOR

Consolidated statement of changes in equity

for the year ended 31 March 2024

	Share capital £m Note 19	Retained earnings £m Note 21	Currency translation reserve £m Note 21	Other reserves £m Note 21	Total shareholders' funds £m Note 21
At 31 March 2022	11.3	(8.7)	9.8	(5.4)	7.0
Profit for the year	-	11.8	-	-	11.8
Other comprehensive income	-	16.4	1.7	0.9	19.0
Total comprehensive income for the year	-	28.2	1.7	0.9	30.8
Share-based payments	-	1.3	-	-	1.3
At 31 March 2023	11.3	20.8	11.5	(4.5)	39.1
Profit for the year	-	17.1	-	-	17.1
Other comprehensive income/(loss)	-	1.0	(3.5)	(0.4)	(2.9)
Total comprehensive income/(loss) for the year	-	18.1	(3.5)	(0.4)	14.2
Own shares purchased	-	-	-	(4.5)	(4.5)
Settlement of share schemes	-	(0.6)	-	0.6	-
Share-based payments	-	1.4	-	-	1.4
At 31 March 2024	11.3	39.7	8.0	(8.8)	50.2

Included in retained earnings is £3.9m (31 March 2023: £2.7m) relating to a share option reserve.

The other reserves include Renold shares held by the Renold Employee Benefit Trust. The Renold Employee Benefit Trust holds Renold plc shares and satisfies awards made under various employee incentive schemes when issuance of new shares is not appropriate.

At 31 March 2024 27,583,116 (31 March 2023: 16,888,938) ordinary shares of 5p each were held by the Renold Employee Benefit Trust and, following recommendations by the employer, are provisionally allocated to satisfy awards under employee incentive schemes. The market value of these shares at 31 March 2024 was £10.3m (31 March 2023: £4.3m).

Consolidated statement of cash flows

Financial statements

for the year ended 31 March 2024

	Note	2024 £m	2023 £m
Cash flows from operating activities	23		
Cash generated from operations		36.0	19.4
Income taxes paid		(3.8)	(2.7)
Net cash flow from operating activities		32.2	16.7
Cash flows used in investing activities			
Proceeds from property disposals		0.1	-
Cash outflow on disposal of right-of-use assets		(0.6)	-
Purchase of property, plant and equipment		(8.3)	(7.0)
Purchase of intangible assets		(1.3)	(1.4)
Consideration paid for acquisitions net of cash acquired	25	(4.7)	(14.5)
Net cash flow used in investing activities		(14.8)	(22.9)
Cash flows from financing activities			
Repayment of principal under lease liabilities		(2.5)	(2.9)
Finance costs paid		(4.5)	(3.0)
Own shares purchased		(4.5)	-
Proceeds from borrowings		58.8	28.3
Repayment of borrowings		(67.4)	(8.3)
Net cash flow (used in)/from financing activities		(20.1)	14.1
Net (decrease)/increase in cash and cash equivalents		(2.7)	7.9
Net cash and cash equivalents at beginning of year		17.5	9.5
Effects of exchange rate changes		(0.7)	0.1
Net cash and cash equivalents at end of year	13	14.1	17.5

Accounting policies

Basis of accounting

Renold plc is a public limited company incorporated and domiciled in the United Kingdom. The consolidated financial statements of the Company comprise the Company and its subsidiaries (together referred to as the Group). The Company's financial statements present information about the Company as a separate entity and not about the Group. The financial statements have been prepared in accordance with UK-adopted international accounting standards.

The Parent Company has elected to prepare its parent company financial statements in accordance with FRS 101; these are presented on pages 144 to 154. The financial statements were approved by the Board on 16 July 2024.

The consolidated financial statements have been prepared on a historical cost basis except for items that are required by International Financial Reporting Standards ('IFRS') to be measured at fair value, principally certain financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

The principal accounting policies adopted are set out below.

Functional and presentation currency

These consolidated financial statements are presented in Pounds Sterling, which is the functional currency of Renold plc, the Parent Company of the Group.

Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction or average rates where applicable. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except for monetary items that form part of the net investment in foreign operations which are taken to other comprehensive income.

Assets and liabilities of overseas subsidiaries are translated into Pounds Sterling at the exchange rates at the end of the financial year. Income statements and cash flows are translated at the appropriate average rates of exchange for the year. Differences on exchange arising on the retranslation of net assets in overseas subsidiaries, borrowings used to finance or provide a hedge against those investments and from the translation of the results at average rates are taken directly to other comprehensive income. On loss of control of a foreign entity, related exchange differences previously recognised in other comprehensive income are recognised in the income statement as part of the gain or loss on sale.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company made up to 31 March each year.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and equity interests issued by the Group in exchange for control of the acquired entity. Consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed in operating costs as incurred. All identifiable assets and liabilities acquired and contingent liabilities assumed are initially measured at their fair values at the acquisition date.

The excess of the consideration transferred, the amount of any non-controlling interest and the acquisition date fair value of any previously held equity interest in the acquired entity as compared with the Group's share of the identifiable net assets are recognised as goodwill. Where the Group's share of identifiable net assets acquired exceeds the total consideration transferred, a gain from a bargain purchase is recognised immediately in the income statement after the fair values initially determined have been reassessed.

(A) Subsidiaries

Subsidiaries are entities that are controlled by the Group. As per IFRS 10 there are 3 elements of control: power over the investee, exposure, or rights, to variable returns from involvement with the investee; and the ability to use power over the investee to affect the amount of those returns. Typically, a shareholding of more than 50% of the voting rights is indicative of control. However, the impact of potential voting rights currently exercisable is taken into consideration.

The financial statements of subsidiaries are included in the consolidated financial statements of the Group from the date that control is obtained to the date that control ceases. The accounting policies of new subsidiaries are changed where necessary to align them with those of the Group.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. They are initially measured at the non-controlling interest's share of the net fair value of the assets and liabilities recognised or at fair value, as determined on an acquisition-by-acquisition basis. Subsequent to acquisition, non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interest's share of the changes in equity since the date of the combination.

The results and financial position of Renold Scottish Limited Partnership (SLP) have been consolidated in the consolidated financial statements of Renold plc. Renold plc is the parent undertaking of the general partner in the SLP (see Note 15 to the Company financial statements). To determine that Renold plc has control over the SLP, we considered the following activities, benefits and risks:

- Activities – The SLP was established by Renold plc as a means of funding its pension obligation in an efficient manner.
- Benefits – During the 25-year period, the Renold Pension Scheme will receive substantially all of the SLP's income. However, after this period, the Renold Group is entitled to any remaining income generated in the SLP, together with any other residual value in the SLP.

○ Risks – The Group bears the risks incidental to the activities of the SLP because it retains the obligation to ensure the pension scheme is appropriately funded.

Accordingly, advantage has been taken of the exemption conferred by paragraph 7 of the Partnerships (Accounts) Regulations 2008 from the requirements for preparation, delivery and publication of the partnership's accounts.

(B) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expense arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investments are eliminated to the extent of the Group's interest in that investment. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Going concern

The financial statements have been prepared on a going concern basis. In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future.

Further information in relation to the Group's business activities, together with the factors likely to affect its future development, performance and financial position, liquidity, cash balances and borrowing facilities is set out in the Strategic Report section of the Annual Report. In addition, the financial statements within the Annual Report include the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities and its exposure to foreign exchange, credit and interest rate risk.

The key covenants attached to the Group's multi-currency revolving credit facility relate to leverage (net debt to EBITDA, maximum 3.0x) and interest cover (minimum 4.0x), which are measured in line with definitions laid out within the banking covenants, and on a post IFRS 16 basis for both EBITDA and bank debt. The Group regularly monitors its financial position to ensure that it remains within the terms of its banking covenants. The Group's net debt decreased by £4.9m to £24.9m (31 March 2023: £29.8m). The Group has accordingly remained within the borrowing covenant levels throughout the year ended 31 March 2024.

Being also mindful of the risk matrix disclosed on page 48, the Group has performed financial modelling of future cash flows. The Board has reviewed the cash flow forecasts, which cover a period of 12 months from the approval of the 2024 Annual Report, and which reflect forecasted changes in revenue across the Group's business units. A reverse stress test has been performed on the forecasts to determine the extent of downturn which would result in a breach of covenants. Revenue would have to reduce by 24% over the period under review for the Group to breach the leverage covenant under the terms of its borrowing facility. The reverse stress test does not take into account further mitigating actions which the Group would implement in the event of a severe and extended revenue decline, such as reducing discretionary spend and capital expenditure. This assessment indicates that the Group can operate within the level of its current facilities, as set out above, without the need to obtain any new facilities for a period of not less than 12 months from the date of this report.

Following this assessment, the Board of Directors are satisfied that the Group has sufficient resources to continue in operation for a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in relation to this conclusion and preparing the Consolidated Financial Statements. There are no key sensitivities identified in relation to this conclusion. Further information on the going concern of the Group can be found on page 56 in the Viability Statement.

Revenue

Revenue for goods sold is recognised at the value of the consideration specified in the contract with the customer for the sale of goods net of sales rebates, discounts, VAT and other sales related taxes and after eliminating sales within the Group. Revenue is recognised when the performance obligations of the Group have been fulfilled. Revenue is principally recognised at a point in time, when the obligation to despatch or deliver the specified goods is satisfied. There are a small number of contracts with customers for which performance obligations are satisfied over time. Revenue is recognised on the following basis:

(A) Sale of goods

Revenue recognised relates to the sale of high precision engineered power transmission products to a range of industries worldwide. Revenue is recognised on the sale of goods when the performance obligations of the Group, principally the obligation to despatch or deliver the specified goods, are satisfied, which is consistent with when the risks and rewards of ownership have transferred from the Group to the customer. This is normally the point of despatch to the customer when title passes.

For the small number of contracts with customers for which performance obligations are satisfied over time, the Group uses an appropriate method to measure progress, typically the cost input method, and recognises revenue commensurate with this progress over time. A cost input method is used as we believe that this method most closely aligns with our completion of each performance obligation. This may result in the recognition of Contract Assets or Contract Liabilities.

Payments from customers in relation to revenue recognised at a point in time may be received in advance of product manufacture, product shipment, or in line with agreed credit terms which are typically 30 to 60 days. In the case of revenue recognised over time, payment is usually received in line with pre-agreed contract milestones.

In some circumstances, the transaction price of our contract with a customer is variable. Where this is the case, we use either the expected value method or the most likely amount method so as to estimate the consideration to which we are entitled under the contract. The most appropriate method is selected based on the facts and circumstances of the contract, with similar circumstances being treated in the same way.

(B) Sales rebates and discounts

These comprise customer discounts and rebates which are sales incentives to customers to encourage them to purchase increased volumes and are related to total volumes purchased and sales growth or incentives for early payment. They are recognised in the same period as the sales to which they relate based upon management's best estimate of the amount necessary to meet claims made by the Group's customers in respect of these rebates and discounts such that the revenue recognised equals the consideration specified in the contract net of contractual rebates and discounts.

Accounting policies CONTINUED

Discounts received from suppliers

These comprise rebates and discounts received from suppliers as incentives to purchase increased volume or early settlement of amounts payable. They are recognised within operating costs over the period to which the contract or purchase relates.

Research and development

Expenditure on research and development is charged to the income statement in the year in which it is incurred with the exception of:

- amounts recoverable from third parties; and
- expenditure incurred in respect of the development of major new products, where the outcome of those projects is assessed as:
 - (i) being reasonably certain with regard to viability and technical feasibility; and
 - (ii) where the Group has obtained contractual commitments for the purchase of the new product covering a period of greater than 12 months.

Such expenditure is capitalised and amortised over the estimated period of sale for each product, commencing in the year that sales of the product are first made. Amortisation is charged on a straight-line basis.

Government assistance

A grant shall not be recognised until there is reasonable assurance that the business will comply with the conditions attached to it and that the grant will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Taxation

The tax charge included in the income statement comprises current tax payable and deferred tax.

The Group is subject to taxes in numerous jurisdictions. The current tax charge represents an estimate of the amounts payable to tax authorities in respect of taxable profits. It is based on tax rates and laws that have been enacted, or substantively enacted, by the balance sheet date.

Deferred income tax is provided using the liability method, providing for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The amount of deferred tax provided is calculated using tax rates enacted or substantively enacted at the balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised or taxable profit will be available against which unused tax losses can be utilised before they expire.

Deferred income tax relating to items recognised directly in other comprehensive income is recognised in other comprehensive income and not the income statement. Similarly, income tax is charged or credited to equity if it relates to items that are credited or charged directly to equity. Otherwise, income tax is recognised in the income statement.

Deferred tax balances are analysed in Note 17.

Dividends

Dividend distributions to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are paid or approved by the Company's shareholders.

Goodwill

(i) Initial recognition

Goodwill arises on business combinations and represents the excess of the cost of an acquisition over the Group's share of the identifiable net assets of the acquiree at the acquisition date. Where the cost is less than the Group's share of the identifiable net assets, the difference is immediately recognised in the income statement as a gain from a bargain purchase.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date.

(ii) Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investments, goodwill acquired directly is included in the carrying amount of the investment.

(iii) Impairment

Goodwill is tested at least annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash generating units for the purpose of impairment testing. The cash generating unit to which the goodwill has been allocated is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Any impairment charge is recognised immediately in the income statement.

Intangible assets

(i) Computer software

Computer software that is not integral to an item of plant and equipment is recognised separately as an intangible asset. Amortisation is charged on a straight-line basis so as to charge the cost of software to the income statement over its expected useful life which is between three and seven years. Costs associated with maintaining computer software programs are recognised as an expense as incurred.

(ii) Software as a service

For Software as a Service ('SaaS') arrangements, the Group capitalise costs only relating to the configuration and customisation of SaaS arrangements as intangible assets where control of the software and associated configuration and customised elements exists.

(iii) Other intangible assets

Other intangible assets, such as those identified on acquisition by the Group that have finite useful lives, are recognised at fair value and measured at cost less accumulated amortisation and impairment losses. The estimated useful lives for the Group's finite life intangible assets are between three and ten years.

Intangible assets are reviewed, at least annually, to ensure that assets are not carried above their recoverable amounts. Where some indication of impairment exists, calculations are made of the discounted cash flows resulting from continued use of the assets (value-in-use) or from their disposal (fair value less costs to sell). Where these values are less than the carrying amount of the assets, an impairment loss is charged to the income statement.

Property, plant and equipment

Tangible assets are stated at cost, being purchase cost plus any incidental costs of acquisition, less accumulated depreciation and impairment.

Depreciation is calculated on a straight-line basis so as to charge the depreciable amount of the respective assets to the income statement over their expected useful lives. No depreciation has been charged on freehold land. The useful lives of assets are as follows:

	Years
Freehold buildings	50
Leasehold property improvements	50 years or the period of the lease if less
General plant and equipment	15
Fixtures	15
Precision cutting and grinding machines	10
Motor vehicles	3

Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in operating profit.

Refer to Note 16 for our treatment of dilapidations.

Leasing and right-of-use assets

Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the lease liability and associated finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The Group has a large number of material property, equipment and vehicle leases.

To the extent that a right-of-control exists over an asset subject to a lease, with a lease term exceeding one year, a right-of-use asset, representing the Group's right to use the underlying leased asset, and a lease liability, representing the Group's obligation to make lease payments, are recognised in the Group's Consolidated Balance Sheet at the commencement of the lease. The right-of-use asset is initially measured at cost and includes the amount of initial measurement of the lease liability and any direct costs incurred, including advance lease payments and an estimate of the dismantling, removal and restoration costs required by the terms and conditions of the lease. Depreciation is charged to the Consolidated Income Statement to depreciate the right-of-use asset from the commencement date until the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The lease term shall include the period of any extension option where it is reasonably certain that the option will be exercised. Where the lease contains a purchase option the asset is written off over the useful life of the asset when it is reasonably certain that the purchase option will be exercised.

The lease liability is measured at the present value of the future lease payments, including variable lease payments that depend on an index and the exercise price of purchased options where it is reasonably certain that the option will be exercised, discounted using the interest rate implicit in the lease, if readily determinable. If the rate cannot be readily determined, the lessee's incremental borrowing rate is used. Finance charges are recognised in the Consolidated Income Statement over the period of the lease. Lease arrangements that are short term in nature or low value are charged directly to the Consolidated Income Statement when incurred. Short-term leases are leases with a lease term of 12 month or less. Low-value assets comprise small items of furniture or equipment.

Inventories

Inventories are stated at the lower of their cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost is calculated on a 'first in, first out' basis and includes all direct expenditure and attributable overhead expenditure incurred in bringing goods to their current state. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. In the Group accounts, unrealised profit on sales within the Group is deducted from inventories.

Trade and other receivables

Financial assets are carried at amortised cost less any impairment. The carrying amount of financial assets is reduced by an amount equal to the expected lifetime losses. Subsequent recoveries of amounts previously written off are credited against the allowance account and changes in the carrying amount of the allowance account are recognised in the Income Statement. As the balances do not contain a significant financing element, the simplified approach relating to expected lifetime losses has been applied. In accordance with IFRS 9 a provision matrix is used, grouping trade and other receivables based on their attributes, principally geographical region. Expected credit losses are calculated as the difference between the amount contractually owed to the Group and the cash flows which the Group expect to receive based on past default experience, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Accounting policies

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities on the balance sheet.

Borrowings

Borrowings are initially recognised at the fair value of the proceeds, net of related transaction costs. These transaction costs, and any discount or premium on issue, are subsequently amortised under the effective interest rate method through the income statement as interest over the life of the loan and added to the liability disclosed in the balance sheet. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least one year after the balance sheet date.

Trade and other payables

Trade and other payables, including accruals and other payables qualifying as financial instruments, are accounted for at amortised cost and are categorised as other financial liabilities.

Provisions

Provisions are recognised when the Group: (i) has a present legal or constructive obligation as a result of past events; (ii) it is more likely than not that an outflow of resources will be required to settle the obligation; and (iii) a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, e.g. under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Costs related to ongoing activities of the Group are not provided in advance.

Deferred tax

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised within the foreseeable future (assessed to be five years). Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable authority and taxable entity, or where deferred tax relates to different taxable entities, the tax authority permits the Group to make a single net payment.

Retirement benefit obligations

The Group operates a number of defined benefit plans around the world. The costs are calculated by independent actuaries using the projected unit credit method. Any past service costs resulting from enhanced benefits are recognised immediately in the income statement as an operating cost. Administration costs, including the Pensions Protection Levy, are charged to operating costs. However, plan asset management costs are included in the actual return on plan assets.

