

**Fulcrum Infrastructure Services Limited**  
**Annual report and financial statements**  
**for the year ended 31 March 2015**

Registered number: 06006363

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# **Fulcrum Infrastructure Services Limited**

## **Annual Report and Financial Statements for the year ended 31 March 2015**

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# **Fulcrum Infrastructure Services Limited**

## **Strategic Report for the year ended 31 March 2015**

The directors present their report and the audited financial statements of Fulcrum Infrastructure Services Limited ("the Company") for the year ended 31 March 2015.

### **Principal activities**

The principal activity of the Company is the provision of utility infrastructure and unregulated connections services.

### **Business review and future developments**

The Company continues to strive to increase its market share in the market place, contracting with gas shippers, developers and other housing authorities and associations offering utility infrastructure and connections services. Turnover decreased to £34.5 million from £38.3 million last year. The previous financial year contained £5.2 million from the Speyside distillery project. Excluding these items revenue increased by £1.4m or 4.2% year on year. The profit before tax for the financial year was £2.1 million (2014: loss before tax of £0.1 million).

Substantial progress has been made in reducing the cost base of the business. The size of the senior management team has been scaled back, efficiencies have been made in the central support functions and non-people costs have been thoroughly reviewed to ensure that expenditure is in line with what is required for a company of Fulcrum's size. Overall, overhead levels (excluding exceptional items) have reduced by £4.4 million during the course of the last twelve months.

Our focus on customer service has generated sustained improvements in our customers' satisfaction levels and ensures that we have strong levels of recurring revenues. During 2014/15 over half of our business came from repeat customers. Customer relationships have been nurtured and enhanced to preserve and build the solid sales order pipeline. We secured a one year extension to our framework contract with British Gas Business to continue to provide new connections to British Gas customers across England, Scotland and Wales to November 2015, with an option for the customer to extend for a further year.

Once again we won several major contracts for large construction projects including:

- The installation of gas, water and electricity connections to a new mixed use development in west Wales. The £0.7 million project involves the construction of over 3 kilometres of gas, water and electricity infrastructure
- The appointment by OCO Ltd, as part of The Improving Homes Scheme for Lambeth Living, to design and install two gas infrastructure projects with a combined value in excess of £0.5 million
- A £0.2 million dual fuel infrastructure project for Hall Construction to deliver new gas and electricity connections to 13 industrial and commercial units in South Yorkshire
- A £0.3 million contract for gas infrastructure works for a new 171 plot housing development in Nottinghamshire

We have further invested in our sales resource to increase our national presence and focused targeting of high value opportunities. Our web based sales continue to grow at pace and this route to market has increased by 26% year on year to £4.3 million, 13% of our total Group revenue. We successfully launched a second brand, an online service, FirstGas aimed at new and less technically experienced customers. Early sales are both encouraging and incremental to the existing offering.

# **Fulcrum Infrastructure Services Limited**

## **Strategic Report for the year ended 31 March 2015 (continued)**

The Fulcrum management team recognised the positive impact of an in-house operational delivery model and transferred 99 employees under TUPE from its former alliance partner McNicholas. The move gave Fulcrum direct control of the full operational process from design through to installation across England and Wales, significantly increasing the size of the Group's workforce and potential profitability.

To support its project delivery activities, the Group has acquired a new fleet of more than 30 Fulcrum-branded vehicles and invested in technology with the addition of tablet devices containing bespoke applications to enable field engineers to maintain real-time project records and offer a more responsive delivery.

This unique end-to-end fully branded operating model creates a powerful, agile and responsive platform to deliver continued growth through a skilled workforce and customer-focused operations. In addition, the extensive pre and post-integration work provides us with new skills and confidence to undertake similar projects in the future.

The transition activities completed in the year ended 31 March 2015 were a challenging but essential requirement to establish a lean and fit for purpose structure. We will continue to scrutinise our cost base to identify and realise further potential savings, whilst we simultaneously strive to improve operational efficiency to reduce project delivery costs.

### **Outlook**

Fulcrum entered the current financial year with an established customer base and a solid order book, underpinned by favourable market dynamics. By targeting higher margin business, broadening its service offering and consolidating its direct labour workforce, the Group is well positioned to drive performance and deliver improved returns.

The business is scalable to deliver future sales growth with minimal requirement for additional overhead investment and from this stable platform we can now consider the next stage of Fulcrum's corporate development and longer-term strategic options to further strengthen our position.

### **Key performance indicators**

The emphasis of the Company's operations continue to be on customer service and health and safety.

