

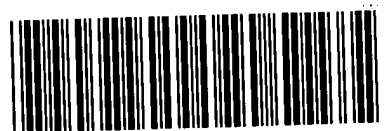
Fulcrum Group Holdings Limited

Annual report and financial statements

for the year ended 31 March 2018

Registered number: 03705715

FRIDAY



L7L92500

L14

21/12/2018

#438

COMPANIES HOUSE

Fulcrum Group Holdings Limited

Annual report and financial statements for the year ended 31 March 2018

	Page
Directors' Report	1
Strategic Report	3
Independent auditor's report to the Members of Fulcrum Infrastructure Services Limited	6
Statement of comprehensive income for the year ended 31 March 2018	8
Statement of changes in equity for the year ended 31 March 2018	9
Balance sheet as at 31 March 2018	10
Notes to the financial statements	11

Fulcrum Group Holdings Limited

Directors' Report

The Directors present their report and the audited financial statements of Fulcrum Group Holdings Limited ("the Company") for the year ended 31 March 2018.

Dividends

A dividend of £7,981k has been declared (2017: £nil).

Directors

The Directors who held office during the year and to the date of this report were as follows:

M Donnachie (resigned 31 July 2017)

M Harrison

I Foster (appointed 1 August 2017)

Directors' Indemnities and Insurance

The Company indemnifies its officers against liabilities arising from the conduct of the Company's business, to the extent permitted by law, by the placing of Directors' and officers' insurance. The insurance indemnifies individual Directors' and officers' personal legal liability and cost for claims arising out of actions taken in connection with the Company's business.

Employees

All employee contracts of the Group's employees are held and owned by the Company. The Company's management regularly delivers company-wide briefings on the Group's strategy and performance. These briefings contain details of the Group's financial performance where appropriate. In addition, monthly "Team Talk" briefs are distributed, containing detailed information on the Group's operational performance and updates on customer activity.

The Company remains committed to fair treatment of people with disabilities in relation to job applications, training, promotion and career development. Every effort is made to find alternative jobs for those who are unable to continue in their existing job due to disability.

The Group takes a positive approach to equality and diversity. The Company promotes equality in the application of reward policies, employment and development opportunities, and aims to support employees in balancing work and personal lifestyles.

Immediate Parent and Ultimate Parent Company

The immediate parent company is Fulcrum Utility Investments Limited, which is registered in the Cayman Islands.

The ultimate parent company is Fulcrum Utility Services Limited, which is registered in the Cayman Islands and consolidates the financial statements of the Company. The consolidated financial statements of Fulcrum Utility Services Limited are available on its website at www.fulcrumutilityserviceslimited.co.uk.

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Fulcrum Group Holdings Limited

Directors' Report (*continued*)

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Disclosure of Information to Auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Reappointment of Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the board



Martin Harrison

Chief Executive Officer

19 December 2018

Fulcrum Group Holdings Limited

Strategic Report

Principal Activities

The Company is the shared service provider of commercial and administration services to its ultimate parent undertaking Fulcrum Utility Services Limited and its subsidiaries, together "the Group" or "Fulcrum". These companies are involved in utility infrastructure services, gas & electricity transportation and meter rental.

Business Review and Future Developments

Where costs initially incurred by the Company can be wholly attributed to other Group companies, they are recharged directly to the relevant company. The residual costs incurred by the Company relate to the shared services of the Group that are not attributable to particular subsidiary companies. These include legal and professional fees and insurance, as well as company executive costs. These costs are allocated across the subsidiaries by an appropriate allocation basis. The re-charge of these costs to the subsidiaries are uplifted by 5%.

Key performance indicators

Financial and non-financial key performance indicators are considered on a Group wide basis.

The Group's financial key performance indicators are revenue, sales orders, utility asset capital commitments, EBITDA, Profit before tax, net funds, operating cash flow and earnings per share. These are discussed further on the strategic report section of the annual report of Fulcrum Utility Services Limited (pages 1-17)

The Group's non-financial key performance indicators include levels of customer satisfaction RIDDOR incident rate. Further details are shown on pages 1-11 of the strategic Report of the annual report of Fulcrum Utility Services Limited.