Remeasurement gains and losses, comprising actuarial gains and losses, and the return on plan assets (excluding amounts included in net interest), are recognised in other comprehensive income in the period in which they occur. Actuarial gains and losses arise when actual results differ from the assessment outcomes which are used to calculate defined benefit assets and liabilities at a particular point in time.

The defined benefit liability or asset recognised in the balance sheet represents the net total for each plan of the present value of the benefit obligation at the balance sheet date, less the fair value of plan assets (for funded schemes) at the balance sheet date. If a plan is in surplus, the asset recognised is limited to the value of any amount expected to be recoverable by the Group by way of refunds or reduction in future contributions.

Under the Group's UK pension scheme rules, any surplus arising on payment of agreed contributions is fully recoverable.

For defined contribution plans, the Group's contributions are charged to the income statement in the period in which they fall due. Once the contributions have been paid, the Group has no further payment obligation.

Share-based payments

The Group operates equity-settled share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is calculated using a Black-Scholes pricing model and is recognised as an expense over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options or performance shares granted. At each balance sheet date, the Group revises its estimate of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period. No expense is recognised for awards that do not ultimately vest except for awards where vesting is conditional upon market or non-vesting conditions. Options with market conditions are accounted for as vesting, irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance or service conditions are satisfied. The market-based conditions are linked to the market price of shares in the Company.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Financial instruments

Derivative financial instruments and hedging activities

The Group is exposed to foreign currency risks arising from sales or purchases by businesses in currencies other than their functional currency. It is Group policy that, when the net foreign exchange exposure to known future sales and purchases is material, this exposure is hedged using forward foreign exchange contracts. The Group also has significant investments in overseas operations, particularly in the United States and Europe. As a result, the sterling value of the Group's balance sheet can be significantly affected by movements in exchange rates. The Group seeks to mitigate the effect of these translational currency exposures by matching the net investment in overseas operations with borrowings denominated in their functional currencies.

The derivative financial instruments (forward foreign exchange contracts) are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

For those derivatives designated as hedges and for which hedge accounting is desired, the hedging relationship is formally designated and documented at its inception. This documentation identifies the risk management objective and strategy for undertaking the hedge, the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how effectiveness will be measured throughout its duration. Such hedges are expected at inception to be highly effective in offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the reporting period for which they were designated.

For the purpose of hedge accounting, hedges are classified as:

- Cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction; or
- Hedges of a net investment in a foreign operation.

There are no fair value hedges.

Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken to the income statement. The treatment of gains and losses arising from revaluing derivatives designated as hedging instruments depends on the nature of the hedging relationship, as follows:

(i) Cash flow hedges

For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income, while the ineffective portion is recognised in the income statement. Amounts taken to other comprehensive income are transferred to the income statement when the hedged transaction affects the income statement, such as when a forecast sale occurs.

If a forecast transaction is no longer expected to occur, amounts previously recognised in other comprehensive income are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in other comprehensive income remain in equity until the forecast transaction occurs and are transferred to the income statement or to the initial carrying amount of a non-financial asset or liability as above. If the related transaction is not expected to occur, the amount is taken to the income statement.

(ii) Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses relating to the effective portion are recognised in other comprehensive income, while any gains or losses relating to the ineffective portion are recognised in the income statement. On loss of control of the foreign operation, the cumulative value of any such gains or losses recognised directly in other comprehensive income is transferred to the income statement.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not stated at its fair value with changes in its fair value recognised in the income statement.

Preference shares

The Group's 6% cumulative preference stock of £1 each 'preference stock' has been classified as a liability. Dividends payable are included within net finance costs.

Fair value of financial assets and liabilities

The fair values of financial assets and financial liabilities are the amounts at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. IFRS 13 'Fair value measurement' requires fair value measurements to be classified according to the following hierarchy:

- Level 1 – quoted prices in active markets for identical assets or liabilities;
- Level 2 – valuations in which all inputs are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – valuations in which one or more inputs that are significant to the resulting value are not based on observable market data.

See Note 24(A) for information on the methods the Group uses to estimate the fair values of its financial instruments.

Critical judgements in the application of the group's accounting policies

In the course of preparing the financial statements, certain judgements have been made in the process of applying the Group's accounting policies, in addition to those involving estimations (below), that have had a significant effect on the amounts recognised in the financial statements.

Dilapidations and site rectifications on closed sites

The Group maintains provisions in relation to closed sites, including dilapidation and environmental provisions. Management reviews these provisions on a regular basis, in conjunction with third party expert surveyors and specialists, in order to provide the relevant expertise to inform key judgements.

Accounting policies CONTINUED

Tax transfer pricing

The Group operates across a number of jurisdictions and is subject to different tax laws and regulations.

Management ensures that all intragroup dealings are in accordance with the arm's length principle of transfer pricing, and with regard to local domestic tax legislation as it incorporates transfer pricing principles.

The Group has a global transfer pricing policy in place and applies, to the maximum extent possible, pricing that is consistent with the arm's length principle.

Transfer pricing, by its very nature, is subject to uncertainty in terms of whether tax jurisdictions will challenge the application of the arm's length principle. Additionally, the benchmarking process (used to arrive at reliable and accurate comparable data) is also subject to a degree of uncertainty.

Management at all times seeks to resolve any transfer pricing judgement uncertainty by relying on the advice of professional service firms, in-house tax knowledge, and expertise in similar transactions from the past.

Key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying value of the Group's assets or liabilities in the future. The Directors have considered the potential impact of climate change on the key sources of estimation uncertainty and concluded that there was no impact on the assumptions disclosed.

The key sources of estimation uncertainty that have a potential risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

(A) Taxation

The Group records liabilities in respect of open tax computations where the liabilities remain to be agreed with the relevant tax authorities. At 31 March 2024 the provision for open tax matters totalled £1.8m (31 March 2023: £1.8m). The uncertain tax items for which a liability is recorded principally relate to ongoing tax audits and the interpretation of tax legislation. Due to the uncertainty associated with such tax items, it is possible that at a future date, on conclusion of open tax matters, the final outcome may vary significantly. While a range of outcomes is reasonably possible, the extent of this range is additional liabilities of up to £0.5m (31 March 2023: £0.5m) to a reduction in liabilities of up to £1.1m (31 March 2023: £0.3m).

(B) Retirement benefit obligations

The valuation of the Group's defined benefit plans are determined by using actuarial valuations. These involve making assumptions about discount rates, mortality rates, future salary increases and future pension increases (future salary and pension increases are linked to inflation rate assumptions). Due to the long-term nature of these plans such estimates are subject to significant uncertainty. Net interest is calculated by applying the discount rate to the net defined benefit liability. Further details are given in Note 18.

(C) Customer claims

Despite the Group operating to the highest possible technical standards for the products which it manufactures, occasionally the Group encounters situations where claims are made by customers, for products supplied, which fail to meet the exact standards that the Group tries to meet. Significant commercial and technical judgement needs to be exercised in both determining the extent of any probable cash outflow, resulting from customers claims, but also assessing the amount of any settlement, especially in light of the future potential trading relationship with the customer concerned.

(D) Inventory valuation

Determining the carrying value of the Group's inventory involves a number of estimations and assumptions, including:

- those involved in deriving the gross value of inventory under the Group's standard cost methodology; and
- those involved in calculating an appropriate level of provision.

The Group's standard cost methodology allocates amounts of attributable direct costs, indirect costs and overheads incurred in the production process to the value of work in progress and finished goods. Determining the amount to absorb into these manufactured inventory balances involves deciding which cost lines should be included within the standard costing model. The standard costing model is also dependent on production volume and machine hours. While the inputs to the model are subject to detailed review and challenge, they rely on the estimations of management.

The calculation of inventory provisions requires estimation by management of the expected value of future sales. If the carrying value of inventory is higher than the expected recoverable value, the Group makes provisions to write inventory down to its net recoverable value. Inventory is initially assessed for impairment by comparing inventory levels to utilisation rates over the last 24 months.

At 31 March 2024, there was a total provision of £18.3m (2023: £18.7m) against gross inventory of £78.9m (2023: £80.5m). See Note 11 for a breakdown of inventory. The key driver of the provision is underpinned by the Group's estimate of demand for individual products and the overall level of inventory held. Based on uncertainties in the market, the Group continues to calculate the provision by reference to the higher of two years historical demand or committed future orders. Consequently, the key sensitivities to the provision are the extent of recovery and performance across the various markets in which the Group operates. Should demand be lower than expected, this would result in an increase in the value of the provision as a proportion of inventory. A 5% increase in the proportion of raw materials provided for would increase the provision by £0.5m (2023: £0.5m) and a 5% increase in the proportion of finished goods provided for would increase the provision by £2.7m (2023: £2.8m).

Adoption of new and revised standards

(A) New and revised accounting standards adopted by the group

During the year, the International Accounting Standards Board and International Financial Reporting Interpretations Committee have issued the following standards, amendments and interpretations, which are considered relevant to the Group. Their adoption has not had any significant impact on the amounts or disclosures reported in these financial statements. The amendments that became applicable for annual reporting periods commencing on or after 1 January 2023 were:

- IFRS 17 Insurance Contracts
- Amendments to IAS 1 Disclosure of accounting policies
- Amendments to IAS 8 Definition of accounting estimates
- Amendments to IAS 12 Deferred tax related to assets and liabilities arising from a single transaction
- Amendments to IAS 12 International tax reform, pillar two model rules

(B) New and revised accounting standards and interpretations which were in issue but were not yet effective and have not been adopted early by the group

The IASB published a number of amendments to IFRSs, new standards and interpretations which are not yet effective, and of which some have been endorsed for use in the EU. An impact assessment has been performed for each of these, with no significant financial impact being identified for the consolidated financial statements of the Group and the separate financial statements of Renold plc. The amendments, new standards and interpretations will be adopted in accordance with their effective dates.

- Amendments to IFRS 16 Lease liability in a sale and leaseback
- Amendments to IAS 1 Classification of liabilities as current or non-current
- Amendments to IAS 1 Non-current liabilities with covenants
- IAS 7 Statement of cash flows and IFRS 7 Financial instrument Disclosures

Notes to the consolidated financial statements

1. Segmental information

For management purposes, the Group is organised into two operating segments according to the nature of their products and services and these are considered by the Directors to be the reportable operating segments of Renold plc as shown below:

- The Chain segment manufactures and sells power transmission and conveyor chain and also includes sales of torque transmission products through Chain National Sales Companies (NSCs); and
- The Torque Transmission segment manufactures and sells torque transmission products, such as gearboxes and couplings.

No operating segments have been aggregated to form the above reportable segments.

The Chief Operating Decision Maker (CODM) for the purposes of IFRS 8 'Operating Segments' is considered to be the Board of Directors of Renold plc. Management monitor the results of the separate reportable operating segments based on operating profit and loss which is measured consistently with operating profit and loss in the consolidated financial statements. The same segmental basis applies to decisions about resource allocation. Disclosure has been included in respect of working capital as opposed to operating assets of each segment as this is the measure reported to the CODM on a regular basis. However, Group finance costs, retirement benefit obligations and income taxes are managed on a Group basis and therefore are not allocated to operating segments. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

	Chain ² £m	Torque Transmission £m	Head office costs and eliminations £m	Consolidated £m
Year ended 31 March 2024				
Revenue				
External customer – transferred at a point in time	191.9	45.3	–	237.2
External customer – transferred over time	–	4.2	–	4.2
Inter-segment ¹	0.9	4.0	(4.9)	–
Total revenue	192.8	53.5	(4.9)	241.4
Operating profit/(loss)	32.8	8.4	(10.7)	30.5
Finance costs				(7.6)
Profit before tax				22.9
Taxation				(5.8)
Profit after tax				17.1
Other disclosures				
Working capital ³	43.4	11.0	(7.7)	46.7
Capital expenditure ⁴	5.3	2.4	1.3	9.0
Total depreciation and amortisation	7.1	1.7	2.0	10.8

Year ended 31 March 2023	Chain ² £m	Torque Transmission £m	Head office costs and eliminations £m	Consolidated £m
Revenue				
External customer – transferred at a point in time	201.5	43.4	–	244.9
External customer – transferred over time	–	2.2	–	2.2
Inter-segment ¹	0.9	3.2	(4.1)	–
Total revenue	202.4	48.8	(4.1)	247.1
Operating profit/(loss)	26.5	–	(9.0)	22.9
Finance costs				(5.6)
Profit before tax				17.3
Taxation				(5.5)
Profit after tax				11.8
Other disclosures				
Working capital ³	44.0	10.9	(6.8)	48.1
Capital expenditure ⁴	5.6	2.2	1.2	9.0
Total depreciation and amortisation	6.9	1.6	2.6	11.1

¹ Inter-segment revenues are eliminated on consolidation.

² Included in Chain external sales is £6.9m (2023: £5.2m) of Torque Transmission product sold through the Chain NSCs, usually in countries where Torque Transmission does not have its own presence.

³ The measure of segment assets reviewed by the CODM is total working capital, defined as inventories and trade and other receivables, less trade and other payables. Working capital is also measured as a ratio of rolling annual sales.

⁴ Capital expenditure consists of additions to property, plant and equipment and intangible assets.

In addition to statutory reporting, the Group reports certain financial metrics on an adjusted basis (alternative performance measures, APMs). Definitions of adjusted measures, and information about the differences to statutory metrics are provided within the APM section on page 156 of the financial statements. Current year adjusting items include: £1.0m (2023: £0.7m) of amortisation of acquired intangibles (Chain segment) and £0.5m (2023: £0.6m) of acquisition costs and £2.3m (2023: £nil) income relating to assignment of lease and costs of closed sites.

Constant exchange rate results are current period results retranslated using prior year exchange rates. A reconciliation is provided below and within the APMs.

Future performance obligations

The transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at 31 March 2024 is £83.6m (2023: £99.5m). This mostly comprises of the obligation to manufacture and supply standard Group products. The majority of this revenue is recognised at a point in time.

An amount of £13.3m (2023: £17.0m) relates to revenue from a small number of large customer contracts, for which revenue is recognised over time in line with progress against performance obligations. This revenue is expected to be recognised over the next seven years (2023: over the next eight years).

Year ended 31 March 2024	Chain £m	Torque Transmission £m	Head office costs and eliminations £m	Consolidated £m
Revenue				
External customer - transferred at a point in time	191.9	45.3	–	237.2
External customer - transferred over time	–	4.2	–	4.2
Inter-segment	0.9	4.0	(4.9)	–
Foreign exchange retranslation	6.3	1.7	(0.1)	7.9
Total revenue at constant exchange rates	199.1	55.2	(5.0)	249.3
Operating profit/(loss)	32.8	8.4	(10.7)	30.5
Foreign exchange retranslation	0.9	0.3	(0.1)	1.1
Operating profit/(loss) at constant exchange rates	33.7	8.7	(10.8)	31.6

Notes to the consolidated financial statements CONTINUED

1. Segmental information CONTINUED

Geographical analysis of external sales by destination, non-current asset location and average employee numbers

The UK is the home country of the parent company, Renold plc. The principal operating territories, the proportions of Group external revenue generated (customer location), external revenue, non-current assets (asset location) and average employee numbers in each are as follows:

	Revenue ratio		External revenue		Non-current assets		Average employee numbers	
	2024 %	2023 %	2024 £m	2023 £m	2024 £m	2023 £m	2024	2023
United Kingdom	9.1	7.7	21.9	19.1	13.8	13.3	293	280
Rest of Europe	29.7	29.6	71.8	73.2	39.1	42.1	571	585
US & Canada	42.0	42.1	101.1	103.9	33.7	33.5	281	282
Australasia	10.5	10.2	25.4	25.3	6.9	4.7	138	125
China	4.0	5.0	9.7	12.4	13.4	14.3	227	247
India	3.2	3.8	7.8	9.3	5.1	4.5	330	335
Other countries	1.5	1.6	3.7	3.9	–	–	–	–
	100.0	100.0	241.4	247.1	112.0	112.4	1,840	1,854

All revenue relates to the sale of goods and services. No individual customer, or group of customers, represents more than 10% of Group revenue (2023: None more than 10%).

Non-current assets consist of goodwill, other intangible assets, right-of-use assets and property, plant and equipment. Deferred tax assets are not included in the above.

Employees are categorised as direct or indirect. The split of average employee numbers are direct 981 (2023: 1,038) and indirect 859 (2023: 816).

2. Operating costs and adjusting items

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

	2024		2023	
	£m	£m	£m	£m
Change in finished goods and work in progress		(0.5)		(3.0)
Raw materials and consumables		81.1		88.3
Other external charges		37.5		44.1
Employee costs				
Gross wages and salaries	67.0		67.9	
Social security costs	9.7		8.8	
Pension costs				
– defined benefit (Note 18)	–		0.1	
– defined contribution	1.4		1.2	
Share-based incentive plans (including related social security costs)	1.9		1.5	
		80.0		79.5
Depreciation of property, plant and equipment				
– owned assets		6.1		6.1
– right-of-use assets		2.7		2.5
Amortisation of intangible assets		1.1		1.8
Amortisation of acquired intangible assets		1.0		0.7
Acquisition costs		0.5		0.6
Short-term leases and leases of low-value assets – plant and machinery		0.1		0.2
Loss on disposal of owned property, plant and equipment		–		0.3
Research and development expenditure		0.8		0.7
Auditor's remuneration (Note 2(B))		0.9		0.8
Impairment losses and gains (including reversals of impairment losses) on financial assets				
– trade receivables impairment		–		0.4
Net foreign exchange losses		0.7		0.5
Pension administration costs (Note 18)		1.2		0.7
Non-recurring profit on disposal of right-of-use asset and associated lease liability		(2.3)		–
Total operating costs		210.9		224.2

During the current year a non-recurring gain of £2.3m was recorded in relation to the reassignment of the Bredbury head lease on 21 July 2023. For further details refer to Note 10.

(B) Auditor's remuneration

	2024	2023
	£'000	£'000
Audit of the Group's annual financial statements	260	245
Audit of the Company's subsidiaries	637	554
Total audit fees	897	799
Statutory accounts preparation	–	–
Total non-audit fees	–	–

This is reported in the following captions in the financial statements:

Operating costs	897	799
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Notes to the consolidated financial statements CONTINUED

2. Operating costs and adjusting items CONTINUED

(C) Employees and key management compensation

Employee costs, including Directors, are set out in Note 2(A). Key management personnel are represented by the Board and their aggregate emoluments were as follows:

	2024 £'000	2023 £'000
Statutory Directors' remuneration	1,498	1,439
Share-based payment charge including social security	1,046	616
Social security costs	196	194
Contributions to defined contribution pension plans	17	-
Total	2,757	2,249

Further details of the remuneration of Directors are provided in the Directors' Remuneration Report on pages 78 to 85.