In terms of customer service, the Company closely monitors its performance against targets for producing quotes, receiving customer acceptances, providing plan dates and meeting substantial completion dates. These levels of service are monitored internally. Customer service is geared toward individual customer requirements which are monitored via the Customer Care department (a dedicated team) and key customers have dedicated Key Account Managers.

The Company continues to operate in accordance with the Gas Industry Registration Scheme (GIRS), Water Industry Registration Scheme (WIRS), National Electricity Registration Scheme (NERS), Multi-Utility Registration Scheme (MURS), ISO14001 and ISO9001.

In terms of health and safety the Company monitors the incidence of work related accidents related to its own staff and that of its contractors. There were no work related accident in the year that resulted in the Company's own employees being away from work (2014: nil). The directors also consider revenue and profit on ordinary activities before taxation to be key performance indicators.

# **Fulcrum Infrastructure Services Limited**

## **Strategic Report for the year ended 31 March 2015 (continued)**

### **Principal risks and uncertainties**

The management of the business and the execution of the Company's strategy are subject to a number of risks which are set out below.

#### ***Growth and strategy execution***

It is possible that the growth of the business could take longer than expected, or that the anticipated improvements in financial performance may not be realised in full. To mitigate this risk, the Company operates comprehensive annual strategic planning and budgeting processes together with detailed monthly reporting and analysis of actual performance against the business plan so that corrective actions can be taken if necessary.

#### ***Dependence on key executives and personnel***

In common with many smaller companies, the Company's future success is substantially dependent upon recruiting, retaining and motivating key executives with relevant industry experience. The Company has put in place suitable executive incentive schemes for successful delivery of our strategy. In addition, appropriate staff development programmes are in place to assess, manage and develop the leadership skills of all staff throughout the organisation.

#### ***Risks relating to operating in a competitive market***

The business strategy relies fundamentally on the ability to increase revenues and ensuring that the cost base is kept under control. However, the markets in which the Company operates are competitive. The Company faces significant competition, including from organisations that may be larger and/or have greater capital resources. The Company cannot predict the pricing or promotional activities of its competitors or their effect on its ability to market and sell its services. In order to ensure that its services remain competitive, the Company may be required to reduce its prices as a result of price reductions by its competitors. This could adversely affect the Company's results.

There are no assurances that the strength of the Company's competitors will not improve or that the Company will win any additional market share from its competitors, or maintain its existing market share. Existing and/or increased competition could adversely affect the Company's market share and materially affect its business, financial condition and operating results.

These risks are managed through the corporate planning and review processes as outlined in the growth and strategy execution section above.

#### ***Risks relating to the gas connections market***

Operating in the gas industry carries with it inherent risks, such as reliance on ageing infrastructure, potential injury to, or loss of, human life or equipment, as well as the risk of downtime or low productivity caused by weather interruptions or equipment failures. Losses could result from litigation or interruption of the Company's business should these risks materialise. There are also associated regulatory risks relating to the Company's reliance on a number of different licences which it requires in order to carry out the design and project management of connections to gas pipelines. In addition Fulcrum Pipelines Limited is specifically licensed by Ofgem as an Independent Gas Transporter (IGT). This brings with it the risk that the regulatory environment could change, which may have a direct and significant impact on the Company's regulated activities.

# **Fulcrum Infrastructure Services Limited**

## **Strategic Report for the year ended 31 March 2015 (continued)**

The Company seeks to reduce the risk of losses arising from these circumstances through careful planning, robust operational guidelines, the sharing of risk with client and supplier organisations and by putting in place suitable insurance arrangements.

### ***Reliance on key customers***

A relatively small number of long term commercial contracts exist between the Company and its customers. The relationship between the Company and many of its customers is not regulated by a contract. Instead, the majority of the Company's business with customers is based on purchase orders and an implied acceptance by customers of the Company's standard terms and conditions. There can therefore be no certainty that business will continue to flow from the Company's customers at historic levels.

### ***Reliance on significant suppliers***

The physical installation works required to install gas connections managed by the Company are carried out by sub-contractors on behalf of the Company. The Company is exposed to the risk that the financial performance of this supplier may fluctuate or deteriorate in the future and that this could have an adverse impact on the operational or financial performance of the Company.

In order to manage this risk, the Company continually reviews the performance of its framework sub-contractor against the requirements of the framework contract and a suite of defined key performance indicators (KPI's).