Principal Risks and Uncertainties

As a shared service provider to the Fulcrum Group, the company's risks and uncertainties are linked to those of the wider Group. The Board considers risk assessment, identification of mitigating actions and internal control to be fundamental to achieving the Group's strategic objectives. The Board recognises that the nature and scope of the risks can change and so regularly reviews the risks faced by the Group as well as the systems and processes in place to mitigate them. The principal risks to achieving the Group's objectives are set out below. The risk factors described are not an exhaustive list or an explanation of all risks. Additional risks and uncertainties relating to the Group, including those that are not currently known to the Group or that the Group currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Group's business operations, results and/or financial condition:

Risk	Description	Mitigations
Growth and strategy execution	The Board has adopted its strategy, as it believes it is the one most likely to add the greatest sustainable value for shareholders and stakeholders. It is possible that, with time, factors become known that indicate that the strategy currently being pursued is not the most effective or efficient and that alternative strategies may be more appropriate.	The Company's strategy is agreed by the Board at an annual strategy meeting and thereafter regularly reviewed at Board meetings and by the Executive Directors. The Board engages with management and employees to ensure the strategy is communicated and understood and that all employees have a clear understanding of the potential benefits and risks of the strategy.
Retention and recruitment	Success depends on the continued retention and performance of the Company's valued employees. Skilled development, technical, operating, sales and marketing personnel are essential for the business to meet its strategic goals and the Company	The Company has put in place suitable reward and recognition packages to all staff, comprising a blend of short and long-term incentives for senior managers and executives. Appropriate staff development programmes are in place to assess, manage and develop the leadership skills of staff

Fulcrum Group Holdings Limited

Risk	Description	Mitigations
	operates in markets with a high demand for high calibre personnel.	throughout the organisation. In addition, we invest in succession planning and improving learning and development, giving opportunities for employees to upgrade skills.
Macroeconomic conditions	The Company derives all its revenues from mainland UK and is therefore predominately dependent on the macroeconomic conditions in the UK. As the UK negotiates the terms of its exit from the European Union, there remains a degree of uncertainty on the outlook for the UK economy.	There has been no material change to the severity of this risk for the Company throughout the year. We continue to closely monitor the impact of the increased uncertainty on the UK economy and how this could impact the sectors, which we operate. The Company's multi-channel, multi-brand strategy and the increasingly diversified market position resulting from the Company's most recent acquisitions, creates a diverse revenue base which means it is well placed to minimise any negative impacts. We will continue to employ robust tendering processes to maintain strong cost control over Company sourcing.
Health and safety	The health and safety of our employees, subcontractors, suppliers and customers is of paramount importance to us. Accidents on our sites could lead to reputational damage and financial penalties.	We ensure that the Board's health and safety strategy is implemented by our comprehensive management systems and controls, overseen by our Company Health and Safety Department to minimise the likelihood and impact of accidents.
IT systems and cyber security	Fulcrum uses a range of computer systems across the Company. Outages and interruptions could affect the ability to conduct day-to-day operations, which could result in loss of sales and delays to cash flow. Key systems are breached causing financial loss, data loss, disruption or damage. In addition, any theft or misuse of data held within the Company's systems could have both reputational and financial implications for the Company.	The Company's IT strategies are reviewed regularly to ensure they remain appropriate, with business continuity and disaster recovery testing performed. We have a dedicated internal IT support team who work closely with our external support providers to ensure that regular updates to technology, infrastructure, communications and application systems occur. The Company has advanced centralised hardware and software security in place to ensure protection of commercial and sensitive data. For new IT projects, external consultants are utilised in conjunction with internal project management. Restricting access to data, systems and code and ensuring all systems are secure and up to date.

Fulcrum Group Holdings Limited

Strategic Report (continued)

Going concern

The Directors of Fulcrum Utility Services Limited, the ultimate parent undertaking, have assessed the future funding requirements of Fulcrum Group Holdings Limited and compared it to the level of cash resources within the Group. The assessment included a review of financial forecasts and the preparation of sensitivity analysis on the key factors that could affect future cash flow and funding. The Group's policy on funding capacity is to ensure that it always has sufficient funding and committed bank facilities in place to meet foreseeable peak in working capital requirements.


Having undertaken this review, the Directors have a reasonable expectation that the Company has adequate resources to fund its operations for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Outlook

In the coming year, we remain focused on the strategic advantages afforded by our unique business model and customer offering. We will:

- continue to always put safety first;
- continue to focus on sales growth and enhancing our customer service; and
- create long-term secure income by increasing our ownership electricity assets

We therefore remain confident in our ability to deliver incremental value to our stakeholders.