All directors are employed by the parent company Renold plc, therefore the Group and company only disclosures will be the same.

The share-based payment charge includes amounts attributable to related employers social security charges.

A geographical split of the Group's average number of employees during the year is included in Note 1. The total number of employees employed by the Group at 31 March 2024 was 1,824 (2023: 1,864).

3. Finance costs

	2024 £m	2023 £m
Finance costs:		
Interest payable on bank loans and overdrafts*	3.7	2.3
Interest expense on lease liabilities*	0.8	0.7
Amortised financing costs*	0.3	0.3
Loan finance costs	4.8	3.3
Net IAS 19 finance costs	2.7	2.1
Discount unwind on non-current trade and other payables	0.1	0.2
Finance costs	7.6	5.6

* Amounts arising on financial liabilities measured at amortised cost.

4. Taxation

Analysis of tax charge in the year

	2024 £m	2023 £m
United Kingdom		
UK corporation tax at 25% (2023: 19%)	0.8	(0.1)
Overseas taxes		
Corporation taxes	4.4	2.6
Movement in uncertain tax positions	-	0.7
Adjustments in respect of prior periods	1.0	0.7
Withholding taxes	0.3	0.3
Current income tax charge	6.5	4.2
Deferred tax		
UK – origination and reversal of temporary differences	1.3	0.2
Overseas – origination and reversal of temporary differences	1.1	1.5
Adjustments in respect of prior periods	(0.7)	(0.4)
Movement in unprovided deferred tax balances	(2.4)	-
Total deferred tax (credit)/charge (Note 17)	(0.7)	1.3
Tax charge on profit on ordinary activities	5.8	5.5

	2024 £m	2023 £m
Tax on items taken to other comprehensive income		
Deferred tax on changes in net pension deficits	0.4	5.8
Tax on fair value of derivatives direct to reserves	(0.1)	0.2
Tax charge in the statement of other comprehensive income	0.3	6.0

Factors affecting the group tax charge for the year

The increase in the current tax charge is attributable to increased taxable profits in jurisdictions where the headline statutory tax rate is higher than the prevailing UK tax rate.

The deferred tax credit in the year primarily relates to an increase in the deferred tax assets recognised in the Group across the period due to an increase in the estimated profitability of the Group for the 5-year period.

At 31 March 2024, the provision for open tax matters totalled £1.8m (31 March 2023: £1.8m).

The Group's tax charge in future years will be affected by the profit mix, effective tax rates in the different countries where the Group operates and utilisation of tax losses. No deferred tax is recognised on the gross unremitted earnings of £25.5m of overseas subsidiaries in accordance with IAS 12.39.

The actual tax on the Group's profit before tax differs from the theoretical amount using the UK corporation tax rate as follows:

	2024 £m	2023 £m
Profit on ordinary activities before tax	22.9	17.3
Tax charge at UK statutory rate of 25% (2023: 19%)	5.7	3.3
Effects of:		
Non-taxable income	(0.1)	-
Non-deductible expenditure	1.6	0.7
Other deductible	-	(0.1)
Movement in uncertain tax positions	-	0.7
Overseas tax rate differences	0.5	0.9
Adjustments in respect of prior periods	0.3	(1.0)
Movement in unrecognised deferred tax	(2.5)	0.7
Withholding taxes	0.3	0.3
Total tax charge	5.8	5.5

Effective tax rate

The effective tax rate of 25% (2023: 32%) is the same as the prevailing UK tax rate of 25% (2023: 19%).

The change from the prior year effective tax rate is primarily driven by the increase in deferred tax recognition on losses in jurisdictions where there has been an increase in the projected future profitability based on updated information received by management.

Tax payments

Cash tax paid in the year was £3.8m (2023: £2.7m). The year on year increase is attributable to higher taxable profits in full cash tax paying territories, including the closure of a historical tax enquiry.

Notes to the consolidated financial statements CONTINUED

5. Earnings per share

Earnings per share (EPS) is calculated by reference to the earnings for the year and the weighted average number of shares in issue during the year as follows:

	2024			2023		
	Earnings £m	Shares (thousands)	Per share amount (pence)	Earnings £m	Shares (thousands)	Per share amount (pence)
Basic EPS – Profit attributed to ordinary shareholders	17.1	206,908	8.3	11.8	207,242	5.7
Effect of adjusting items, after tax:						
Amortisation of acquired intangible assets	1.0		0.5	0.7		0.3
Acquisition costs	0.5		0.2	0.6		0.3
– Deferred tax triggered on acquisition ¹	(1.0)		(0.5)	–		–
Assignment of lease and cost of closed sites	(2.3)		(1.1)	–		–
– Tax on assignment of lease and cost of closed sites	0.8		0.4	–		–
Tax adjustments relating to prior year	–		–	0.4		0.2
Adjusted EPS	16.1	206,908	7.8	13.5	207,242	6.5

¹ For the year ended 31 March 2024, £1.0m of deferred tax asset was recognised on brought forward tax losses for the Group's Australian entity, triggered by the acquisition of the trading assets of Davidson Chain PTY ('Davidson'). The acquisition resulted in a step change in the profitability of the Australian business such that it is now probable that taxable profits exist, against which previously unrecognised tax losses and temporary differences can be utilised. Consistent with the amortisation of acquired intangibles and other significant, non-recurring items, the deferred tax credit has been excluded for purposes of calculating adjusted EPS as it represents a significant non-recurring and acquisition-related item.

Inclusion of the dilutive securities, comprising 27,488,748 (2023: 23,003,207) additional shares due to share options, in the calculation of basic and adjusted EPS changes the amounts shown above to 7.3p and 6.9p respectively (2023: basic EPS 5.1p, adjusted EPS 5.9p).

The adjusted EPS numbers have been provided in order to give a useful indication of underlying performance by the exclusion of adjusting items. Due to the existence of unrecognised deferred tax assets there were no associated tax credits on some of the adjusting items and in these instances adjusting items are added back in full.

6. Dividends

No ordinary dividend payments were paid in either the current or prior year.

The Board fully recognises the importance of dividends as part of the overall value creation proposition for shareholders. The Board has carefully reviewed its capital allocation priorities, and believes that both organic and inorganic investment opportunities remain available to the Group. We are also aware of the continued and sustainable progress in terms of profitability, and cash generation that the Group has made over recent years, and we now believe that the Group can capitalise on these investment opportunities, while also introducing a dividend payment to shareholders.

The Company seeks to pay a sustainable and affordable dividend having regard to the current financial circumstances of the business and the Company's operational cash requirements.

Accordingly, the Board is recommending an ordinary dividend of 0.5p per share for the year ended 31 March 2024, with a total value of £1.0m. The dividend, if approved by shareholders at the 2024 Annual General Meeting, will be paid on 17 September 2024 to shareholders on the register as at 9 August 2024. The shares will be marked ex-dividend on 8 August 2024.

7. Goodwill

	2024 £m	2023 £m
Cost		
At 1 April	31.7	26.2
Acquisition of subsidiary (Note 25)	1.8	4.2
Exchange adjustment	(0.6)	1.3
At 31 March	32.9	31.7
Accumulated impairment		
At 1 April	3.5	3.5
Exchange adjustment	0.1	-
At 31 March	3.6	3.5
Carrying amount	29.3	28.2

Impairment testing

The Group performed its annual impairment test of goodwill at 31 March 2024 which compares the current book value to the recoverable amount from the continued use or sale of the related business.

The recoverable amount of each Cash Generating Unit (CGU) has been determined on a value-in-use basis, calculated as the net present value of cash flows derived from detailed financial plans. All business units in the Group have submitted a budget for the financial year ending 31 March 2025 and strategic plan forecasts for the two financial years ending 31 March 2027. The budget and strategic forecasts, which are subject to detailed review and challenge, were approved by the Board. The Group prepares cash flow forecasts based on these projections for the first three years, with years four and five extrapolated based on known future events, recently observable trends and management expectations. A terminal value calculation is used to estimate the cash flows after year five.

Sensitivity analysis has been performed including a zero revenue growth scenario (with current year revenue modelled for all future periods of the forecast) and a reverse stress test, to determine the extent of downturn which would result in a potential impairment. Revenue would have to reduce by 24% in the first year of the period under review (worse than the decline seen during the Covid pandemic) for the first CGU containing goodwill to require potential impairment. Under the reverse stress test the first CGU with headroom that eliminated was Europe & China.

The forecasts used for the impairment review are consistent with those used in the Going Concern review.

The key assumptions used in the value-in-use calculations are:

- Sales: Forecast sales are built up with reference to expected sales prices and volumes from individual markets and product categories based on past performance, projections of developments in key markets and management's judgement;
- Margins: Forecast margins reflect historical performance and management's experience of each CGU's profitability at the forecast level of sales including the impact of all completed restructuring projects. The projections do not include the impact of future restructuring projects to which the Group is not yet committed;
- Discount rate: Pre-tax discount rates have been calculated based on the Group's weighted average cost of capital and risks specific to the CGU being tested; and
- Long-term growth rates: As required by IAS 36, cash flows beyond the period of projections are extrapolated using long-term growth rates published by the Organisation for Economic Co-operation and Development for the territory in which the CGU is based. The discount rates applied to the cash flows of each of the CGUs are based on the risk free rate for long-term bonds issued by the government in the respective market. This is then adjusted to reflect both the increased risk of investing in equities and the systematic risk of the specific CGU (using an average of the betas of comparable companies). These rates do not reflect the long-term assumptions used by the Group for investment planning.

The Directors do not currently consider that any reasonably possible changes to the key assumptions would reduce the recoverable amount to its carrying value for any CGU. No impairment charge has been recognised in the current or prior period for any CGU. The goodwill acquired in the year relating to Davidson has been allocated to the Australia CGU.

	Growth rates		CGU discount rates (pre-tax)		Carrying values	
	2024 %	2023 %	2024 %	2023 %	2024 £m	2023 £m
Cash generating unit						
Americas (Jeffrey Chain)	2.1	2.0	12.7	15.0	20.8	21.4
Australia (Ace Chains, Davidson Chain)	2.3	2.2	10.4	12.1	2.2	0.5
India (Renold Chain)	6.3	6.4	15.9	20.4	1.7	1.6
Europe & China (Renold Tooth Chain, YUK)	1.2	1.7	15.1	15.5	4.6	4.7
					29.3	28.2

Notes to the consolidated financial statements CONTINUED

8. Intangible assets

	Customer order book £m	Customer relationships £m	Technical know-how £m	Non-compete agreements £m	Computer software £m	Total £m
Cost						
At 1 April 2022	0.3	4.6	0.2	–	19.9	25.0
Exchange adjustment	–	0.3	–	–	0.1	0.4
Additions	–	–	–	–	1.4	1.4
Acquisition of subsidiary	–	5.1	–	1.8	–	6.9
At 31 March 2023	0.3	10.0	0.2	1.8	21.4	33.7
Exchange adjustment	–	(0.2)	–	–	(0.3)	(0.5)
Additions	–	–	–	–	1.3	1.3
Recategorisation (Note 9)	–	–	–	–	0.5	0.5
Disposals	–	–	–	–	(0.1)	(0.1)
Acquisition of subsidiary (Note 25)	–	0.7	–	0.4	–	1.1
At 31 March 2024	0.3	10.5	0.2	2.2	22.8	36.0
Accumulated amortisation and impairment						
At 1 April 2022	0.3	4.2	0.2	–	15.2	19.9
Exchange adjustment	–	0.2	–	–	0.2	0.4
Amortisation charge	–	0.5	–	0.2	1.8	2.5
At 31 March 2023	0.3	4.9	0.2	0.2	17.2	22.8
Exchange adjustment	–	(0.3)	–	–	–	(0.3)
Amortisation charge	–	0.7	–	0.4	1.0	2.1
Disposals	–	–	–	–	(0.1)	(0.1)
At 31 March 2024	0.3	5.3	0.2	0.6	18.1	24.5
Net book amount						
At 31 March 2024	–	5.2	–	1.6	4.7	11.5
At 31 March 2023	–	5.1	–	1.6	4.2	10.9

During the year amounts have been recognised in accordance with IFRS 3 in relation to customer lists and non-compete agreements as a result of the acquisition of Davidson (Note 25). The customer relationships acquired have been valued using estimates of useful lives and discounted cash flows of expected income, and the non-compete agreements have been valued using the comparative income differential method.

The prior year acquisition of the Industrias YUK S.A business resulted in the recognition of amounts in relation to customer lists and non-compete agreements. The remaining amounts recognised for customer relationships, customer order book and technical know-how were acquired with the acquisition of the Brooks business and the Tooth Chain (Germany) business, of which the latter is now fully depreciated.

No brand names have been acquired in the current year acquisition or previous acquisitions.

9. Property, plant and equipment

	Land and buildings £m	Plant and equipment £m	Total £m
Cost			
At 1 April 2022	25.1	123.6	148.7
Exchange adjustment	0.3	3.5	3.8
Additions	0.2	7.4	7.6
Disposals	–	(1.8)	(1.8)
Recategorisation	0.3	(0.3)	–
Acquisition of subsidiary	–	5.4	5.4
At 31 March 2023	25.9	137.8	163.7
Exchange adjustment	(0.9)	(3.6)	(4.5)
Additions	0.4	7.3	7.7
Disposals	(0.2)	(2.7)	(2.9)
Recategorisation (Note 8)	0.7	(1.2)	(0.5)
Acquisition of subsidiary (Note 25)	–	0.1	0.1
At 31 March 2024	25.9	137.7	163.6
Accumulated depreciation and impairment			
At 1 April 2022	8.1	91.3	99.4
Exchange adjustment	0.2	2.7	2.9
Charge for the year	0.6	5.5	6.1
Disposals	–	(1.5)	(1.5)
At 31 March 2023	8.9	98.0	106.9
Exchange adjustment	(0.2)	(2.5)	(2.7)
Charge for the year	0.6	5.5	6.1
Disposals	(0.2)	(2.6)	(2.8)
At 31 March 2024	9.1	98.4	107.5
Net book amount			
At 31 March 2024	16.8	39.3	56.1
At 31 March 2023	17.0	39.8	56.8

Property, plant and equipment pledged as security for liabilities amounted to £35.2m (2023: £34.5m).

Future capital expenditure

At 31 March 2024 capital expenditure contracted for but not provided for in these accounts amounted to £1.7m (2023: £2.6m).

Notes to the consolidated financial statements CONTINUED

10. Leasing and right-of-use assets

Right-of-use assets

	Land and buildings £m	Plant and equipment £m	Total £m
Cost			
At 1 April 2022	12.6	2.0	14.6
Exchange adjustment	0.1	–	0.1
Acquisition of subsidiary	9.5	0.1	9.6
Additions	1.0	0.4	1.4
Disposals	(0.4)	(0.8)	(1.2)
At 31 March 2023	22.8	1.7	24.5
Exchange adjustment	(0.5)	–	(0.5)
Additions	1.7	1.4	3.1
Recategorisation	–	(0.1)	(0.1)
Disposals	(4.4)	(0.5)	(4.9)
At 31 March 2024	19.6	2.5	22.1
Accumulated depreciation and impairment			
At 1 April 2022	5.4	1.2	6.6
Exchange adjustment	0.1	–	0.1
Charge for the year	2.0	0.5	2.5
Disposals	(0.4)	(0.8)	(1.2)
At 31 March 2023	7.1	0.9	8.0
Exchange adjustment	(0.1)	0.1	–
Charge for the year	2.0	0.6	2.6
Recategorisation	–	(0.1)	(0.1)
Disposals	(3.0)	(0.5)	(3.5)
At 31 March 2024	6.0	1.0	7.0
Net book amount			
At 31 March 2024	13.6	1.5	15.1
At 31 March 2023	15.7	0.8	16.5

Lease liabilities

	2024 £m	2023 £m
Maturity analysis – contractual undiscounted cash flows		
Less than one year	2.9	3.5
One to two years	2.6	3.1
Two to five years	4.4	6.6
More than five years	11.2	14.1
Total undiscounted lease liabilities at 31 March	21.1	27.3
Less: Interest allocated to future periods	(6.0)	(7.1)
Lease liabilities included in the Consolidated Balance Sheet	15.1	20.2
Current	2.3	2.7
Non-current	12.8	17.5

Amounts recognised in profit or loss

	2024 £m	2023 £m
Interest on lease liabilities	(0.8)	(0.7)
Non-recurring profit on disposal of right-of-use asset and associated lease liability	2.3	—
Expenses relating to short-term leases and leases of low-value assets	(0.1)	(0.2)

Amounts recognised in the consolidated statement of cash flows

	2024 £m	2023 £m
Repayment of principal under lease liabilities	2.5	2.9
Repayment of interest on lease liabilities	0.8	0.7
Cash outflows in relation to short-term leases and leases of low-value assets	0.1	0.2
Total cash outflows for leases	3.4	3.8

11. Inventories

	2024 £m	2023 £m
Raw materials	8.9	9.1
Work in progress	7.2	5.8
Finished products and production tooling	44.5	46.9
	60.6	61.8

Inventories pledged as security for liabilities amounted to £42.7m (2023: £43.2m).

The Group expensed £81.1m (2023: £88.3m) of inventories during the period. In the year to 31 March 2024, £1.9m (2023: £3.5m) was charged for the write-down of inventory and £1.5m (2023: £0.2m) released from inventory provisions no longer required.

12. Trade and other receivables

	2024 £m	2023 £m
Trade receivables	33.2	39.3
Less: Loss allowance	(0.4)	(0.8)
Trade receivables: net ¹	32.8	38.5
Other receivables	3.0	1.9
Contract assets	—	0.1
Prepayments	4.0	3.0
	39.8	43.5

¹ Financial assets carried at amortised cost.

The Group has no significant concentration of credit risk but does have a concentration of translational and transactional foreign exchange risk in both US Dollars and Euros; however, the Group hedges against these risks. See Note 24(B) regarding the Group's forward foreign exchange contracts which are used to hedge future foreign currency sales and purchases. The carrying amount of trade and other receivables approximates their fair value.

Trade receivables are non-interest bearing and are generally on 30–90 days terms. The average credit period on sales of goods is 51 days (2023: 49 days). See Note 24(D) for the Group's credit risk policy.

Other receivables largely relate to VAT and hence given that the counterparties are governments, no provision for loss allowance has been made.

Contract assets relate to consideration not yet received upon the completion of the associated performance obligation. Revenue recognised in the reporting period that was included in the contract assets at beginning of the year totalled £nil (2023: £0.1m).