### ***Continuity of financing facilities***

During the prior year the business entered into an asset backed financing agreement with Lloyds Commercial Finance. At the year end, this facility was not utilised. Maintaining good working relationships with the Company's bankers will remain important in the future.

### ***Changing mix of sales***

A changing mix of new contract sales, moving away from payments in advance toward credit terms, may place a strain on working capital as the volume of credit sales increases. In granting commercial credit terms careful attention is paid to the timing of cash receipts and payments over the period of contract delivery. Where necessary a deposit is requested from customers prior to commencing work and invoicing milestones with customers are matched where possible to the invoicing patterns with contractors. Matching of credit terms through the supply chain will be necessary to ensure the working capital impact of this change in sales mix can be managed effectively.

### ***Change in balance of contract value***

As the sales mix of the business changes and the relative mix of large and small contracts changes over the period of delivery, it is possible that revenue may fluctuate materially from one period to another. As a result, future revenue performance may prove more volatile than the past revenue performance of the business would indicate.

# **Fulcrum Infrastructure Services Limited**

## **Strategic Report for the year ended 31 March 2015 (continued)**

### **Going concern**

As a matter of course the Directors regularly prepare financial forecasts for the business and these are reviewed and adopted by the Board. These forecasts are subject to 'stress testing' with appropriate sensitivity analysis and scenario planning to ensure that any adverse impact can be managed and mitigated such that the business can continue to operate within its existing financing facilities.

The Company's forecasts and projections, after taking account of sensitivity analysis of changes in trading performance and corresponding mitigating actions, show that the Company has adequate cash resources for the foreseeable future.

Therefore after making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and financial statements.

The directors have prepared the financial statements on the going concern basis. The directors have received confirmation from Fulcrum Utility Services Limited, of its intention to financially support the Company such that the Company can meet its obligations as they fall due for a period of at least twelve months from the date of the directors' approval of these financial statements.



M Harrison  
**Director**

16 October 2015

# **Fulcrum Infrastructure Services Limited**

## **Directors' report for the year ended 31 March 2015**

### **Results and dividends**

The profit for the year ended 31 March 2015 is set out in the profit and loss account on page 9. No dividend has been declared or proposed (2014: £nil).

### **Directors**

The directors of the Company during the financial year and up to the date of signing the financial statements were:

M Donnachie

M Harrison (appointed 11 December 2014)

MIJ Watts (resigned 3 June 2014)

### **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 are held and owned by Fulcrum Company Holdings Limited.

### **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](http://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).

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; and



# **Fulcrum Infrastructure Services Limited**

## **Directors' report for the year ended 31 March 2015**

- 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 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



M Harrison  
**Director**  
16 October 2015

**Registered Office:**  
6 St Andrew Street, 5th Floor, London, EC4A 3AE, United Kingdom

Registered number: 06006363

# **Fulcrum Infrastructure Services Limited**

## **Independent auditor's report to the members of Fulcrum Infrastructure Services Limited**

We have audited the financial statements of Fulcrum Infrastructure Services Limited for the year ended 31 March 2015 set out on pages 9 to 19. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Statement of directors' responsibilities as set out on pages 6 and 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

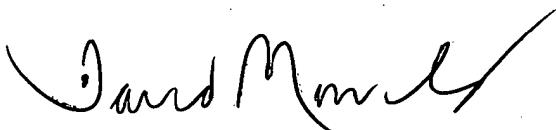
### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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.



David Morritt (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants

1 The Embankment, Leeds LS1 4DW

22 October 2015

# Fulcrum Infrastructure Services Limited

## Profit and loss account for the year ended 31 March 2015

	Note	2015 £'000	2014 £'000
<b>Turnover</b>	2	<b>34,486</b>	38,345
Cost of sales		<b>(25,497)</b>	(26,795)
Gross profit		<b>8,989</b>	11,550
Administrative expenses – excluding exceptional items		<b>(10,511)</b>	(10,611)
Exceptional administrative items	5	<b>(619)</b>	(1,087)
Total administrative expenses		<b>(11,130)</b>	(11,698)
<b>Loss on ordinary activities before taxation</b>	3	<b>(2,141)</b>	(148)
Tax on loss on ordinary activities	10	<b>1,714</b>	30
<b>Loss for the financial year</b>	16/17	<b>(427)</b>	(118)

There is no difference between the loss on ordinary activities before taxation and the loss for the financial year stated above and their historical cost equivalents.

All activities relate to continuing operations.

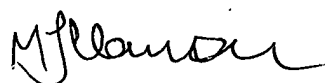
The Company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.