M Harrison
Chief Executive Officer
19 December 2018

Independent auditor's report to the Members of Fulcrum Infrastructure Services Limited

Opinion

We have audited the financial statements of Fulcrum Group Holdings Limited ("the company") for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The directors are responsible for the other information, which comprises the strategic report and the directors' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the strategic report and the directors' report for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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

Matthew Wilcox (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

1 Sovereign Square, Sovereign Street, Leeds, LS1 4DA

19 December 2018

Fulcrum Group Holdings Limited

Statement of comprehensive income for the year ended 31 March 2018

	Notes	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Revenue	2	2,405	2,959
Gross profit		2,405	2,959
Administrative expenses		(2,331)	(2,872)
Operating profit	3	74	87
Analysed as:			
EBITDA before share based payments and exceptional items		340	622
Equity-settled share based payment charges	14	(35)	(213)
Exceptional items		-	-
Depreciation and amortisation	7,8	(231)	(322)
		74	87
Finance income		24	35
Profit before taxation		98	122
Taxation	6	670	420
Profit for the period attributable to equity holders of the parent and other comprehensive income		768	542

All results relate to continuing operations.

The notes on pages 11 to 20 form part of these financial statements.

Fulcrum Group Holdings Limited

Statement of changes in equity for the year ended 31 March 2018

	Notes	Share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2016		10,000	12,137	22,137
Profit for the year		-	542	542
Transactions with equity shareholders				
Equity-settled share based payments	14	-	213	213
Balance at 31 March 2017		10,000	12,892	22,892
Profit for the year		-	768	768
Transactions with equity shareholders		-	(7,981)	(7,981)
Equity-settled share based payments	14	-	35	35
Balance at 31 March 2018		10,000	5,714	15,714

The notes on pages 11 to 20 form part of these financial statements.

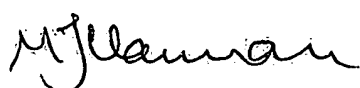
Fulcrum Group Holdings Limited

Balance sheet as at 31 March 2018

	Notes	31 March 2018 £'000	31 March 2017 £'000
Non-current assets			
Property, plant and equipment	7	310	279
Intangible assets	8	440	291
Deferred tax assets	6	1,296	653
		2,046	1,223
Current assets			
Trade and other receivables	9	12,053	18,351
Cash and cash equivalents	10	2,055	4,048
		14,143	22,399
Total assets		16,254	23,622
Current liabilities			
Trade and other payables	11	(540)	(730)
Total liabilities		(540)	(730)
Net assets		15,714	22,892
Equity			
Share capital	15	10,000	10,000
Retained earnings		5,714	12,892
Total equity		15,714	22,892

The notes on pages 11 to 20 form part of these financial statements.

The financial statements were approved by the Board of Directors on 19 December 2018 and were signed on its behalf by:



Martin Harrison

Chief Executive Officer
19 December 2018

Registered number: 03705715

Fulcrum Group Holdings Limited

Notes to the financial statements

1. Accounting policies

Fulcrum Group Holdings Limited (the "Company") is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Fulcrum Utility Services Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Fulcrum Utility Services Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from 2 Europa View, Sheffield Business Park, Sheffield, S9 1XH.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- An additional balance sheet for the beginning of the earliest comparative period following the retrospective change in accounting policy;
- Disclosures in respect of the compensation of key management personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of Fulcrum Utility Services Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of group settled share based payments
- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The principal accounting policies set out below, unless otherwise stated, have been applied consistently to all periods presented in these financial statements.

Measurement convention

The financial statements have been prepared on the historical cost basis, except for items that are required to be stated at fair value.

Accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Fulcrum Group Holdings Limited

Notes (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Depreciation is recognised on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. The estimated useful lives are as follows:

Fixtures and fittings 2 and 5 years

Computer equipment 3 and 5 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation of software is recognised in the income statement on a straight-line basis over the estimated useful life of five years.

Impairment

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

Fulcrum Group Holdings Limited

Notes (continued)

Employee benefits

Pension plans

The Group operates a defined contribution pension plan for the benefit of its employees under which the company pays a fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Contributions are recognised in the income statement as they become payable in accordance with the rules of the scheme.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share based payment transactions

Share based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share based payment transactions, regardless of how the equity instruments are obtained by the Group.

The grant date fair value of share based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share based payment awards with non-vesting conditions, the grant date fair value of the share based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

No cash-settled share based payment awards have been granted to employees.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation.