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further analysed:

Notes to the consolidated financial statements CONTINUED

12. Trade and other receivables CONTINUED

At 31 March 2024	Trade receivables – days past due					Total
	Not past due	<30 days	30–60 days	60–90 days	>90 days	
Trade receivables: gross, £m	27.8	3.6	0.5	0.5	0.8	33.2
Expected credit loss rate, %	0.3%	0.0%	0.2%	1.2%	43.1%	1.2%
Estimated gross carrying amount at default, £m	0.1	–	–	–	0.3	
Lifetime expected credit loss, £m						0.4

At 31 March 2023	Trade receivables – days past due					Total
	Not past due	<30 days	30–60 days	60–90 days	>90 days	
Trade receivables: gross, £m	34.0	3.3	0.6	0.4	1.0	39.3
Expected credit loss rate, %	0.2%	0.0%	1.0%	0.1%	67.7%	2.0%
Estimated gross carrying amount at default, £m	0.1	–	–	–	0.7	
Lifetime expected credit loss, £m						0.8

The following table shows the movement in the lifetime expected credit losses: there has been no change in the estimation techniques or significant assumptions made during the current reporting period:

	2024 £m	2023 £m
Loss allowance		
At 1 April	0.8	0.5
Net remeasurement of loss allowance	–	0.4
Amounts written off as uncollectable	(0.4)	(0.1)
At 31 March	0.4	0.8

13. Cash and cash equivalents

In the Group cash flow statement, net cash and cash equivalents are shown after deducting bank overdrafts as follows:

	2024 £m	2023 £m
Cash and cash equivalents	17.8	19.3
Less: Overdrafts (Note 14)	(3.7)	(1.8)
Net cash and cash equivalents	14.1	17.5

14. Borrowings

	2024 £m	2023 £m
Current borrowings		
Overdrafts (Note 13)	3.7	1.8
Capitalised costs	(0.3)	–
Bank loans	0.4	45.5
Current borrowings	3.8	47.3
Non-current borrowings		
Bank loans	38.8	1.3
Capitalised costs	(0.4)	–
Non-current borrowings	38.4	1.3
Preference stock	0.5	0.5
Total borrowings	42.7	49.1

The above loans form part of the Renold plc Group core banking facilities. The UK banking facility matures in May 2026, therefore is classed as non-current borrowings.

All financial liabilities above are carried at amortised cost.

Core banking facilities

On 9 May 2023 the Group renewed its £85.0m Multi-Currency Revolving Facility banking facilities with HSBC UK, Allied Irish Bank (GB), Citibank and Santander. The facility matures in May 2026 (with an option to extend the term for a further two years) and is fully committed and available until maturity.

At the year end, the undrawn core banking facility was £45.9m (2023: £16.1m). The Group also benefits from a UK overdraft and a number of overseas facilities totalling £5.0m (2023: £4.4m) with availability at year end of £1.2m. The Group pays interest at SONIA (or LIBOR prior to 20 December 2021) plus a variable margin in respect of the core banking facility. The average rate of interest paid in the year was SONIA (20 December 2021 onwards) or LIBOR (prior to 20 December 2021) plus 1.60% for Sterling, Euro and US Dollar denominated facilities (2023: plus 1.85% for Sterling, Euro and US Dollar denominated facilities).

The core banking facility is subject to two covenants, which are tested semi-annually: net debt to EBITDA (leverage, maximum ratio 3.0 times) and EBITDA to net finance charges (interest cover, minimum ratio 4.0 times).

Secured borrowings

Included in Group borrowings are secured borrowings of £42.9m (2023: £48.6m). Security is provided by fixed and floating charges over assets (including certain property, plant and equipment and inventory) primarily in the UK, USA, Germany and Australia. Certain Group companies have provided cross-guarantees in respect of these borrowings.

Preference stock

At 31 March 2024, there were 580,482 units of preference stock in issue (2023: 580,482).

All payments of dividends on the preference stock have been paid on the due dates. The preference stock has the following rights:

- a fixed cumulative preferential dividend at the rate of 6% per annum payable half yearly on 1 January and 1 July in each year;
- rank both with regard to dividend (including any arrears on the commencement of a winding up) and return of capital in priority to all other stock or shares in the Company, but with no further right to participate in profits or assets;
- no right to attend or vote, either in person or by proxy, at any general meeting of the Company or to have notice of any such meeting, unless the dividend on the preference stock is in arrears for six calendar months; and
- no redemption entitlement and no fixed repayment date.

There is no significant difference between the carrying value of financial liabilities and their equivalent fair value.

15. Trade and other payables

	2024		2023	
	Current £m	Non-current £m	Current £m	Non-current £m
Trade payables ¹	16.2	–	22.1	–
Other taxation and social security ¹	3.3	–	2.5	–
Other payables ¹	7.9	–	8.9	2.5
Contract liabilities	–	–	0.3	–
Accruals ¹	26.3	–	23.4	–
	53.7	–	57.2	2.5

¹ Financial liabilities carried at amortised cost.

Trade payables are non-interest bearing and are normally settled within 60 day terms. The Group does have a concentration of translational foreign exchange risk in both US Dollars and Euros, however, the Group hedges against this risk. Non-current other payables relate to the deferred element of the construction costs for the Chinese factory in Jintan.

The Group did not operate supplier financing or reverse factoring programmes during the current or prior financial year.

The Directors consider that the carrying amount of trade payables approximates to their fair value.

Contract liabilities relate to consideration received in advance of the completion of the associated performance obligation. Revenue recognised in the reporting period that was included in the contract liability at beginning of the year totalled £0.3m (2023: £nil).

Notes to the consolidated financial statements CONTINUED

16. Provisions

	Business restructuring £m	Dilapidations £m	Environmental and other provisions £m	Total provisions £m
At 1 April 2023	0.8	3.0	1.2	5.0
Arising during the year	0.1	0.2	2.0	2.3
Utilised in the year	(0.1)	–	–	(0.1)
Acquired/(disposed)	–	(0.5)	(0.1)	(0.6)
Charged/(released) during the year	0.1	–	(0.1)	–
At 31 March 2024	0.9	2.7	3.0	6.6

Allocated as:	2024 £m	2023 £m
Current provisions	1.6	0.9
Non-current provisions	5.0	4.1
	6.6	5.0

Business restructuring

During the year ended 31 March 2024, a provision was recognised for legal and redundancy costs in relation to the reduction of headcount within a number of the Group's locations, especially within mainland Europe. Despite a number of the legal processes involved with this restructuring being lengthy, it is anticipated that the provision will be utilised within the next 12 months (£0.9m).

Environmental and other provisions

During the year ended 31 March 2024, a provision was recognised for environmental costs in relation to a number of the Group's closed sites, including sites within both the UK and France. It is anticipated that the provision recorded will be utilised over a number of future years, accordingly the majority of the provision is recorded as non-current (£2.3m).

During the year ended 31 March 2024, a provision was recognised for anticipated costs relating to customer claims concerning products supplied by the Group. It is anticipated that the provision will be utilised within the next 12 months (£0.7m). The claims could result in a range of outcomes from £0.3m to £1.4m.

Dilapidations

Provisions are recognised in relation to contractual obligations to reinstate leasehold properties to the state of repair specified in the property lease. The provision includes costs, as required within the lease, to rectify or reinstate modifications to the property and to remediate general wear and tear incurred to the balance sheet date. The provision to rectify or reinstate modifications is recognised on inception, with a corresponding fixed asset that is depreciated in line with the underlying asset. The provision to rectify general wear and tear is recognised as it is incurred over the life of the lease.

The provision is assessed based on the expected cost at the balance sheet date, using recent cost estimates from suitably qualified property professionals. These estimates are adjusted to reflect the impact of inflation between the date of assessment and the expected timing of the payments, and are then discounted back to present value. A range of inflation and discount rates have been used in order to best reflect the circumstances of the lease to which the dilapidation obligation relates. The inflation rate applied ranges from 2.9% to 4.5% and the discount rate ranges from 1.6% to 9.8%. These rates are most notably impacted by the country of lease and length of lease.

The majority of the dilapidation provision relates to cash outflows which are expected to take place at the end of each respective lease term; none of which are expected to end within the next 12 months. The associated outflows are estimated to arise over a period of up to 21 years from the balance sheet date. As a result substantially all of the provision is classed as non-current (£2.7m).

17. Deferred tax

	Assets		Liabilities		Net	
	2024 £m	2023 £m	2024 £m	2023 £m	2024 £m	2023 £m
Accelerated capital allowances	0.1	-	(1.2)	(1.3)	(1.1)	(1.3)
Pension plans	3.1	5.2	(0.1)	(0.1)	3.0	5.1
Tax losses	4.4	2.1	-	-	4.4	2.1
Intangibles	0.5	0.8	(5.8)	(5.8)	(5.3)	(5.0)
Movements in provisions and accruals	2.8	2.3	(0.1)	(0.1)	2.7	2.2
Other temporary differences	1.2	0.2	(2.5)	(0.5)	(1.3)	(0.3)
Interest restriction	1.6	1.2	-	-	1.6	1.2
Tax assets/(liabilities)	13.7	11.8	(9.7)	(7.8)	4.0	4.0
Net off (liabilities)/assets ¹	(6.0)	(3.4)	6.0	3.4	-	-
Net deferred tax assets	7.7	8.4	(3.7)	(4.4)	4.0	4.0

¹ During the year, it was identified that the deferred tax asset and liability balances on the balance sheet were incorrectly presented in the prior period as each balance had not been netted off in line with IAS 12. While the net deferred tax asset for FY23 of £4.0m is correct (thus resulting in no impact on the net balance sheet position), the deferred tax asset of £11.8m and the deferred tax liability of £7.8m on the balance sheet has been restated to £8.4m and £4.4m, respectively. The impact to the FY22 deferred tax asset and liability balances on the balance sheet is £1.3m with no impact on the net balance sheet position.

The net deferred tax asset recoverable within one year is £2.3m (2023: £1.2m) and recoverable after more than one year is £1.7m (2023: £2.8m).

The movement in the net deferred tax balance relating to assets is as follows:

	Opening balance £m	Deferred tax on acquisition (Note 25) £m	Transfer between asset classes £m	Exchange adjustments £m	Recognised in income statement £m	Recognised directly in other comprehensive income £m	Closing balance £m
2024							
Accelerated capital allowances	(1.3)	-	0.1	-	0.1	-	(1.1)
Pension plans	5.1	-	(0.6)	(0.1)	(1.0)	(0.4)	3.0
Tax losses	2.1	-	0.6	-	1.7	-	4.4
Intangibles	(5.0)	(0.3)	-	-	-	-	(5.3)
Movements in provisions and accruals	2.2	-	(0.7)	-	1.2	-	2.7
Other temporary differences	(0.3)	-	0.6	-	(1.7)	0.1	(1.3)
Interest restriction	1.2	-	-	-	0.4	-	1.6
	4.0	(0.3)	-	(0.1)	0.7	(0.3)	4.0

	Opening balance £m	Deferred tax on acquisition £m	Other acquired balances - goodwill £m	Exchange adjustments £m	Recognised in income statement £m	Recognised directly in other comprehensive income £m	Closing balance £m
2023							
Accelerated capital allowances	(0.9)	-	(0.1)	(0.1)	(0.2)	-	(1.3)
Pension plans	11.0	-	-	0.2	(0.3)	(5.8)	5.1
Tax losses	3.3	-	-	0.2	(1.4)	-	2.1
Intangibles	(3.1)	(1.7)	-	(0.3)	0.1	-	(5.0)
Movements in provisions and accruals	1.2	-	0.4	0.1	0.5	-	2.2
Other temporary differences	(0.2)	-	0.1	-	-	(0.2)	(0.3)
Interest restriction	1.2	-	-	-	-	-	1.2
	12.5	(1.7)	0.4	0.1	(1.3)	(6.0)	4.0

Notes to the consolidated financial statements CONTINUED

17. Deferred tax CONTINUED

During the year the Group reported an operating profit of £30.5m (2023: £22.9m). Deferred tax assets being recognised in the relevant jurisdictions are supported by sufficient future taxable profits, which Management has reliably forecasted. Management has also taken into account the historical profitability and stability of the business in the relevant jurisdiction in assessing whether there is sufficient evidence to recognise the deferred tax assets.

A change to the accounting methodology for the Capital Asset Reserve liability under IAS 19 in the year resulted in a change to the deferred tax asset recognised on the pension deficit in the UK which is offset by an equal and opposite increase in deferred tax recognised on the UK tax losses carried forward in FY23. Thus while the total net deferred tax asset recognised at FY23 of £4m will not change, the split between the recognition of the deferred tax asset recognised between the pension deficit and the loss balance will switch from £2.1m to £0.8m and from £1.9m to £3.2m, respectively resulting in a £nil balance sheet impact in the prior year.

Unrecognised deferred tax assets amount to £28.6m (2023: £29.8m) arising from unrecognised losses of £15.2m (2023: £25.2m) and other temporary differences of £13.4m (2023: £4.6m). Based on available evidence, it is considered unlikely that these amounts will be recovered within the foreseeable future. With the exception of US capital losses (gross losses of £6.3m; £1.3m taxed), which expire after five years, the losses are not subject to time limits.

18. Retirement benefit obligations

Background information

In a defined benefit plan the members are guaranteed a certain level of benefits that depend on a number of factors such as service, salary and inflation. Defined benefit plans can be supported by an asset fund that will be used to pay member benefits or can be unfunded, in which case obligations to members are paid by the sponsoring employer as they fall due. In a defined benefit plan, because the level and duration of the members' benefits are uncertain, the risk of any increase or decrease in the cost of providing those benefits stays with the employer. This contrasts with a defined contribution plan where the employer's only obligation is to pay the amount agreed in the employment contract into a pension plan.

Any change in the total expected cost of providing defined benefits can produce either funding shortfalls or surpluses. In the case of an expected funding shortfall, the Company is usually required to agree a deficit recovery plan which can vary from country to country. This is usually in the form of additional contributions to make good the shortfall over an agreed period of time (sometimes referred to as a funding plan or a minimum funding requirement) and can also include an allowance for future asset returns. In the case of a surplus, mechanisms are available in all of the Renold schemes to return that surplus to, or utilise it for the benefit of, the Group.

UK pension plans

The principal UK fund is the Renold Pension Scheme (RPS). The RPS was formed in June 2013 by the merger of three predecessor plans, all of which were already closed to future accrual and to new members. The RPS is a funded defined benefit plan with assets held in separate administered funds.

The Trustees are chaired by an independent professional trustee firm and have access to a range of professional advisers. The Trustee Board is required to consult the Company in matters such as investment policy and to obtain agreement to any amendments to benefits. The Company can make proposals to the Trustees on a range of issues but cannot insist on their adoption. The majority of Trustees are either independent or member nominated with Company nominated Trustees being in the minority. To mitigate the risk of potential conflicts of interests, no Directors of Renold plc are Trustees of the RPS.

The RPS is underpinned by a 25-year asset-backed partnership structure (the Scottish Limited Partnership, 'SLP'). The partnership holds an intercompany loan from Renold International Holdings Limited, the holding company for most of the Group's overseas trading companies. The capital rights to the assets in the SLP belong to Renold plc except in the event of a corporate insolvency of the pension scheme sponsor (Renold plc). The income rights in the SLP belong to the RPS. The loan generated interest income of £3.7m for the pension fund in the current year, with annual increases linked to RPI plus 1.5% and capped at 5%. The income stream is used to fund deficit repair payments and the first £0.6m of annual administrative expenses (with the Company bearing the excess, if any arises). In the event that the RPS becomes fully funded on a buyout basis, the income stream will instead accrue to Renold plc. The SLP was put in place with the expectation that the period to recover the funding shortfall was 25 years from the time of merger in June 2013. The SLP therefore helps reduce the volatility in short-term cash funding by following an agreed payment plan over a longer period of time. The interest in the SLP held by the RPS is not reported as a plan asset in the Group's consolidated financial statements as it is a non-transferable interest issued by the Group.

This arrangement replaced all other existing funding arrangements for the RPS. The SLP therefore represents the entirety of the committed cash element of the funding plan for the RPS. The funding plan also assumes an allowance for asset outperformance of 1.0% (that is, assets are expected to return an amount of 1.0% more than the discount rate applied to the liabilities). Separately to the SLP but put in place at the same time, the Group has also agreed that if adjusted operating profits reach £16.0m in any year following the year ended 31 March 2017, additional annual contributions of £1.0m will become payable (monthly in arrears) while profits remain above this level. Prior to the SLP, the contributions had been at a higher level. However, the Trustees agreed to lower contributions for longer under the SLP. The £1.0m increase matches the approximate £1.0m reduction agreed when the SLP was established. Finally, as part of the overall agreement, Renold plc is not constrained from paying a dividend, other than by normal legal considerations. Renold has agreed to make additional contributions equal to 25% of the value of any dividend paid in order to accelerate the deficit recovery plan. The deficit will be reduced as the cash contributions under the scheme are made, enhanced or offset by actual performance compared to asset returns and actuarial assumptions.

In the year ended 31 March 2021, reflecting the uncertainty in short-term outlook caused by the Covid-19 pandemic, Renold approached the Trustees with a request to defer contributions to the UK scheme for the year ended 31 March 2021. The Trustees supported this proposal and it was agreed that the deferred contributions would be settled over the five-year period which commenced on 1 April 2022.

Total cash costs for UK deficit repair payments and UK administrative expenses in the current year were £6.3m (2023: £4.6m). The current year figure includes: the £3.7m noted above in connection with the SLP, an additional £0.6m of deferred contributions relating to the year ended 31 March 2021, an additional £1.0m due to a longstanding agreement with the UK scheme to pay an additional £1.0m of annual cash contributions when the Group's adjusted operating profit exceeds £16.0m and a further £1.0m in respect of pension administration costs. The best estimate of contributions to be paid into the UK plan for the year ending 31 March 2025 is £5.4m (£3.8m in connection with the SLP, £0.6m of the deferred contributions from the year ended 31 March 2021 and an additional £1.0m due to the Group's adjusted operating profit exceeding £16.0m).

The latest triennial actuarial valuation of the RPS, with an effective date of 5 April 2022, concluded that contributions to the scheme should continue unchanged and no additional contributions in excess of the previously agreed asset backed funding structure were deemed necessary. The next triennial valuation date will be 5 April 2025.