# Fulcrum Infrastructure Services Limited

## Balance sheet as at 31 March 2015

	Note	2015 £'000	2014 £'000
<b>Current assets</b>			
Stocks	10	1,289	1,974
Debtors: amounts falling due within one year	11	3,352	4,984
Debtors: amounts falling due after more than one year	11	35,958	538
Cash at bank and in hand		903	796
		<b>41,502</b>	<b>8,292</b>
<b>Creditors: amounts falling due within one year</b>			
	12	<b>(21,806)</b>	<b>(32,590)</b>
<b>Net current assets/(liabilities)</b>		<b>19,696</b>	<b>(24,298)</b>
<b>Total assets less current liabilities</b>		<b>19,696</b>	<b>(24,298)</b>
<b>Creditors: amounts falling due after more than one year</b>	13	<b>(44,733)</b>	<b>-</b>
<b>Provisions for liabilities and charges</b>	14	<b>(18)</b>	<b>(330)</b>
<b>Net liabilities</b>		<b>(25,055)</b>	<b>(24,628)</b>
<b>Capital and reserves</b>			
Called up share capital	15	-	-
Profit and loss account	16	<b>(25,055)</b>	<b>(24,628)</b>
<b>Total shareholders' deficit</b>	17	<b>(25,055)</b>	<b>(24,628)</b>

The board of directors approved the financial statements on pages 9 to 19 on 16 October 2015 and they were signed on its behalf by:



M Harrison  
Director

# **Fulcrum Infrastructure Services Limited**

## **Notes to the financial statements for the year ended 31 March 2015**

### **1 Principal accounting policies**

The financial statements have been prepared on a going concern basis and in accordance with applicable accounting standards in the United Kingdom under the historical cost convention and the Companies Act 2006. A summary of the principal accounting policies that have been consistently applied are set out below.

#### **Going concern**

As a matter of course the Directors regularly prepare financial forecasts for the business and these are reviewed and adopted by the Board. These forecasts are subject to 'stress testing' with appropriate sensitivity analysis and scenario planning to ensure that any adverse impact can be managed and mitigated such that the business can continue to operate within its existing financing facilities.

The Company's forecasts and projections, after taking account of sensitivity analysis of changes in trading performance and corresponding mitigating actions, show that the Company has adequate cash resources for the foreseeable future.

Therefore after making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and financial statements.

The directors have prepared the financial statements on the going concern basis. The directors have received confirmation from Fulcrum Utility Services Limited, of its intention to financially support the Company such that the Company can meet its obligations as they fall due for a period of at least twelve months from the date of the directors' approval of these financial statements.

#### **Turnover**

Utility infrastructure and gas connection activities are recognised as "services turnover". The majority of projects are completed in a short time frame, and as such turnover is recognised on completion. For longer projects, the stage of completion of the works is assessed when considering recognition of turnover. Services turnover is recognised excluding VAT and other indirect taxes. An accrual is made for sales in respect of work completed after the last invoice production date, but before the financial year end. When payment is received in advance of the provision of services, these receipts are recorded as deferred income.

Turnover relating to the sale of pipeline assets is recognised at the value of the future discounted cashflows expected to be generated from the operation of the pipelines.

#### **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 on-going operational performance.

# **Fulcrum Infrastructure Services Limited**

## **Notes to the financial statements for the year ended 31 March 2015 (continued)**

### **1 Principal accounting policies (continued)**

#### **Taxation**

Tax on the profit or loss for the financial year comprises current and deferred tax. Tax is recognised in the profit and loss account 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 financial year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous financial years.

A full provision for deferred tax is recognised on all timing differences that have originated but not reversed by the balance sheet date. Deferred tax assets are recognised to the extent that they are regarded as recoverable. Deferred tax is measured at the average tax rates that are expected to apply in the financial years in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

#### **Cash flow statement**

A cash flow statement has not been presented as the Company's ultimate parent undertaking has included a consolidated cash flow statement in accordance with Financial Reporting Standard 1 (revised 1996), Cash flow statements in its annual report and financial statements.

#### **Stocks**

Work in progress balances reflect direct works costs including direct labour, materials and other attributable variable costs relating to jobs classed as incomplete and which therefore cannot be taken to sales in the financial year. Work in progress is valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

#### **Related party transactions**

The Company is exempt under Financial Reporting Standard 8, 'Related party disclosures' from disclosing transactions with those companies where all of the voting rights are held within the Company.