Revenue

The Company's turnover represents the charges made to other entities in the Fulcrum Group for their use of shared services provided by the Company. Revenue is based on costs incurred and for certain costs these include a 5% mark-up.

Exceptional items

Exceptional items are those that in management's judgement need to be disclosed separately by virtue of their size or incidence in order to provide greater visibility of the underlying results of the business and which management believes provide additional meaningful information in relation to ongoing operational performance.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet

Fulcrum Group Holdings Limited

Notes (continued)

date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Classification of financial instruments issued by the Group

Following the adoption of IAS 32, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called-up share capital and share premium account exclude amounts in relation to those shares.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

2. Revenue

The Company's activities consist solely of the provision of commercial and administration services to its ultimate parent undertaking Fulcrum Utility Services Limited and its fellow Group entities. All activities occur in the United Kingdom.

Fulcrum Group Holdings Limited

Notes (continued)

3. Operating profit

Included in operating profit are the following charges:

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Amortisation of intangible assets: owned	142	278
Depreciation of property, plant and equipment: owned	88	44
Operating leases – plant and machinery	713	651
Operating leases – land and buildings	234	225
<i>Amounts receivable by the auditors, KPMG LLP in respect of:</i>		
Auditor's remuneration:	102	73
<i>Amounts receivable by auditors and their associates in respect of:</i>		
– Taxation compliance services	25	12

In the current year the Company has paid the audit fee costs of the Group, this is included in the shared services recharge.

Shared services costs are allocated and recharged to each subsidiary owned by Fulcrum Utility Services Limited on the basis of the costs incurred by Fulcrum Group Holdings Limited. Certain of these costs include a 5% uplift. Costs recharged include legal and professional fees, insurance and other executive costs.

4. Staff numbers and costs

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Wages and salaries	1,184	1,417
Social security costs	217	201
Other pension costs	38	47
Share based payments	35	213
	1,474	1,878

The average monthly number of persons employed by the Company (including Directors) during the period, analysed by category, was as follows:

Number of employees	2018	2017
Support	9	8

Shared services costs are allocated and recharged to each subsidiary owned by Fulcrum Utility Services Limited on the basis of the costs incurred by Fulcrum Group Holdings Limited. Certain of these costs include a 5% uplift. Costs recharged include legal and professional fees, insurance and other executive costs.

Fulcrum Group Holdings Limited

Notes (continued)

5. Directors' emoluments

	2018 £'000	2017 £'000
Aggregate emoluments	693	547

Included in the total emoluments above is the aggregate value of company contributions made to the pension scheme of 2 (2017: 2) directors in respect of directors' qualifying services. These costs are included in the shares services recharge.

Highest paid director:

	2018	2017
Emoluments	283	317
Contributions to a defined contribution scheme	10	14
	293	331

6. Taxation

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Current tax	-	-
Deferred tax	670	420
Total tax credit	670	420

Deferred tax has been recognised in respect of tax losses carried forward that are expected to be utilised against future taxable profits. Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016.

The deferred tax assets at balance sheet date has been calculated based on these rates.

Reconciliation of effective tax rate

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Profit before taxation	98	123
Tax using the UK corporation tax rate of 19% (2017: 19%)	(19)	(23)
Non-deductible expenses	(8)	(41)
Depreciation in excess of capital allowances	54	41
Effect of change in corporation tax rate	(76)	37
Recognition of tax effect of previously unrecognised tax losses	719	406
Total tax credit	670	420

Fulcrum Group Holdings Limited

Notes (continued)

Movement in deferred tax balances

	31 March 2018	31 March 2017
	£'000	£'000
Deferred tax assets		
At 1 April 2017	653	233
Recognised in profit or loss		
Newly recognised deferred tax asset	643	420
At 31 March 2018	1,296	653

7. Property, plant and equipment

	Fixtures and fittings £'000	Computer equipment £'000	Motor Vehicles £'000	Total £'000
Cost				
At 1 April 2016	321	756	-	1,077
Additions	27	261	-	288
Disposals	-	-	-	-
At 31 March 2017	348	1,017	-	1,365
Additions	39	60	20	119
Disposals	-	-	-	-
At 31 March 2018	387	1,077	20	1,484
Accumulated depreciation				
At 1 April 2016	(312)	(730)	-	(1,042)
Depreciation charge for the period	(6)	(38)	-	(44)
Disposals	-	-	-	-
At 31 March 2017	(318)	(768)	-	(1,086)
Depreciation charge for the period	(9)	(79)	-	(88)
Disposals	-	-	-	-
At 31 March 2018	(327)	(847)	-	(1,174)
Net book value				
At 31 March 2018	60	230	20	310
At 31 March 2017	30	249	-	279
At 1 April 2016	9	26	-	35