Overseas pension plans

Germany

In Germany, in addition to participating in the state backed pension scheme, the Group operates an unfunded defined benefit scheme (no other Group company operates such a scheme). 'Unfunded' means that the scheme has no asset backing to pay benefits and instead the Group pays member benefits as they fall due. The scheme closed to new members on 1 April 1992. A German court confirmed that the pension scheme was properly closed to future accrual with effect from 31 March 2014. Following the acquisition of the Tooth Chain business in 2016, the unfunded defined benefit scheme operated by that business transferred to our German subsidiary.

In aggregate, the two (2023: two) German pension schemes have a net liability of £17.5m (2023: £17.7m). The decrease in the net deficit most significantly reflects settlement of liabilities through pension payments.

Total cash pension payments in the year were £1.1m (2023: £1.2m). The best estimate of pension payments for the year ending 31 March 2025 is £1.1m.

United States of America

The Group operates two defined benefit pension schemes in the US Torque Transmission business. The schemes are both closed to new members and one is also closed to future accrual. Funds are being used to accelerate the deficit reduction in the fully closed US scheme with the intention to terminate and secure member benefits as soon as this is cost-effective.

In aggregate, the two (2023: two) defined benefit schemes in the US have combined assets of £1.4m (2023: £11.1m) and liabilities of £1.3m (2023: £11.5m), giving a net surplus of £0.1m (2023: deficit £0.4m). The decrease in the net deficit was driven by the increase in the discount rate used to discount the schemes' liabilities.

Total cash costs for contributions in the year were £0.3m (2023: £0.2m). The best estimate of contributions to be paid into the plan for the year ending 31 March 2025 is £nil.

The US Chain business operates a defined contribution scheme.

Other overseas schemes

In aggregate, the other overseas defined benefit schemes have combined assets of £1.8m (2023: £1.8m) and liabilities of £1.6m (2023: £1.6m) giving a net surplus of £0.2m (2023: £0.2m).

Total cash costs for contributions in the year were £nil (2023: £0.3m). The best estimate of contributions to be paid into the plans for the year ending 31 March 2025 is £nil.

Other overseas employees participate in a variety of different pension arrangements of the defined contribution or defined benefit type, funded in accordance with local practice.

Actuarial disclosures

The pension disclosures in the financial statements are based on the most recent actuarial valuations. Where material, these have been updated to the balance sheet date by qualified independent actuaries. The disclosures provided are presented on a weighted average basis where appropriate. Plan assets are stated at their market values at the respective balance sheet dates.

The weighted average durations are 15 years (2023: 15 years) for the UK pension scheme and 13 years (2023: 13 years) for the German schemes.

They can therefore be regarded as mature schemes.

Notes to the consolidated financial statements CONTINUED

18. Retirement benefit obligations CONTINUED

Risk management

The pensions schemes are exposed to the following categories of risk:

- Asset risk, including investment returns volatility, counterparty credit risk, foreign exchange risks;
- Liability risk, including mortality assumptions, inflation, interest rates; and
- Regulatory risk, including increased contribution rates required to meet regulatory funding targets.

These risks are managed separately for each pension scheme. However, the Group has adopted a common approach of closing defined benefit schemes to cap members' entitlements and supporting trustees in adopting investment strategies which aim to match assets to future obligations, after allowing for the funding position of the scheme.

Significant assumptions

The principal financial assumptions used to calculate plan liabilities as at 31 March 2024 are presented below. The assumptions adopted represent the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice. The present values of the plans' liabilities are derived from cash flow projections over long periods and are thus inherently uncertain.

	UK		Germany		Other overseas	
	2024	2023	2024	2023	2024	2023
Rate of increase in pensionable salaries ¹	-	-	-	-	2.00%	2.00%
Rate of increase in pensions in payment and deferred pensions	1.90%	1.90%	2.50%	2.50%	-	-
Discount rate	5.00%	4.85%	3.75%	4.30%	5.13%	4.65%
Inflation assumption ²	2.85%	2.85%	2.50%	2.50%	2.00%	2.00%

¹ No increase applies following the closure of the UK and German defined benefit pension schemes to future accrual.

² The inflation assumption used for UK schemes is based on CPI (2023: CPI).

The predominant defined benefit obligation for funded plans within the Group resides in the UK (£140.0m of the £143.0m Group obligation for funded plans). In addition to the assumptions shown previously, mortality assumptions have a significant bearing on the calculated obligation. The assumed life expectancy for the RPS members on retirement at age 65 is as follows:

	2024	2023
Males		
Currently aged 45	21.0	21.0
Currently aged 65	20.0	20.1
Females		
Currently aged 45	23.7	23.8
Currently aged 65	22.5	22.7

Consistent with the assumption used for the prior year, the post-retirement mortality tables used for the UK plan are the S3PA series tables published by the UK actuarial profession with a 17.5% uplift in mortality reflecting scheme-specific experience and with an additional 15% weighting adjustment for 2021 and 2020 in recognition of the Covid-19 pandemic. Historically, the RPS experiences mortality in excess of the national average. The mortality rates for the RPS are based on average year of birth for both non-pensioners and pensioners with an allowance for future annual improvements in life expectancy.

In Germany and the United States, the mortality expectations for the scheme are in line with the national averages.

Sensitivity analysis on UK scheme

Sensitivities in respect of the key assumptions used to measure the pension schemes as at 31 March 2024 are set out below. These sensitivities show the hypothetical impact of a change in each of the listed assumptions in isolation, with the exception of the sensitivity to inflation which incorporates the impact of certain correlating assumptions. The assumptions used for the sensitivity analysis have been chosen as they are considered to represent a reasonable approximation of possible changes. In practice, such assumptions rarely change in isolation and the sensitivities are indicative only. It is reasonably possible, for example, that discount rates could move up to 1%.

Assumption	Change in assumption	Impact on plan liabilities
Discount rate	Increase/decrease by 0.5%	Decrease by £6.9m/increase by £7.5m
Rate of inflation	Increase/decrease by 0.5%	Increase by £4.6m/decrease by £4.4m
Rate of mortality	Decrease/increase by one year ¹	Increase by £6.6m/decrease by £6.6m

¹ This is broadly equivalent to a change in life expectancy of one year at age 65.

The market values of assets of the principal defined benefit plans of the Group, together with the present value of plan liabilities, are shown below. It should be noted that the market values of the plans' assets are stated as at the Group's year end and since it is not intended to realise the assets in the short term, the value may change significantly before being realised.

The fair values of plan assets were:

	2024			2023		
	UK £m	Overseas £m	Total £m	UK £m	Overseas £m	Total £m
Medically underwritten insurance policies	26.9	–	26.9	28.3	–	28.3
Quoted equities	16.6	–	16.6	13.6	7.3	20.9
Hedge funds and diversified growth funds	40.2	–	40.2	41.4	–	41.4
Corporate bonds	–	–	–	–	–	–
Gilts and liability driven investments	13.0	1.4	14.4	13.7	3.7	17.4
Cash	3.6	1.7	5.3	4.6	1.9	6.5
Total market value of assets	100.3	3.1	103.4	101.6	12.9	114.5

The medically underwritten insurance policies are directly linked to a subset of scheme members and provide income to the scheme towards the pension payments for these members. The assumptions used for valuing the insurance policies as a plan asset under IAS 19 are derived allowing for the specific characteristics of the members covered by the policies. The IAS 19 liability in respect of these members is calculated using assumptions appropriate for the scheme as a whole. The discount rate used to value the policies as an asset is the full iBoxx AA corporate bond best rating yield curve. The post-retirement mortality tables used for valuing the policies are the S3 Light tables published by the UK actuarial profession.

Equities are investments in quoted equities only and are the only plan assets with quoted market prices in active markets. Hedge funds and diversified growth funds hold a range of assets which aim to deliver returns above those of bonds but at lower volatility than equities. The assets held materially reflect the underlying liabilities, in that lower risk assets, such as gilts and bonds, are deemed to be a match for pensioner liabilities whereas equities are deemed a better match for the liabilities associated with scheme members not yet in retirement.

Liability Driven Investments (LDI) are a portfolio of assets that are linked to the drivers of movements in pension liabilities, such as inflation and interest rates. These are assets designed to deliver geared movements in the underlying liabilities as they reflect changes to inflation and interest rates.

Notes to the consolidated financial statements CONTINUED

18. Retirement benefit obligations CONTINUED

Retirement benefit obligations

The movement in the present value of the defined benefit obligation is as follows:

	2024			2023		
	UK £m	Overseas £m	Total £m	UK £m	Overseas £m	Total £m
Opening obligation	145.8	30.9	176.7	198.5	38.4	236.9
Current service cost	–	–	–	–	0.1	0.1
Past service cost	–	–	–	–	–	–
Interest expense	6.8	1.3	8.1	5.3	0.9	6.2
Remeasurement gains/(losses) by changes in:			–			–
– Experience	1.7	(0.6)	1.1	(2.0)	(0.1)	(2.1)
– Demographic assumptions	(2.2)	1.3	(0.9)	(0.7)	0.1	(0.6)
– Financial assumptions and expenses	(2.2)	0.3	(1.9)	(46.1)	(6.4)	(52.5)
Benefits paid	(10.0)	(11.8)	(21.8)	(9.3)	(2.7)	(12.0)
Exchange adjustment	0.1	(0.9)	(0.8)	0.1	0.6	0.7
Closing obligation	140.0	20.5	160.5	145.8	30.9	176.7
The total defined benefit obligation can be analysed as follows:						
Funded pension plans	140.0	3.0	143.0	145.8	13.0	158.8
Unfunded pension plans	–	17.5	17.5	–	17.9	17.9
	140.0	20.5	160.5	145.8	30.9	176.7

The UK liabilities above include £26.9m that are fully insured (2023: £28.3m).

Pension assets

The movement in the present value of the defined benefit plan assets is as follows:

	2024			2023		
	UK £m	Overseas £m	Total £m	UK £m	Overseas £m	Total £m
Opening assets	101.6	12.9	114.5	134.4	15.4	149.8
Interest income	4.8	0.6	5.4	3.6	0.5	4.1
Remeasurement gains/(losses)	(1.4)	0.4	(1.0)	(31.3)	(1.7)	(33.0)
Employer contributions	5.3	0.2	5.5	4.1	0.5	4.6
Benefits paid	(10.0)	(10.6)	(20.6)	(9.3)	(1.5)	(10.8)
Exchange adjustment	–	(0.4)	(0.4)	0.1	(0.3)	(0.2)
Closing assets	100.3	3.1	103.4	101.6	12.9	114.5
Balance sheet reconciliation:						
Plan obligations	(140.0)	(20.5)	(160.5)	(145.8)	(30.9)	(176.7)
Plan assets	100.3	3.1	103.4	101.6	12.9	114.5
Net plan deficit	(39.7)	(17.4)	(57.1)	(44.2)	(18.0)	(62.2)

The net amount of remeasurement gains and losses taken to other comprehensive income is as follows:

	2024			2023		
	UK £m	Overseas £m	Total £m	UK £m	Overseas £m	Total £m
On plan obligations	2.7	(1.0)	1.7	48.8	6.4	55.2
On plan assets	(1.4)	0.4	(1.0)	(31.3)	(1.7)	(33.0)
Net gains/(losses)	1.3	(0.6)	0.7	17.5	4.7	22.2

The actual return/(loss) on plan assets was £4.4m (2023: £28.9m) which equates to 3.8% (2023: 19.3%) of plan assets.

An analysis of amounts (charged)/credited to operating costs is set out below:

	2024 £m	2023 £m
Operating costs		
Pension administration costs	(1.2)	(0.7)
Current service cost	–	(0.1)
	(1.2)	(0.8)

19. Called up share capital

At 31 March 2024, the issued ordinary share capital comprised 225,417,740 ordinary shares of 5p each (2023: 225,417,740).

	Issued and fully paid	
	2024 £m	2023 £m
Ordinary shares of 5p each	11.3	11.3
Preference stock ¹ of £1 each	0.5	0.5

¹ See Note 14 for details of the preference stock in issue.

20. Share-based payments

Accounting policy

The Group operates equity-settled share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options or performance shares granted. At each balance sheet date, the Group revises its estimate of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period. No expense is recognised for awards that do not ultimately vest except for awards where vesting is conditional upon market or non-vesting conditions. Options with market conditions are accounted for as vesting, irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance or service conditions are satisfied. The market-based conditions are linked to the market price of shares in the Company.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Notes to the consolidated financial statements CONTINUED

20. Share-based payments CONTINUED

The fair value per option granted in the period and the assumptions used in the calculation are as follows:

Share option schemes	2024	2024	2023	2023
Grant date	01.04.23	25.07.23	01.04.22	20.09.22
Share price at date of grant	30.0p	29.8p	20.7p	25.0p
Exercise price	0.0p	0.0p	0.0p	0.0p
Number of employees	5	17	6	19
Shares under option	519,381	5,170,784	854,762	6,089,038
Vesting period (years)	4.3	3.0	4.3	3.0
Expected volatility	66%	52%	68%	69%
Option life (years)	11.3	10.0	11.3	10.0
Risk free interest rate	3.94%	3.94%	3.49%	3.49%
Assumed dividends expressed as a dividend yield	Zero	Zero	Zero	Zero
Fair value per option	30.0p	29.8p	20.7p	25.0p

The awards issued on 1 April 2023 and 1 April 2022 relate to a Management Incentive Bonus Plan; upon the achievement of predetermined performance conditions any eligible employees are paid a proportion of their bonus in the form of deferred share options. The deferred share option awards are subject to service conditions only.

The expected volatility is an annualised figure calculated using historical volatility over the expected life of the awards. The risk free rate of return is the yield on zero coupon UK government bonds of a term consistent with the assumed option life. Dividend yields indicated above are an expression of assumed dividends over the respective periods included in the calculation. These assumptions may not be borne out in practice. A reconciliation of option movements is shown below:

Executive share option schemes	2024		2023	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at 1 April	23,003,207	0.0p	18,839,605	1.6p
Granted	5,615,492	0.0p	6,943,800	0.0p
Exercised	(762,650)	0.0p	(1,635,160)	0.0p
Expired	-	0.0p	(1,145,038)	26.2p
Forfeited	(367,301)	0.0p	-	0.0p
Outstanding at 31 March	27,488,748	0.0p	23,003,207	0.0p
Exercisable at 31 March	8,828,529	0.0p	4,720,252	0.0p

The outstanding shares at 31 March 2024 relate to the 2 executive share option schemes granted between 04 January 2016 and 25 July 2023, including the schemes granted in FY23 and FY24 as reported in the table above.

Range of exercise prices	2024		2023	
	Weighted average exercise price	Number of shares	Weighted average exercise price	Number of shares
Nil	0.0p	27,488,748	0.0p	23,003,207

The weighted average contractual life remaining is 7.7 years (2023: 8.1 years).

762,650 options have been exercised in the period (2023: 1,635,160). The total charge for the year relating to employee share-based payment plans, including accrual for related employer liabilities, was £1.9m (2023: £1.5m), all of which related to equity settled share-based transactions. At 31 March 2024 a share option reserve of £3.9m (31 March 2023: £2.7m) was included in retained earnings.

The middle market price of ordinary shares at 31 March 2024 was 37.50p and the range of prices during the year was 24.20p to 45.40p.

Details of the share-based payment arrangements for Executive Directors are provided in the Directors' Remuneration Report on pages 78 to 85.

21. Reserves

The currency translation reserve is used to record exchange differences arising from the translation of financial statements of foreign operations and the proportion of the gains or losses on hedging instruments used to hedge against movements in net investments in foreign operations that are determined to be effective.

Other reserves record the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

Included in retained earnings is an amount of £3.5m (net of tax) (2023: £3.5m) relating to the revaluation of freehold property that was undertaken at the date of IFRS adoption. The amount is not distributable until it is realised.

The other reserves are stated after deducting £8.8m (31 March 2023: £4.9m) relating to shares held in the Renold Employee Benefit Trust. The Renold Employee Benefit Trust holds Renold plc shares and satisfies awards made under various employee incentive schemes when issuance of new shares is not appropriate.

22. Contingent liabilities and commitments

Performance guarantees given to third parties in respect of Group companies were Enil (2023: Enil).

Various UK Group companies have given guarantees to the merged UK pension scheme to cover the full cost of buying out the liabilities in the event that the sponsoring employers default on the agreed deficit repair plan. As one of the sponsoring employers of the UK scheme is Renold plc, the continuing obligation is effectively unchanged and is to fully fund the members' accrued benefits.

23. Additional cash flow information

Reconciliation of operating profit to net cash flows from operations:

	2024 £m	2023 £m
Cash generated from operations:		
Operating profit from continuing operations	30.5	22.9
Depreciation of property, plant and equipment – owned assets	6.1	6.1
Depreciation of property, plant and equipment – right-of-use assets	2.6	2.5
Amortisation of intangible assets	2.1	2.5
Loss on disposals of plant and equipment	–	0.3
Profit on disposals of right-of-use asset	(2.4)	–
Share-based payments	1.4	1.3
Increase in inventories	–	(4.5)
Decrease/(increase) in receivables	2.9	(2.8)
Decrease in payables	(2.7)	(4.2)
Increase in provisions	1.5	1.0
Cash contribution to pension schemes	(6.0)	(5.8)
Pension current service cost (non-cash)	–	0.1
Cash generated from operations	36.0	19.4

Reconciliation of net change in cash and cash equivalents to movement in net debt:

	2024 £m	2023 £m
(Decrease)/increase in cash and cash equivalents (Consolidated Statement of Cash Flows)	(2.7)	7.9
Change in net debt resulting from cash flows:		
– Proceeds from borrowings	(58.8)	(28.3)
– Repayment of borrowings	67.4	8.3
Foreign currency translation differences	(0.7)	(0.7)
Non-cash movement on capitalised finance costs	(0.3)	(0.3)
Net debt acquired as part of the business combination	–	(2.9)
Change in net debt during the period	4.9	(16.0)
Net debt at start of year	(29.8)	(13.8)
Net debt at end of year	(24.9)	(29.8)

Net debt comprises:

Cash and cash equivalents (Note 13)	17.8	19.3
Total borrowings (Note 14)	(42.7)	(49.1)
	(24.9)	(29.8)

Notes to the consolidated financial statements CONTINUED

23. Additional cash flow information CONTINUED

The table below details changes in the Group's assets and liabilities arising from financing activities, including both cash and non-cash changes. Assets and liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Opening balance £m	Accrued interest £m	Financing cash flows £m	New leases £m	Lease disposal £m	Net debt acquired £m	Other non-cash changes ¹ £m	Closing balance £m
2024								
Bank loans (Note 14)	46.8	3.7	(10.8)	-	-	-	(0.5)	39.2
Capitalised costs (Note 14)	-	-	(1.0)	-	-	-	0.3	(0.7)
Preference stock (Note 14)	0.5	-	-	-	-	-	-	0.5
Lease liabilities (Note 10)	20.2	0.8	(3.3)	3.1	(5.2)	-	(0.5)	15.1
Total (assets)/liabilities from financing activities	67.5	4.5	(15.1)	3.1	(5.2)	-	(0.7)	54.1
Overdrafts (Note 14)	1.8							3.7
Less: Lease liabilities (Note 10)	(20.2)							(15.1)
Total borrowings (Note 14)	49.1							42.7
Add: Cash and cash equivalents (Note 13)	(19.3)							(17.8)
Net debt	29.8							24.9

¹ Non-cash changes include the amortisation of capitalised finance costs and foreign exchange translation.