The Company is a wholly owned subsidiary of Fulcrum Utility Services Limited. The consolidated financial statements of Fulcrum Utility Services Limited are available on its website at [www.fulcrumutilityserviceslimited.co.uk](http://www.fulcrumutilityserviceslimited.co.uk).

### **2 Segment reporting**

The Company's activities consist solely of the provision of utility infrastructure and unregulated connections services. All activities occur in the United Kingdom.

# Fulcrum Infrastructure Services Limited

## Notes to the financial statements for the year ended 31 March 2015 (continued)

### 3 Loss on ordinary activities before taxation

Loss on ordinary activities is stated after charging:

	2015	2014
	£'000	£'000
Wages and salaries	3,402	5,368
Social security costs	342	488
Other pension costs	245	439
<b>Employee costs (note 7)</b>	<b>3,989</b>	<b>6,295</b>
Audit fees – statutory audit	12	12
Non audit fees – taxation services	4	4
Fulcrum Group Holdings Shared Services recharge (note 4)	5,701	1,472

### 4 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. These costs include legal and professional fees, insurance, and other executive costs. These costs are then allocated across the subsidiaries based on an appropriate allocation basis. The current year recharge includes certain costs that were incurred in prior periods.

### 5 Exceptional administrative items

	2015	2014
	£'000	£'000
Restructuring costs	619	1,087

Restructuring costs relate to the severance costs required to reduce headcount. This resulted from the Company's strategy to re-align its cost base.

# Fulcrum Infrastructure Services Limited

## Notes to the financial statements for the year ended 31 March 2015 (continued)

### 6 Employee information

Employees have employment contracts with the Company's associate, Fulcrum Group Holdings Limited. Where employees work on activities wholly attributed to the Company's activities these staff costs are charged directly to the Company without a mark-up. Note 3 provides disclosure of these employee costs.

The average monthly number of persons employed by the Company during the financial year was therefore nil (2014: nil).

### 7 Directors' emoluments

All the directors of the Company were remunerated through other Group companies and their emoluments are disclosed in the financial statements of those companies. The amount of their emoluments recharged to Fulcrum Infrastructure Services Limited was as follows:

	2015	2014
	£'000	£'000
Total emoluments recharged	953	510

### 8 Tax on loss on ordinary activities

	2015	2014
	£'000	£'000
Current tax	-	-
Deferred tax (note 11)	1,714	30
<b>Tax on loss on ordinary activities</b>	<b>1,714</b>	<b>30</b>

Deferred tax has been recognised in respect of tax losses carried forward that are expected to be utilised against future taxable profits. The rate of UK corporation tax changed from 21% to 20% on 1 April 2015. As deferred tax balances are measured at the rates that are expected to apply in the periods of the reversal, deferred tax assets at 31 March 2015 have been calculated using a long term rate of 20%.

The Company had gross tax losses of approximately £14.3 million at 31 March 2015 (2014: £12.2 million). Deferred tax has been recognised on these losses.



# Fulcrum Infrastructure Services Limited

## Notes to the financial statements for the year ended 31 March 2015 (continued)

### 9 Tax on loss on ordinary activities (continued)

The tax assessed for the financial year is lower (2014: higher) than the standard rate of corporation tax in the UK of 23% as shown below:

	2015	2014
	£'000	£'000
<b>Loss on ordinary activities before taxation</b>	<b>(2,141)</b>	<b>(148)</b>
Loss on ordinary activities multiplied by the standard rate in the UK of 21% (2014: 23%)	<b>(450)</b>	<b>(34)</b>
Effect on tax charge of:		
Expenses not deductible for tax purposes	<b>1</b>	<b>2</b>
Unrecognised tax losses in the year	<b>449</b>	<b>32</b>
<b>Current tax charge for the year</b>	<b>-</b>	<b>-</b>

### 10 Stocks

	2015	2014
	£'000	£'000
Work in progress	<b>1,289</b>	<b>1,974</b>

# Fulcrum Infrastructure Services Limited

## Notes to the financial statements for the year ended 31 March 2015 (continued)

### 11 Debtors

	2015	2014
	£'000	£'000
<b>Amounts falling due within one year</b>		
Trade debtors	2,066	3,939
Prepayments and accrued income	1,095	804
Other debtors	191	241
	<b>3,352</b>	<b>4,984</b>
<b>Amounts falling due after more than one year</b>		
Amounts due from Group undertakings	33,706	-
Deferred tax asset	2,252	538
	<b>35,958</b>	<b>538</b>
<b>Total debtors</b>	<b>39,310</b>	<b>5,522</b>

Prepayments and accrued income relates to work completed after the last invoice production date, but before the financial year end.