Fulcrum Group Holdings Limited

Notes (continued)

8. Intangible assets

Software
£'000

Cost	
At 1 April 2016	2,353
Additions	197
At 31 March 2017	2,550
Additions	291
At 31 March 2018	2,841
Accumulated amortisation and impairment	
At 1 April 2016	(1,981)
Amortisation for the period	(278)
At 31 March 2017	(2,259)
Amortisation for the period	(142)
At 31 March 2018	(2,401)
Net book value	
At 31 March 2018	440
At 31 March 2017	291
At 1 April 2016	372

9. Trade and other receivables

	31 March 2018 £'000	31 March 2017 £'000
Trade receivables	3	371
Amounts owed by Group undertakings	8,449	17,919
Other receivables	3,580	-
Prepayments and accrued income	21	61
	12,053	18,351

All amounts due from Group undertakings are repayable on demand and no interest is receivable.

10. Cash and cash equivalents

	31 March 2018 £'000	31 March 2017 £'000
Cash at bank and on hand	2,055	4,048

Fulcrum Group Holdings Limited

Notes (continued)

11. Trade and other payables

	31 March 2018 £'000	31 March 2017 £'000
Trade payables	2	12
Accruals and deferred income	447	628
Other payables	91	90
	540	730

12. Borrowings

The Company had no borrowings at 31 March 2018 (2017: £nil).

13. Pension benefits

The Group operates a defined contribution pension plan; the total expense relating to this plan in the current year was £38,000 (2017: £47,000).

14. Share capital

	31 March 2018 £'000	31 March 2017 £'000
Allotted, issued and fully paid		
1,000,000,486,155 ordinary shares of £0.00001 each	10,000	10,000
9,513,845 (2017: 9,513,845) B ordinary shares of £0.00001 each	-	-
3,913,000 (2017: 3,913,000) C ordinary shares of £0.00001 each	-	-
	10,000	10,000

On 26 March 2015 the company's shares were sub-divided from 10,000,000 £1 ordinary shares to 1,000,000,000,000 £0.00001 ordinary shares. On 27 March 2015 9,513,845 £0.00001 B ordinary shares were issued at nominal value. On 7 March 2016 3,913,000 £0.00001 C ordinary shares were issued at nominal value. The new share issues both contain options to purchase shares in the ultimate parent company, Fulcrum Utility Services Limited.

Notes (continued)

15. Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Land and buildings		Other operating leases	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Less than one year	271	225	559	519
Between one and five years	924	901	722	295
	1,195	1,126	1,281	814

Operating lease rentals relate to property rents and short-term vehicle and plant hire.

Fulcrum Group Holdings Limited

Notes (continued)

16. Immediate parent and ultimate parent undertaking and controlling party

The immediate parent company is Fulcrum Utility Investments Limited, which is registered in the Cayman Islands.

The ultimate parent and controlling company is Fulcrum Utility Services Limited. The largest and smallest Group of companies which include the company and for which consolidated financial statements were prepared are headed by Fulcrum Utility Services Limited. The consolidated financial statements of Fulcrum Utility Services Limited are available on its website at www.fulcrumutilityserviceslimited.co.uk.

Fulcrum Group Holdings Limited

Detailed profit and loss account for the year ended 31 March 2018

	2018 £'000	2017 £'000
Turnover		
Management fee income	2,405	2,959
People costs		
Salaries	860	919
Overtime & other pay	325	498
National Insurance	217	201
Pensions	38	47
	1,440	1,665
Overheads		
Sales & marketing	-	-
Property & facilities	-	-
Personnel costs	53	55
Insurance	233	199
Professional fees	290	327
Travel & subsistence	52	78
Communications	-	6
Information services	(4)	2
Other costs	1	5
	625	672
EBITDA profit	340	622
Depreciation	231	322
Share based payments	35	213
Operating profit before exceptionals	74	87
Exceptional Costs	-	-
Interest income	24	37
Interest cost	-	-
Profit before tax	98	122

This page does not form part of the Financial Statements.