	Opening balance £m	Accrued interest £m	Financing cash flows £m	New leases £m	Lease disposal £m	Net debt acquired £m	Other non-cash changes ¹ £m	Closing balance £m
2023								
Bank loans (Note 14)	22.8	2.3	17.7	-	-	2.9	1.1	46.8
Capitalised costs (Note 14)	-	-	-	-	-	-	-	-
Preference stock (Note 14)	0.5	-	-	-	-	-	-	0.5
Lease liabilities (Note 10)	12.0	0.8	(3.6)	11.0	-	-	-	20.2
Total liabilities from financing activities	35.3	3.1	14.1	11.0	-	2.9	1.1	67.5
Overdrafts (Note 14)	1.0							1.8
Less: Lease liabilities (Note 10)	(12.0)							(20.2)
Total borrowings (note 14)	24.3							49.1
Add: Cash and cash equivalents (Note 13)	(10.5)							(19.3)
Net debt	13.8							29.8

¹ Non-cash changes include the amortisation of capitalised finance costs and foreign exchange translation.

24. Financial instruments

These notes should be read in conjunction with the narrative disclosures in the Finance Director's Review on pages 28 to 31.

(A) Category and fair value of financial instruments

Set out below is a comparison by category of the carrying amounts and fair values of the Group's financial instruments:

At 31 March 2024						
	Note	IFRS 13 classification for determining fair value	At amortised cost £m	At fair value through profit or loss £m	Total carrying value £m	Fair value / amortised Cost £m
Financial assets						
Cash and cash equivalents	13	Level 1	17.8	–	17.8	17.8
Trade and other financial receivables	12	Level 2	33.9	–	33.9	33.9
Forward foreign currency contracts: cash flow hedge	24(B)	Level 2	–	–	–	–
Total financial assets			51.7	–	51.7	51.7
Financial liabilities						
Trade and other payables	15	Level 2	(53.7)	–	(53.7)	(53.7)
Floating rate bank overdraft	14	Level 2	(3.7)	–	(3.7)	(3.7)
Floating rate short-term borrowings	14	Level 2	(0.4)	–	(0.4)	(0.4)
Floating rate long-term borrowings	14	Level 2	(38.8)	–	(38.8)	(38.8)
Preference stock	14	Level 2	(0.5)	–	(0.5)	(0.5)
Lease liabilities	10	Level 2	(15.1)	–	(15.1)	(15.1)
Forward foreign currency contracts: cash flow hedge	24(B)	Level 2	–	(0.3)	(0.3)	(0.3)
Total financial liabilities			(112.2)	(0.3)	(112.5)	(112.5)
Net financial liabilities			(60.5)	(0.3)	(60.8)	(60.8)

At 31 March 2023						
	Note	IFRS 13 classification for determining fair value	At amortised cost £m	At fair value through profit or loss £m	Total carrying value Restated ¹ £m	Fair value / amortised Cost £m
Financial assets						
Cash and cash equivalents	13	Level 1	19.3	–	19.3	19.3
Trade and other financial receivables	12	Level 2	39.6	–	39.6	39.6
Forward foreign currency contracts: cash flow hedge	24(B)	Level 2	–	0.3	0.3	0.3
Total financial assets			58.9	0.3	59.2	59.2
Financial liabilities						
Trade and other payables	15	Level 2	(59.4)	–	(59.4)	(59.4)
Floating rate bank overdraft	14	Level 2	(1.8)	–	(1.8)	(1.8)
Floating rate short-term borrowings	14	Level 2	(45.5)	–	(45.5)	(45.5)
Floating rate long-term borrowings	14	Level 2	(1.3)	–	(1.3)	(1.3)
Preference stock	14	Level 2	(0.5)	–	(0.5)	(0.5)
Lease liabilities	10	Level 2	(20.2)	–	(20.2)	(20.2)
Forward foreign currency contracts: cash flow hedge	24(B)	Level 2	–	–	–	–
Total financial liabilities			(128.7)	–	(128.7)	(128.7)
Net financial (liabilities)/assets			(69.8)	0.3	(69.5)	(69.5)

The fair value of borrowings has been calculated by discounting the expected future cash flows at prevailing interest rates.

The fair value of derivatives has been calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

Notes to the consolidated financial statements CONTINUED

24. Financial instruments CONTINUED

(B) Derivative financial instruments

Forward foreign exchange contracts

The Group uses forward foreign exchange contracts to hedge future foreign currency sales and purchases. At 31 March 2024, contracts with a nominal value of £19.1m (2023: £16.8m) were designated as hedging instruments. The contracts are denominated in the currencies of the Group's principal markets. The US Dollar/Euro contracts cover the intra-group purchases in Euros by our US operations. The US Dollars/Sterling contracts cover intra-group purchases in Sterling by our US operations. The following tables detail the foreign currency forward contracts outstanding at the end of the reporting period. Foreign currency forward contract assets and liabilities are presented in the line 'Derivative financial instruments' (either as asset or as liabilities) within the consolidated balance sheet:

	Average exchange rate		Contractual or notional value		Fair value (liabilities)/assets	
	2024 Rate	2023 Rate	2024 £m	2023 £m	2024 £m	2023 £m
Forward foreign currency contracts: cash flow hedge						
Sell US Dollar: Buy Sterling	1.315	1.212	2.5	3.1	-	0.1
Sell US Dollar: Buy Euro	1.105	1.071	9.6	10.5	(0.2)	0.2
Sell Sterling: Buy Euro	0.880	0.883	2.3	2.6	-	-
Sell Aus Dollar: Buy US Dollar	0.662	0.676	-	0.1	-	-
Sell Aus Dollar: Buy Euro	0.602	0.619	-	0.1	-	-
Sell Aus Dollar: Buy Sterling	0.516	0.552	-	0.1	-	-
Sell Aus Dollar: Buy Chinese Renminbi	4.714	4.609	0.1	(0.1)	-	-
Sell NZ Dollar: Buy US Dollar	0.622	0.611	0.1	0.1	-	-
Sell NZ Dollar: Buy Euro	0.564	0.582	-	0.1	-	-
Sell NZ Dollar: Buy Sterling	0.486	0.504	-	-	-	-
Sell NZ Dollar: Buy Chinese Renminbi	-	4.212	-	-	-	-
Sell NZ Dollar: Buy Aus Dollar	-	0.918	-	0.2	-	-
Sell Euro: Buy Chinese Renminbi	0.130	-	4.5	-	(0.1)	-
			19.1	16.8	(0.3)	0.3

In accordance with IFRS 7 Financial Instruments: Disclosures, the Group's financial instruments are considered to be classified as level 2 instruments.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The foreign exchange forward contracts have similar critical terms to the hedged items, such as the notional amounts and maturities. Therefore, there is an economic relationship and the hedge ratio is established as 1:1. The main sources of hedge ineffectiveness in these hedging relationships is the effect of the counterparty and the Group's own credit risk on the fair value of the foreign exchange forward contracts, which is not reflected in the fair value of the hedged item attributable to changes in foreign exchange rates and the risk of over-hedging where the hedge relationship requires rebalancing. No other sources of ineffectiveness emerged from these hedging relationships. Any hedge ineffectiveness is recognised immediately in the income statement in the period that it occurs. Of the foreign exchange contracts designated as hedging instruments at the current and prior reporting period end, 100% were for periods of 12 months or less.

The cash flow hedges of the expected future transactions in US Dollars and Euros in the prior year were assessed to be highly effective. In the year, Enil (2023: Enil) was transferred to operating costs in the income statement.

Hedge of net investment in foreign entity

The Group has US Dollar denominated borrowings which it has designated as a hedge of the net investment in its subsidiaries in the US. The carrying value of the US Dollar borrowings at 31 March 2024 was £2.4m (2023: £7.3m), maturing in June 2024.

The Group has Euro denominated borrowings which it has designated as a hedge of the net investment in its European subsidiary YUK. The carrying value of the Euro borrowings at 31 March 2024 was £8.6m (2023: £17.6), maturing in April 2024.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The borrowings have the same notional amount as the hedged items and therefore, there is an economic relationship with the hedge ratio established as 1:1. No sources of hedge ineffectiveness emerged from this hedging relationship. Any hedge ineffectiveness is recognised immediately in the income statement in the period that it occurs.

For the year ended 31 March 2024 £0.5m of exchange gain (2023: £0.8m loss) on translation of the borrowings into Sterling is included as part of the hedging reserve movement in other comprehensive income as the hedge was deemed to be effective.

(C) Maturity of financial liabilities

The maturity profile of the contracted amount of the Group's financial liabilities was as follows:

	2024				Total £m
	One year or less on demand £m	One to two years £m	Two to five years £m	More than five years £m	
Trade and other payables	53.7	–	–	–	53.7
Floating rate bank overdraft	3.7	–	–	–	3.7
Floating rate long-term borrowings ²	40.7	–	1.2	–	41.9
Preference stock ¹	–	–	–	0.5	0.5
Lease liabilities	2.9	2.6	4.4	11.2	21.1
Forward foreign currency contracts: cash flow hedge	19.1	–	–	–	19.1
	120.1	2.6	5.6	11.7	140.0

¹ The preference stock bears interest at a fixed rate of 6% (interest has been excluded from the above analysis) and has no fixed repayment date (see Note 14).

² Contractual cash flows include annual interest payments, calculated using the interest rates applying to the loans at the period end.

	2023				Total £m
	One year or less on demand £m	One to two years £m	Two to five years £m	More than five years £m	
Trade and other payables ¹	56.9	3.0	–	–	59.9
Floating rate bank overdraft	1.8	–	–	–	1.8
Floating rate long-term borrowings ²	47.5	–	1.7	–	49.2
Preference stock ¹	–	–	–	0.5	0.5
Lease liabilities	3.5	3.1	6.6	14.1	27.3
Forward foreign currency contracts: cash flow hedge	16.8	–	–	–	16.8
	126.5	6.1	8.3	14.6	155.5

¹ The preference stock bears interest at a fixed rate of 6% (interest has been excluded from the above analysis) and has no fixed repayment date (see Note 14).

² Contractual cash flows include annual interest payments, calculated using the interest rates applying to the loans at the period end.

¹ The non-current other payable relates to the deferred element of the construction costs for the new Chinese factory in Jintan.

(D) Currency and interest rate profile of financial liabilities of the group

Overdraft, borrowings and preference stock by currency	2024			2023		
	Fixed rate £m	Floating rate £m	Total £m	Fixed rate £m	Floating rate £m	Total £m
Sterling						
– Financial liabilities	–	28.6	28.6	–	21.4	21.4
– Preference stock	0.5	–	0.5	0.5	–	0.5
US Dollar	–	2.3	2.3	–	7.6	7.6
Euro	–	10.8	10.8	–	19.3	19.3
Other	–	1.2	1.2	–	0.3	0.3
	0.5	42.9	43.4	0.5	48.6	49.1

Floating rate financial liabilities bear interest at rates based on relevant national base rate equivalents, which can fluctuate on a daily basis. The other financial instruments of the Group that are not included in the above tables are non-interest bearing and are therefore not subject to interest risk.

Notes to the consolidated financial statements CONTINUED

24. Financial instruments CONTINUED

Interest rate risk

Interest rate risk arises on borrowings and cash balances (and derivative liabilities and assets) which are at floating interest rates. Changes in interest rates could have the effect of either increasing or decreasing the Group's net profit. Under the Group's interest rate management policy, the interest rates on each of the Group's major currency monetary assets and liabilities are managed to achieve the desired mix of fixed and variable rates for each major net currency exposure. Exposure to the risk of changes in market interest rates relates primarily to the Group's Sterling, US Dollar and Euro debt obligations. Measurement of this interest rate risk and its potential impact due to volatility on the Group's reported financial performance is undertaken on a monthly basis and the Board uses this information to determine, from time to time, an appropriate mix of fixed and floating rates.

Credit risk

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The maximum exposure is the carrying amount as disclosed in Note 12. There are no significant concentrations of credit risk within the Group.

With respect to credit risk arising from other financial assets of the Group, which comprise cash and cash equivalents and certain derivative instruments, the Group's exposure to credit risk has a maximum exposure equal to the carrying value of these instruments. The Group has a policy to place cash on deposit and hold derivatives with members of the banking syndicate wherever possible.

Liquidity risk

Liquidity risk is defined as the risk that the Group might not be able to settle or meet its obligations on time or at a reasonable price. Liquidity risk arises as a result of mismatches between cash inflows and outflows from the business. This risk is monitored on a centralised basis through regular cash flow forecasting, a strategic plan, an annual budget agreed by the Board each year and a rolling re-forecast undertaken throughout the financial year. To mitigate the risk, the resulting forecast net bank cash/(debt) is measured against the liquidity headroom policy.

As at 31 March 2024, the Group had a committed but undrawn revolving credit facility of £45.9m. The Group also benefits from a UK overdraft and a number of overseas facilities totalling £5.0m (2023: £4.4m) with availability at year end of £1.2m. Together with net cash of £14.1m, available funds at 31 March 2024 were £61.2m. The Group manages longer-term liquidity through its committed bank facilities and will, if appropriate, raise funds on capital markets. The Group's principal committed bank facility of £85.0m matures in May 2026 (two years to maturity) and had drawings of £39.1m at 31 March 2024. Cash management pooling, netting and concentration techniques are used to minimise borrowings. As at 31 March 2024, the Group had gross cash of £17.8m.

(E) Currency and interest rate profile of financial assets

	2024 £m	2023 £m
Cash at bank and in hand by currency		
Sterling	2.0	3.5
Euro	5.3	5.7
US Dollar	2.4	4.5
Other	8.1	5.6
	17.8	19.3

Cash balances are held with the Group's bankers. These deposits are held largely in Germany and earn interest at bank deposit interest rates for periods of up to three months.

(F) Foreign currency risk and sensitivity

As a result of the significant operations in the US, Europe and China, the Group's balance sheet can be affected significantly by movements in the US Dollar/Sterling, Euro/Sterling, and US Dollar/Euro exchange rates. In order to manage these risks the Group enters into currency forward contracts designated as cash flow hedge relationships and foreign currency borrowings designated as net investment hedges.

The financial impact of changes in the mark to market value of the currency forward contracts for reasonably possible changes in the value of Sterling on the Group's result before tax and the Group's equity is set out in the following table. There is no effect on profit before tax because all currency forward contracts are designated as hedging instruments. The impact of translating the net assets of foreign operations into Sterling is excluded from the sensitivity analysis.

Decrease/(increase) in the value of US Dollar compared to other currencies:

	25% Decrease in US\$ value		10% Increase in US\$ value	
	2024 £m	2023 £m	2024 £m	2023 £m
Effect on equity of currency forward contracts	(2.7)	(3.6)	1.5	1.2
Effect on equity of net investment hedge	0.5	1.5	(0.3)	(0.8)

(G) Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the basis points of the Group's floating interest rates:

	Increase in basis points	Effect on profit before tax	
		2024 £m	2023 £m
Sterling	+150	(0.4)	(0.3)
US Dollar	+150	-	(0.1)
Euro	+150	(0.1)	(0.3)
		(0.5)	(0.7)

(H) Borrowing facilities

The Group has the following undrawn committed borrowing facilities available at the year end date in respect of which all conditions precedent had been met at that date:

	2024 £m	2023 £m
Expiring within one year or less, or on demand	6.0	17.3
Expiring between one and two years	-	-
Expiring between two and five years	41.1	-
	47.1	17.3

The facilities expiring in one year or less, or on demand, are primarily annual facilities subject to review at various dates during the year ending 31 March 2025.

(I) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a satisfactory credit rating and capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, return capital to the shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 March 2024 and 31 March 2023.

The capital structure of the Group consists of net debt, as disclosed in Note 23, and equity attributable to the owners of the parent, as disclosed in the Consolidated Statement of Changes in Equity.

The Group monitors capital using two gearing ratios which align with the two primary financial covenants on the Group's core banking facility. The core banking facility has been subject to two covenants, which are tested semi-annually: net debt to EBITDA (leverage) and EBITDA to net finance charges. While liquidity remained sufficient under the bank facility, the economic uncertainty arising from the Covid-19 pandemic resulted in the Group agreeing with its banking partners, in May 2020, to amend the covenant structure over the period to September 2021. The revised structure replaced the net debt to EBITDA and EBITDA to net financing charge tests with minimum rolling 12-month EBITDA and minimum available liquidity tests at quarterly test dates, which created additional flexibility in uncertain operating conditions. See Note 14 for further details of the Group's banking facilities. The Group is not subject to any other externally imposed capital requirements.

	2024 £m	2023 £m
Net debt (Note 23)	24.9	29.8
Total capital	50.2	39.1
Capital and net debt	75.1	68.9
Gearing ratio	33%	43%
Adjusted EBITDA, £m (APMs)	40.9	36.2
Net debt to adjusted EBITDA	0.6 times	0.8 times

Notes to the consolidated financial statements CONTINUED

25. Business combinations

During the period the Group completed the acquisition of the trading assets of Davidson Chain PTY ("Davidson") for the total consideration of AU\$6.0m (£3.1m), of which AU\$5.7m (£3.0m) was paid on the date of the acquisition with the remaining AU\$0.3m (£0.1m) being deferred, to be paid in September 2024. Davidson is based in Melbourne, Australia, and is a manufacturer and distributor of high quality conveyor chain ("CVC").

The transaction has been accounted for as a business combination under IFRS 3 and is summarised below:

	Recognised values on acquisition £m
Fair value of net assets acquired:	
Intangible assets	1.1
Property, plant and equipment	0.1
Inventories	0.5
Trade and other receivables	0.3
Trade and other payables	(0.4)
Deferred tax liabilities	(0.3)
Net identifiable assets and liabilities	1.3
Goodwill	1.8
Total consideration	3.1
Consideration:	
Cash consideration	3.0
Deferred consideration	0.1
Total consideration transferred/to be transferred	3.1
Net cash outflow arising on acquisition:	
Cash consideration paid	(3.0)
Add: cash and cash equivalents acquired	-
	(3.0)
Increase in net debt arising on acquisition:	
Net cash outflow arising on acquisition	(3.0)
Acquisition costs	(0.5)
	(3.5)

Acquisition related costs amounted to £0.5m and have been included in the Income statement.