<b>Movement in deferred tax assets</b>	2015	2014
	£'000	£'000
At 1 April 2014	538	508
<b>Recognised in profit or loss:</b>		
Tax losses carried forward	1,714	30
<b>At 31 March 2015</b>	<b>2,252</b>	<b>538</b>

The impact of discounting on deferred tax is not significant.

# Fulcrum Infrastructure Services Limited

## Notes to the financial statements for the year ended 31 March 2015 (continued)

### 12 Creditors: amounts falling due within one year

	2015	2014
	£'000	£'000
Trade creditors	757	1,607
Amounts owed to group undertakings	-	11,967
Accruals and deferred income	18,713	18,084
Other creditors	2,336	932
	<b>21,806</b>	<b>32,590</b>

Amounts owed to group undertakings are interest free and unsecured. During the year the terms of the loans were changed and they are not due after one year.

### 13 Creditors: Amounts falling due after more than one year

	2015	2014
	£'000	£'000
Amounts due to group undertakings	44,733	-

Amounts owed to group undertakings are interest free and unsecured. During the year the terms of the loans were changed and they are not due after one year.

### 14 Provisions for liabilities

Restructuring provisions	2015	2014
	£'000	£'000
At the start of the year	330	-
Utilised during the period	(931)	-
Provided in the year	619	330
At the end of the year	<b>18</b>	<b>330</b>

The restructuring provision relates to staff severance costs, and is classified as current as it is expected to be fully utilised within 12 months of the balance sheet date.

# Fulcrum Infrastructure Services Limited

## Notes to the financial statements for the year ended 31 March 2015 (continued)

### 15 Called up share capital

	2015	2014
	£'000	£'000
<b>Issued, allotted and fully paid</b>		
1 (2014: 1) ordinary share of £1 each	-	-

### 16 Profit and loss account

	2015	2014
	£'000	£'000
At the beginning of the year	(24,628)	(24,510)
Loss for the financial year	(427)	(118)
At the end of the year	(25,055)	(24,628)

### 17 Reconciliation of movements in total shareholders' deficit

	2015	2014
	£'000	£'000
Net increase in total shareholders' deficit	(427)	(118)
Opening total shareholders' deficit	(24,628)	(24,510)
<b>Closing total shareholders' deficit</b>	<b>(25,055)</b>	<b>(24,628)</b>

### 18 Operating lease commitments

At 31 March 2015 the Company had no commitments in respect of operating leases (2014: £nil). All external leases are held by Fulcrum Group Holdings Limited and recharges are made under the shared services recharge arrangements (note 4).

# **Fulcrum Infrastructure Services Limited**

## **Notes to the financial statements for the year ended 31 March 2015 (continued)**

### **19 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 are 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](http://www.fulcrumutilityserviceslimited.co.uk).

# Fulcrum Infrastructure Services Limited

## Detailed profit and loss account for the year ended 31 March 2015

	2015 £'000	2014 £'000
<b>Turnover</b>		
Main Product Sales	32,585	36,391
Meter Sales	294	815
External Asset and Other Sales	26	24
Intercompany Sales	1,581	1,115
	<b>34,486</b>	<b>38,345</b>
<b>Cost of sales</b>		
Contractor costs	21,315	21,040
Contractor management fees	2,483	2,693
Survey fees	60	543
Direct labour	1,016	2,070
Other direct costs	623	449
	<b>25,497</b>	<b>26,795</b>
<b>Gross Profit</b>	<b>8,989</b>	<b>11,550</b>
<b>%</b>	<b>26.1%</b>	<b>30.1%</b>
<b>People</b>		
Salaries	2,345	3,227
Overtime & other pay	213	412
National Insurance	242	309
Pensions	173	277
	<b>2,973</b>	<b>4,225</b>
<b>Overheads</b>		
Sales & marketing	162	351
Property & facilities	460	849
Personnel costs	25	55
Insurance	9	217
Professional fees	138	237
Travel & subsistence	153	397
Communications	140	215
Information services	437	1,094
Shared services recharge	5,701	1,472
Other costs	313	1,499
	<b>7,538</b>	<b>6,386</b>
<b>EBITDA</b>	<b>(1,522)</b>	<b>939</b>
Exceptional Costs	619	1,087
<b>Loss before Tax</b>	<b>(2,141)</b>	<b>(148)</b>

This schedule is not for publication.