The gross contractual value of the trade and other receivables was £0.3m. The best estimate at the acquisition date of the contractual cash flows not expected to be collected was £nil.

Deferred consideration of £0.1m is payable within one year.

The goodwill arising on acquisition has been allocated to the Australia CGU and is expected to be deductible for tax purposes. The goodwill is attributable to:

- the anticipated profitability of the distribution of the Group's services in new markets; and
- the synergies that can be achieved in the business combination including management, processes and maximising site capacities.

The business was acquired on 1 September 2023 and contributed £0.9m revenue and £0.2m adjusted operating profit for the period between the date of acquisition and the balance sheet date.

If the acquisition had been completed on the first day of the financial period, the acquisition would have contributed £1.6m to Group revenue, £0.0m to Group operating profit and £0.4m adjusted operating profit (after adding back £0.2m acquisition costs and £0.2m amortisation of acquired intangibles).

During the year deferred consideration of €2.0m (£1.7m) was also paid in relation to the acquisition of the conveyor chain business of Industrias YUK S.A. in the prior year.

	Recognised values on acquisition £m
Total net cash outflow arising on acquisitions:	
Davidson Chain PTY	(3.0)
Industrias YUK S.A.	(1.7)
	(4.7)
Total increase in net debt arising on acquisitions:	
Davidson Chain PTY	(3.5)
Industrias YUK S.A.	(1.7)
	(5.2)

Company balance sheet

as at 31 March 2024

	Note	2024 £m	2023 £m
ASSETS			
Non-current assets			
Intangible assets	2	3.0	2.4
Property, plant and equipment	3	0.3	0.3
Right-of-use assets	9	0.5	0.6
Investments in subsidiary undertakings	4	62.0	62.0
Receivables	6	92.7	93.9
Deferred tax assets	5	0.2	0.5
		158.7	159.7
Current assets			
Receivables	6	4.0	5.0
Cash and cash equivalents		2.0	3.8
		6.0	8.8
TOTAL ASSETS		164.7	168.5
LIABILITIES			
Current liabilities			
Trade and other payables	7	(5.0)	(4.1)
Lease liabilities	9	(0.3)	(0.3)
Borrowings	10	-	(38.9)
		(5.3)	(43.3)
NET CURRENT ASSETS/(LIABILITIES)		0.7	(34.5)
Non-current liabilities			
Trade and other payables	7	(73.3)	(69.2)
Lease liabilities	9	(0.2)	(0.3)
Borrowings	10	(37.2)	-
Provisions	11	(0.2)	(0.2)
Preference stock	10	(0.5)	(0.5)
Retirement benefit obligations	12	(0.7)	(2.1)
		(112.1)	(72.3)
TOTAL LIABILITIES		(117.4)	(115.6)
NET ASSETS		47.3	52.9
Equity			
Share capital	13	11.3	11.3
Other reserves		(9.0)	(5.0)
Retained earnings		45.0	46.6
TOTAL EQUITY		47.3	52.9

The loss of Renold plc (registered number 249688) for the year ended 31 March 2024 was £3.7m (2023: loss of £3.8m).

Approved by the Board on 16 July 2024 and signed on its behalf by:

ROBERT PURCELL
CHIEF EXECUTIVE

JIM HAUGHEY
FINANCE DIRECTOR

RP

J Haughey



Company statement of changes in equity

for the year ended 31 March 2024

	Share capital £m Note 13	Retained earnings £m	Other reserves £m	Total £m
At 31 March 2022	11.3	47.0	(5.0)	53.3
Loss for the year	-	(3.8)	-	(3.8)
Other comprehensive income	-	2.1	-	2.1
Total comprehensive expense for the year	-	(1.7)	-	(1.7)
Share-based payments	-	1.3	-	1.3
At 31 March 2023	11.3	46.6	(5.0)	52.9
Loss for the year	-	(3.7)	-	(3.7)
Other comprehensive income	-	1.3	(0.1)	1.2
Total comprehensive expense for the year	-	(2.4)	(0.1)	(2.5)
Own shares purchased	-	-	(4.5)	(4.5)
Settlement of share schemes	-	(0.6)	0.6	-
Share-based payments	-	1.4	-	1.4
At 31 March 2024	11.3	45.0	(9.0)	47.3

Details of share-based payment transactions are set out in Note 20 of the consolidated financial statements.

Included in retained earnings is £3.9m (31 March 2023: £2.7m) relating to a share option reserve.

The other reserves are stated after deducting £8.8m (31 March 2023: £4.9m) relating to shares held in the Renold Employee Benefit Trust. The Renold Employee Benefit Trust holds Renold plc shares and satisfies awards made under various employee incentive schemes when issuance of new shares is not appropriate.

At 31 March 2024 27,583,116 (31 March 2023: 16,888,938) ordinary shares of 5p each were held by the Renold Employee Benefit Trust and, following recommendations by the employer, are provisionally allocated to satisfy awards under employee incentive schemes. The market value of these shares at 31 March 2024 was £10.3m (31 March 2023: £4.3m).

Company accounting policies

A summary of the principal Company accounting policies is set out below. These have been applied on a consistent basis unless otherwise indicated.

Basis of accounting

The Parent Company financial statements of Renold plc meet the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100). The financial statements have therefore been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

In these financial statements, the Company has applied the exemptions available under FRS 101 in relation to share-based payments, financial instruments, capital management, presentation of a cash flow statement, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets and related party transactions.

The financial statements have been prepared on the historical cost basis and on the going concern basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services. The principal accounting policies adopted and significant accounting judgements, estimates and assumptions are the same as those set out in the Notes to the consolidated financial statements.

As permitted by section 408 of the Companies Act 2006, the Company has not presented its own statement of comprehensive income (including the profit and loss account).

Intangible assets

Computer software that is not integral to an item of plant and equipment is recognised separately as an intangible asset.

Amortisation is charged on a straight-line basis so as to charge the cost of software to the income statement over its expected useful life which is between three and seven years. Costs associated with maintaining computer software programs are recognised as an expense as incurred.

Property, plant and equipment

Tangible assets are stated at cost, being purchase cost plus any incidental costs of acquisition, less accumulated depreciation and impairment.

Depreciation is calculated on a straight-line basis so as to charge the depreciable amount of the respective assets to the income statement over their expected useful lives. No depreciation has been charged on freehold land. The useful lives of assets are as follows:

	Years
Freehold buildings	50
General plant and equipment	15
Fixtures	15
Motor vehicles	3

Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in operating profit.

Investments in subsidiary undertakings

Investments in subsidiary companies are accounted for at cost and reviewed for impairment on an annual basis. Where indicators of impairment are present, the cash flows of the underlying entities are reviewed to determine whether the investment value is recoverable.

The results and financial position of Renold Scottish Limited Partnership (SLP) have been consolidated in the consolidated financial statements of Renold plc. Renold plc is a parent undertaking of the general partner in the SLP (see Note 15 to the Company financial statements). Accordingly, advantage has been taken of the exemption conferred by paragraph 7 of the Partnerships (Accounts) Regulations 2008 from the requirements for preparation, delivery and publication of the partnerships accounts.

Receivables

Receivables are initially recognised at fair value. Financial assets that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Financial assets are measured at amortised cost using the effective interest method, less any impairment.

Per IFRS 9, a simplified lifetime expected credit loss model is used to assess receivables for impairment. An assessment regarding the expected credit loss of these amounts has been made and the Company has identified that no allowance for expected credit losses is required.

Amounts owed by subsidiary undertakings falling due after more than one year are classified as such according to the loan agreements in place.

Leasing and right-of-use assets

From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the lease liability and associated finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The Company has a property lease and several equipment and vehicle leases.

To the extent that a right-of-control exists over an asset subject to a lease, with a lease term exceeding one year, a right-of-use asset, representing the Company's right to use the underlying leased asset, and a lease liability, representing the Company's obligation to make lease payments, are recognised in the Company's Balance Sheet at the commencement of the lease. The right-of-use asset is initially measured at cost and includes the amount of initial measurement of the lease liability and any direct costs incurred, including advance lease payments and an estimate of the dismantling, removal and restoration costs required by the terms and conditions of the lease. Depreciation is charged to the Income Statement to depreciate the right-of-use asset from the commencement date until the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The lease term shall include the period of any extension option where it is reasonably certain that the option will be exercised. Where the lease contains a purchase option the asset is written off over the useful life of the asset when it is reasonably certain that the purchase option will be exercised.

The lease liability is measured at the present value of the future lease payments, including variable lease payments that depend on an index and the exercise price of purchased options where it is reasonably certain that the option will be exercised, discounted using the interest rate implicit in the lease, if readily determinable. If the rate cannot be readily determined, the lessee's incremental borrowing rate is used. Finance charges are recognised in the Income Statement over the period of the lease. Lease arrangements that are short term in nature or low value are charged directly to the Income Statement when incurred. Short-term leases are leases with a lease term of 12 month or less. Low-value assets comprise small items of furniture or equipment.

Provisions

Provisions are recognised when the Company: (i) has a present legal or constructive obligation as a result of past events; (ii) it is more likely than not that an outflow of resources will be required to settle the obligation; and (iii) a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, e.g. under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Costs related to ongoing activities of the Company are not provided in advance.

Critical judgements in the application of the company's accounting policies

In the course of preparing the financial statements, no judgements have been made in the process of applying the Company's accounting policies other than those involving estimations (below) that have had a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying value of the Company's assets or liabilities in the future.

The key sources of estimation uncertainty that have a potential risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Retirement benefit obligations

The valuation of the Company's defined benefit plans are determined by using actuarial valuations. These involve making assumptions about discount rates, mortality rates, future salary increases and future pension increases (future salary and pension increases are linked to inflation rate assumptions). Due to the long-term nature of these plans such estimates are subject to significant uncertainty. Net interest is calculated by applying the discount rate to the net defined benefit liability. Further details are given in Note 12.

Notes to the Company financial statements

1. Loss for the year

Renold plc reported a loss for the year ended 31 March 2024 of £3.7m (2023: £3.8m).

The Auditor's remuneration for audit and other services is disclosed in Note 2 to the consolidated financial statements.

The average monthly number of employees (excluding Executive Directors) during the financial year amounted to 41 (2023: 35), of which all are categorised as Head Office employees.

2. Intangible assets

	Software total £m
Cost	
At 1 April 2022	17.1
Additions	1.1
Transfers	(1.3)
At 31 March 2023	16.9
Additions	1.2
At 31 March 2024	18.1
Depreciation	
At 1 April 2022	13.6
Charge for the year	1.4
Transfers	(0.5)
At 31 March 2023	14.5
Charge for the year	0.6
At 31 March 2024	15.1
Net book amount at 31 March 2024	3.0
Net book amount at 31 March 2023	2.4

3. Property, plant and equipment

	Property £m	Equipment £m	Total £m
Cost			
At 1 April 2022	0.2	0.5	0.7
Additions	–	0.1	0.1
At 31 March 2023	0.2	0.6	0.8
Additions	–	0.1	0.1
At 31 March 2024	0.2	0.7	0.9
Depreciation			
At 1 April 2022	0.1	0.3	0.4
Charge for the year	–	0.1	0.1
At 31 March 2023	0.1	0.4	0.5
Charge for the year	–	0.1	0.1
At 31 March 2024	0.1	0.5	0.6
Net book amount at 31 March 2024	0.1	0.2	0.3
Net book amount at 31 March 2023	0.1	0.2	0.3

Future capital expenditure

At 31 March 2024, contracted capital expenditure not provided for in these financial statements for which contracts have been placed amounted to Enil (2023: Enil).

4. Investments in subsidiary undertakings

	Shares £m
Subsidiary undertakings	
Cost and carrying value – at beginning and end of year	62.0

The subsidiary undertakings of the Company at 31 March 2024 are set out in Note 15.

5. Deferred tax assets

	Opening balance £m	Recognised in income statement £m	Recognised directly in other comprehensive income £m	Closing balance £m
2024 - Pension plans	0.5	(0.2)	(0.1)	0.2
2023 - Pension plans	1.3	0.3	(1.1)	0.5

Unrecognised deferred tax assets amount to £6.6m (2023: £2.3m) arising from the pension plan, accelerated capital allowances, carried forward trading losses, and movement in pensions and accruals.

6. Receivables

	2024		2023	
	Current £m	Non-current £m	Current £m	Non-current £m
Amounts owed by subsidiary undertakings ¹	2.3	92.7	3.3	93.9
Other debtors	0.5	–	0.3	–
Prepayments	1.2	–	1.4	–
	4.0	92.7	5.0	93.9

¹ Current amounts owed by subsidiary undertakings are repayable on demand, bear no interest and are held at amortised cost. Non-current amounts owed by subsidiary undertakings attract varying rates of interest, are unsecured and are repayable in more than one year. An assessment regarding the expected credit loss of these amounts has been made and the Company has identified that no allowance for expected credit losses is required based on their nature as either quasi-equity or repayable on demand loans not exceeding the investee's liquid assets.

7. Trade and other payables

	2024 £m	2023 £m
Current		
Trade creditors	1.0	0.8
Other taxation and social security	0.3	0.3
Accruals	3.7	3.0
	5.0	4.1
Non-current		
Loan from subsidiary undertakings	73.3	69.2

Loans from subsidiary undertakings includes a 25-year loan of £62.5m (31 March 2023: £62.5m) which was established with Renold International Holdings Limited in 2014. Interest on this loan increases in line with RPI plus 1.5%, capped at 5%, and is payable for the period of the loan.

8. Derivative financial instruments

	2024 £m	2023 £m
Forward foreign currency contracts – cash flow hedge	–	–

At 31 March 2024, the Company had entered into forward contracts with a notional value of £2.3m (31 March 2023: £2.6m) to sell Sterling and buy Euros. The contracts were placed to cover purchases in Euros by the Group's operations.

Notes to the Company financial statements CONTINUED

9. Leasing and right-of-use assets

Right-of-use assets

	Land and buildings £m	Plant and equipment £m	Total £m
Cost			
At 1 April 2022	1.0	0.2	1.2
Additions	–	0.1	0.1
At 31 March 2023	1.0	0.3	1.3
Additions	–	0.2	0.2
At 31 March 2024	1.0	0.5	1.5
Accumulated depreciation and impairment			
At 1 April 2022	0.5	–	0.5
Charge for the year	0.2	–	0.2
At 31 March 2023	0.7	–	0.7
Charge for the year	0.2	0.1	0.3
At 31 March 2024	0.9	0.1	1.0
Net book amount			
At 31 March 2024	0.1	0.4	0.5
At 31 March 2023	0.3	0.3	0.6

Lease liabilities

	2024 £m	2023 £m
Maturity analysis – contractual undiscounted cash flows		
Less than one year	0.3	0.3
One to two years	0.1	0.2
Two to five years	0.1	0.1
Total undiscounted lease liabilities at 31 March	0.5	0.6
Less: Interest allocated to future periods	–	–
Lease liabilities included in the Balance Sheet	0.5	0.6
Current	0.3	0.3
Non-current	0.2	0.3

10. Borrowings

	2024 £m	2023 £m
Amounts falling due within one year:		
Bank loans repayable in one year	–	38.9
Capitalised costs ¹	–	–
Current borrowings	–	38.9
Amounts falling due after more than one year:		
Bank loans repayable in two to five years	37.9	–
Capitalised costs ¹	(0.7)	–
Non-current borrowings	37.2	–
Preference stock	0.5	0.5
	37.7	0.5
Total borrowings	37.7	39.4

¹ The presentation of capitalised costs has been amended to show all capitalised costs within non-current borrowings. The total amount of capitalised costs expected to unwind within one year is £0.3m (2023: £nil).

11. Provisions

	Non-current dilapidations provision £m
At 1 April 2023	0.2
Arising during the year	–
At 31 March 2024	0.2

Dilapidations

A provision is recognised in relation to contractual obligations to reinstate the Company's leasehold property to the state of repair specified in the property lease. The provision includes costs, as required within the lease, to rectify or reinstate modifications to the property and to remediate general wear and tear incurred to the balance sheet date. The provision to rectify or reinstate modifications is recognised on inception, with a corresponding fixed asset that is depreciated in line with the underlying asset. The provision to rectify general wear and tear is recognised as it is incurred over the life of the lease.

The provision is assessed based on the expected cost at the balance sheet date, using recent cost estimates from suitably qualified property professionals. These estimates are adjusted to reflect the impact of inflation between the date of assessment and the expected timing of the payments, and are then discounted back to present value. The inflation rate applied is 1.6% and the discount rate applied is 3.0%.

The provision relates to cash outflows which are expected to take place at the end of the lease term in 2030 and as a result all of the provision is classed as non-current.

12. Retirement benefit schemes

Defined contribution schemes

The Company operates defined contribution retirement benefit schemes for all qualifying employees. The assets of the schemes are held separately from those of the Company in funds under the control of trustees. Where there are employees who leave the schemes prior to vesting fully in the contributions, the contributions payable by the Company are reduced by the amount of forfeited contributions.

The total cost charged to income of £0.4m (2023: £0.1m) represents contributions payable to these schemes by the Company at rates specified in the rules of the plans. No contributions are outstanding at the year end.

Defined benefit schemes

Employees of the Company include members of the principal UK defined benefit schemes. The basis used to determine the deficit in the schemes is disclosed in Note 18 to the consolidated financial statements.

	2024 £m	2023 £m
IAS 19 retirement benefit obligation	(9.8)	(11.0)
Renold Scottish Limited Partnership retirement benefit plan asset ¹	9.1	8.9
Retirement benefit obligations	(0.7)	(2.1)

¹ In 2014, a deemed contribution of £10m was made to the pension scheme, which in turn invested the £10m in the Renold Scottish Limited Partnership (the 'SLP'). This has been recognised as a plan asset and unwinds, by way of a reduction in the asset and with a corresponding remeasurement increase in the IAS 19 retirement benefit obligation, in line with the committed cash contributions made by the SLP to the scheme (over the 25 year period ending in 2038). At each balance sheet date the value of the SLP plan asset is calculated as the discounted value of the expected future cash contributions payable by the SLP under the scheme. Remeasurement gains or losses are recorded in other comprehensive income.

There is a contractual agreement between the Company and its UK subsidiary, Renold Power Transmission Limited, to reflect the IAS 19 defined benefit pension scheme obligation in a 25:75 split respectively. Further details of the UK defined benefit scheme are disclosed in Note 18 of the consolidated financial statements.

Notes to the Company financial statements CONTINUED

12. Retirement benefit schemes

The movement in the present value of the total-defined benefit plan scheme is as follows:

	IAS 19 liabilities £m	IAS 19 plan assets £m	Total IAS 19 defined benefit obligation £m	SLP retirement benefit plan asset £m	Total defined benefit pension scheme £m
At 31 March 2022	(49.6)	33.6	(16.0)	10.5	(5.5)
Interest income/(expense)	(1.3)	0.9	(0.4)	0.3	(0.1)
Remeasurement gains/(losses) ¹	12.2	(6.9)	5.3	(1.9)	3.4
Benefits paid	2.3	(2.3)	-	-	-
Employer contributions ¹	-	0.1	0.1	-	0.1
At 31 March 2023	(36.4)	25.4	(11.0)	8.9	(2.1)
Interest income/(expense)	(1.7)	1.2	(0.5)	0.4	(0.1)
Remeasurement gains/(losses)	0.7	0.6	1.3	(0.2)	1.1
Benefits paid	2.5	(2.5)	-	-	-
Employer contributions	-	0.4	0.4	-	0.4
At 31 March 2024	(34.9)	25.1	(9.8)	9.1	(0.7)

¹ The presentation of the prior year employer contributions has been amended to only show the cash contributions paid out of Renold plc and not the CAR payments paid out of the Renold Scottish Limited Partnership (SLP).

13. Called up share capital

	Issued and fully paid	
	2024 £m	2023 £m
Ordinary shares of 5p each	11.3	11.3

At 31 March 2024 the issued ordinary share capital comprised 225,417,740 ordinary shares of 5p each (2023: 225,417,740).

	Issued and fully paid	
	2024 £m	2023 £m
Preference stock of £1 each¹	0.5	0.5

¹ Included in borrowings – see Note 10.

Disclosures in respect of capital management can be found in Note 24 to the consolidated financial statements.

14. Related party transactions

Other than payments made to Directors, which are set out in the Board Report on Remuneration on pages 78 to 85 and in Note 2(C) of the consolidated financial statements, there are no other related party transactions to disclose. The Company has taken the exemption available under FRS 101 not to disclose transactions with wholly-owned subsidiary companies.

15. Subsidiary undertakings

In accordance with Section 409 of the Companies Act 2006, a full list of subsidiary undertakings, the country of incorporation and the effective percentage of equity owned, as at 31 March 2024 is disclosed below. Unless otherwise stated, the share capital disclosed comprises ordinary or common shares which are held by subsidiaries of the Renold Group. The UK subsidiaries are incorporated in England and Wales and the registered address of all offices is Trident 2, Trident Business Park, Styal Road, Wythenshawe, Manchester, M22 5XB unless stated.

United Kingdom

Renold Power Transmission Limited*		
Renold International Holdings Limited*		
Hans Renold Limited*		
Renold Holdings Limited*		
Renold Continental Limited		
John Holroyd & Company Limited*	dormant	
Renold Pensions Limited*	dormant	
Renold Group General Partner Limited*	pension entity	1 George Square, Glasgow, G2 1AL
Renold Scottish Limited Partnership	pension entity	1 George Square, Glasgow, G2 1AL

Europe (other than the United Kingdom)

Austria	Renold GmbH	Kärntner Ring 12, A-1010 Wien
Denmark	Renold A/S	Kaerup Alle 2, 1. Benløse, 4100, Ringstad
France	Renold France SAS*	100 rue du Courbillon, 59175, Vendeville
Germany	Renold GmbH	Juliusmühle, 37574, Einbeck
	Renold Holding GmbH*	Juliusmühle, 37574, Einbeck
	Renold Automotive Systems	Juliusmühle, 37574, Einbeck
Poland	Renold Polska sp. z o.o.	Uniwersytecka 20, 40-007 Katowice, Poland
	Renold Poland sp. z o.o.	
Spain	Renold Iberia S.A.U	Polígono Industrial El Oliveral, Sub-Pol número 6, parcela 2 y 3. Ribarroja del Turia, Valencia
Sweden	Renold Transmission AB	
Switzerland	Renold (Switzerland) GmbH	Ringstrasse 16, CH-8600, Dübendorf 1
Turkey	Renold Zincir Sanayi Ve Ticaret Anonim Şirketi	İstasyon Mah. Yarış Çıkınazı Sk. No:1 İç Kapı No:54 Tuzla/ İstanbul

North America

Canada	Renold Canada Limited*	622 rue De Hull, Montreal, Quebec, H8R 1VG
USA	Renold Inc	100 Bourne Street, Suite 2, Westfield, NY 14787
	Jeffrey Chain LP	2307 Maden Drive, Morristown, TN 37813
	Renold Holdings Inc	2307 Maden Drive, Morristown, TN 37813
	Jeffrey Chain Acquisition Co Inc	2307 Maden Drive, Morristown, TN 37813
	Jeffrey Chain Corp	2307 Maden Drive, Morristown, TN 37813

Notes to the Company financial statements CONTINUED

15. Subsidiary undertakings CONTINUED

Other countries

Australia	Renold Australia Proprietary Limited*	508-520 Wellington Road, Mulgrave, Victoria 3170
China	Renold Transmission (Shanghai) Company Limited	Section A, Floor 3 of Composite Building, No. 18 North Fute Road, China (Shanghai) Pilot Free-Trade Zone, Shanghai
	Renold Technologies (Shanghai) Company Limited (Dormant)	Building 3, No. 385 Zheng Zhong Xin Road, Beicai Town, Pudong, Shanghai
	Renold (Hangzhou) Co Limited (Dormant)	No.82 Dongfang Road, Yiqiao Town, Xiaoshan District, Hangzhou Municipality, Zhejiang Province
	Renold (China) Transmission Products Co Ltd	No. 168 Huacheng Road, Jintan District, Changzhou
India	Renold Chain India Private Limited	S.F No: 568/1A, 569/1&2, D. Gudalur (P.O), Guziliamparai (T.K), Dindigul (D.T), Tamil Nadu - 624 620
Malaysia	Renold (Malaysia) Sdn Bhd	No. 2, Jalan Anggerik Mokara 31/44, Kota Kemuning, Seksyen 31, 40460 Shah Alam, Selangor, Malaysia
New Zealand	Renold New Zealand Limited*	594 Rosebank Road, Avondale, Auckland
Thailand	Renold (Thailand) Limited	399 Interchange Building, Unit 10, 24th Floor, Sukhumvit 21 Road, Klongtoey Nua Sub-District, Wattana District, Bangkok

* Direct subsidiary of Renold plc.

All of our companies are wholly owned direct or indirect subsidiaries of Renold plc, a company incorporated in England and Wales, which ultimately holds a 100% interest in the equity shares and voting rights.

Our overseas companies are incorporated in the countries in which they operate except where otherwise stated.

Group five year financial review (unaudited)

Financial statements

	2024 £m	2023 £m	2022 £m	2021 £m	2020 £m
Group revenue	241.4	247.1	195.2	165.3	189.4
Adjusted operating profit	29.7	24.2	15.3	11.4	13.4
Operating profit	30.5	22.9	16.2	10.7	10.1
Profit before tax	22.9	17.3	12.4	6.1	4.9
Taxation	(5.8)	(5.5)	(2.2)	(1.5)	(1.5)
Profit for the year from continuing operations¹	17.1	11.8	10.2	4.6	3.4
Capital employed					
Tangible and intangible fixed assets	67.6	67.7	54.4	53.0	60.1
Right-of-use assets	15.1	16.5	8.0	10.7	11.9
Lease liabilities	(15.1)	(20.2)	(12.0)	(15.4)	(17.1)
Working capital and other net assets	46.4	45.9	30.4	31.2	40.2
Operating assets	114.0	109.9	80.8	79.5	95.1
Goodwill	29.3	28.2	22.7	21.7	24.0
Deferred and current taxation	(4.5)	(2.0)	8.4	10.0	8.7
Provisions	(6.6)	(5.0)	(4.0)	(3.9)	(3.1)
Capital employed	132.2	131.1	107.9	107.3	124.7
Net debt	(24.9)	(29.8)	(13.8)	(18.4)	(36.6)
Pension obligations	(57.1)	(62.2)	(87.1)	(102.4)	(97.6)
Total net assets/(liabilities)	50.2	39.1	7.0	(13.5)	(9.5)
Other data and ratios					
Return on capital employed (%) ¹	22.6	20.3	13.8	9.2	10.2
Return on sales (%) ²	12.3	9.8	7.8	6.9	7.1
Capital expenditure (£m)	9.0	9.0	6.3	3.0	9.1
Adjusted earnings per share (p) from continuing operations	7.8p	6.5p	4.3p	2.3p	2.9p
Basic earnings per share (p) from continuing operations	8.3p	5.7p	4.7p	2.0p	1.5p
Employees at year end	1,824	1,864	1,817	1,739	1,826

¹ Being adjusted operating profit divided by average capital employed.

² Based on adjusted operating profit divided by revenue.

³ The results for the years ended 31 March 2020 exclude the results of discontinued operations. Discontinued operations arise from the disposal of the South African Torque Transmission business unit during the year ended 31 March 2020.

Alternative performance measures (unaudited)

In order to provide users of the accounts with a clear and consistent presentation of the performance of the Group's ongoing trading activity, the Group uses various alternative performance measures (APMs), including the presentation of the income statement in a three column format with 'Adjusted' measures shown separately from statutory items. Amortisation of acquired intangibles, restructuring costs, discontinued operations and material one-off items or remeasurements are included in a separate column as management seek to present a measure of performance which is not impacted by material non-recurring items or items considered non-operational. Performance measures for the Group's ongoing trading activity are described as 'Adjusted' and are used to measure and monitor performance as management believe these measures enable users of the financial statements to better assess the trading performance of the business. In addition, the Group reports sales and profit measures at constant exchange rates. Constant exchange rate metrics exclude the impact of foreign exchange translation, by retranslating the current period results using prior year exchange rates.

The APMs used by the Group include:

APM	Reference	Explanation of APM
O adjusted operating profit	A	Adjusted measures are used by the Group as a measure of underlying business performance, adding back items that do not relate to underlying performance
O adjusted profit before taxation	B	
O adjusted EPS	C	
O return on sales	D	
O operating profit gearing	D	
O revenue at constant exchange rates	E	Constant exchange rate metrics adjust for constant foreign exchange translation and are used by the Group to better understand year on year changes in performance
O adjusted operating profit at constant exchange rates	F	
O return on sales at constant exchange rates	G	
O EBITDA	H	EBITDA is a widely utilised measure of profitability, adjusting to remove non-cash depreciation and amortisation charges
O adjusted EBITDA	H	
O operating cash flow	H	
O net debt	I	Net debt, leverage and gearing are used to assess the level of borrowings within the Group and are widely used in capital markets analysis
O leverage ratio	J	
O gearing ratio	K	
O legacy pension cash costs	L	The cost of legacy pensions is used by the Group as a measure of the cash cost of servicing legacy pension schemes
O average working capital ratio	M	Working capital as a ratio of rolling 12 month revenue is used to measure cash performance and balance sheet strength

APMs are defined and reconciled to the IFRS statutory measure as follows:

(A) Adjusted operating profit

	Year ended 31 March 2024			
	Chain £m	Torque Transmission £m	Head office costs and eliminations £m	Consolidated £m
Operating profit	32.8	8.4	(10.7)	30.5
Add back/(deduct):				
Amortisation of acquired intangible assets	1.0	-	-	1.0
Acquisition costs	-	-	0.5	0.5
Assignment of lease and cost of closed sites	(2.3)	-	-	(2.3)
Adjusted operating profit	31.5	8.4	(10.2)	29.7

Year ended 31 March 2023

	Chain £m	Torque Transmission £m	Head office costs and eliminations £m	Consolidated £m
Operating profit	26.5	5.4	(9.0)	22.9
Add back/(deduct):				
Amortisation of acquired intangible assets	0.7	-	-	0.7
Acquisition costs	-	-	0.6	0.6
Adjusted operating profit	27.2	5.4	(8.4)	24.2

(B) Adjusted profit before taxation

	2024 £m	2023 £m
Profit before taxation	22.9	17.3
Add back/(deduct):		
Amortisation of acquired intangible assets	1.0	0.7
Acquisition costs	0.5	0.6
Assignment of lease and cost of closed sites	(2.3)	-
Adjusted profit before taxation	22.1	18.6

(C) Adjusted earnings per share

Adjusted EPS is reconciled to statutory EPS in Note 5.

(D) Return on sales and adjusted operating profit gearing

Year ended 31 March 2024

	Chain £m	Torque Transmission £m	Head office costs and eliminations £m	Consolidated £m
Adjusted operating profit	31.5	8.4	(10.2)	29.7
Total revenue (including inter-segment sales)	192.8	53.5	(4.9)	241.4
Return on sales %	16.3%	15.7%	-	12.3%

Year ended 31 March 2023

	Chain £m	Torque Transmission £m	Head office costs and eliminations £m	Consolidated £m
Adjusted operating profit	27.2	5.4	(8.4)	24.2
Total revenue (including inter-segment sales)	202.4	48.8	(4.1)	247.1
Return on sales %	13.4%	11.1%	-	9.8%

Alternative performance measures (unaudited) CONTINUED

(D) Return on sales and adjusted operating profit gearing CONTINUED

Year ended 31 March 2024				
	Chain £m	Torque Transmission £m	Head office costs and eliminations £m	Consolidated £m
Adjusted operating profit – 2024	31.5	8.4	(10.2)	29.7
Adjusted operating profit – 2023	27.2	5.4	(8.4)	24.2
Year on year change in adjusted operating profit (a)	4.3	3.0	(1.8)	5.5
Total revenue (including inter-segment sales) – 2024	192.8	53.5	(4.9)	241.4
Total revenue (including inter-segment sales) – 2023	202.4	48.8	(4.1)	247.1
Year on year change in total revenue (b)	(9.6)	4.7	(0.8)	(5.7)
Adjusted operating profit gearing % ((a)/(b))	-45%	64%	n/a	-96%

Year ended 31 March 2023				
	Chain £m	Torque Transmission £m	Head office costs and eliminations £m	Consolidated £m
Adjusted operating profit – 2023	27.2	5.4	(8.4)	24.2
Adjusted operating profit – 2022	18.9	4.1	(7.7)	15.3
Year on year change in adjusted operating profit (a)	8.3	1.3	(0.7)	8.9
Total revenue (including inter-segment sales) – 2023	202.4	48.8	(4.1)	247.1
Total revenue (including inter-segment sales) – 2022	159.2	40.4	(4.4)	195.2
Year on year change in total revenue (b)	43.2	8.4	0.3	51.9
Adjusted operating profit gearing % ((a)/(b))	19%	15%	n/a	17%

(E), (F) & (G) Revenue, adjusted operating profit and return on sales at constant exchange rates

Year ended 31 March 2024				
	Chain £m	Torque Transmission £m	Head office costs and eliminations £m	Consolidated £m
External customer – transferred at a point in time	191.9	45.3	–	237.2
External customer – transferred over time	–	4.2	–	4.2
Inter-segment	0.9	4.0	(4.9)	–
Foreign exchange retranslation	6.3	1.7	(0.1)	7.9
Revenue at constant exchange rates	199.1	55.2	(5.0)	249.3
Adjusted operating profit	31.5	8.4	(10.2)	29.7
Foreign exchange retranslation	0.9	0.3	(0.1)	1.1
Adjusted operating profit at constant exchange rates	32.4	8.7	(10.3)	30.8
Return on sales at constant exchange rates %	16.3%	15.8%	–	12.4%

(H) EBITDA, adjusted EBITDA (earnings before interest, taxation, depreciation and amortisation) and operating cash flow

	2024 £m	2023 £m
Statutory operating profit from continuing operations	30.5	22.9
Depreciation and amortisation	10.8	11.1
Share-based payments	1.4	1.3
EBITDA¹	42.7	35.3
Add back/(deduct):		
Loss on disposals of plant & equipment	-	0.3
Acquisition costs	0.5	0.6
Assignment of lease and cost of closed sites	(2.3)	-
Adjusted EBITDA¹	40.9	36.2
Inventories (Note 23)	-	(4.5)
Trade and other receivables (Note 23)	2.9	(2.8)
Trade and other payables (Note 23)	(2.7)	(4.2)
Provisions (Note 23)	1.5	1.0
Movement in working capital	1.7	(10.5)
Purchase of property, plant and equipment (Consolidated Statement of Cash Flows)	(8.3)	(7.0)
Purchase of intangible assets (Consolidated Statement of Cash Flows)	(1.3)	(1.4)
Proceeds from property disposals	0.1	-
Cash outflow on disposal of right-of-use assets	(0.6)	-
Net capital expenditure	(10.1)	(8.4)
Operating cash flow	32.5	17.3

¹ The calculation of EBITDA, adjusted EBITDA and operating cash flow deliberately excludes an add back for the non-cash share-based payment charge of £1.4m for the year (2023: £1.3m). This is done in order to ensure consistency with the metrics used to assess performance against the annual bonus plan targets.

(I) Net debt

Net debt is reconciled to the statutory balance sheet in Note 23.

(J) Leverage ratio

	2024 £m	2023 £m
Net debt (Note 23)	24.9	29.8
Adjusted EBITDA	40.9	36.2
Leverage ratio	0.6 times	0.8 times

(K) Gearing ratio

	2024		2023	
	£m	£m	£m	£m
Net debt (Note 23)		24.9		29.8
Equity attributable to equity holders of the parent	50.2		39.1	
Net debt (Note 23)	24.9		29.8	
Total capital plus net debt		75.1		68.9
Gearing ratio %		33%		43%

Alternative performance measures (unaudited) CONTINUED

(L) Legacy pension cash costs

	2024 £m	2023 £m
Cash contributions to pension schemes	5.5	4.6
Pension payments in respect of unfunded schemes	1.1	1.2
Scheme administration costs	0.5	0.7
	7.1	6.5

(M) Average working capital ratio

	2024 £m	2023 £m
Inventories	60.6	61.8
Trade and other receivables	39.8	43.5
Trade and other payables	(53.7)	(57.2)
Total working capital	46.7	48.1
Average working capital ¹ (a)	47.4	41.9
Revenue (b)	241.4	247.1
Average working capital ratio ((a)/(b))	20%	17%

¹ Calculated as a simple average of the opening and closing balance sheet working capital.

Corporate information

Financial statements

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