

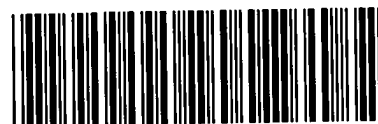
Fulcrum Infrastructure Services Limited

Annual report and financial statements

for the year ended 31 March 2019

Registered number: 06006363

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Fulcrum Infrastructure Services Limited

**Annual report and financial statements
for the year ended 31 March 2019**

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Fulcrum Infrastructure Services Limited

Directors' Report

The Directors present their report and the audited financial statements of Fulcrum Infrastructure Services Limited ("the Company") for the year ended 31 March 2019.

Dividends

A dividend has not been declared or proposed (2018: £nil).

Directors

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

M Harrison (resigned 30 September 2019)

I Foster (resigned 20 March 2019)

H Griffiths (appointed 20 March 2019, resigned 30 June 2019)

D Harris (appointed 24 June 2019)

T Dugdale (appointed 1 July 2019)

Registered Office

2 Europa View, Sheffield Business Park, Sheffield, S9 1XH

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 Group 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.

Fulcrum Infrastructure Services Limited

Directors' Report (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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*.

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.

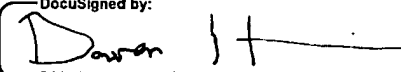
Disclosure of information to auditor

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 485 of the Companies Act 2006, the Directors intend to appoint Cooper Parry Group Limited as auditor following completion of these audited financial statements for the year ended 31 March 2019. KPMG LLP will resign from office.

On behalf of the board

DocuSigned by:

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D Harris
Chief Executive Officer
17 July 2020

Fulcrum Infrastructure Services Limited

Strategic report for the year ended 31 March 2019

Principal Activities

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

The Company designs and project manages utility connections for customers seeking either new connections or the alteration or refurbishment of existing connections. These connections range from simple, single-site alterations to large, complex multi-utility, multi-site new connections. For all projects, the Company's team of skilled design and engineering staff are required to design the connections to detailed specifications and to ensure the connections are appropriate and comply with extensive health and safety requirements.

Business Review and results

In 2019, we maintained our track record of continuous improvement to successfully deliver on our promises to grow the order book, improve operational efficiency to reduce costs and grow our asset estate. This strategy has delivered EBITDA at £8.0 million (2018 restated: £7.5 million).

The Company's order book has increased by £11.7 million (or 33.4%) to £46.7 million, from £35.0 million at 31 March 2018. This increase highlights strong progress during FY2019. The Company continues to secure a broad base of gas and multi-utility projects.

The Company enjoyed a gross profit margin of 35.1% (2018 restated: 35.7%) in the period. Our direct delivery model continues to mature, we have a broader mix of sales orders being won and delivered, all combining to increase the gross margin. In addition, continued progress has been made in reducing the cost base of the business to ensure that our competitive rates can be sustained in the long term. All costs are subject to rigorous reviews and efficiency savings are continually sought to enable reinvestment in winning more sales orders.

Net assets increased by £7.2m during the period (2018 restated: £6.5m), reflecting the increased retained profits for the period and at 31 March 2019 the Company had net cash of £2.4m (2018: £1.6m), a £0.8m increase against the prior period. Receivables have increased by £9.2m during the period, largely due to amounts owed to Fulcrum Pipelines Limited, a fellow group undertaking. With increasing levels of reserves, cash and sales orders, coupled with reduced costs we believe the Company is well placed to deliver on its strategy.

Delivering contracts safely, efficiently and profitably

Maintaining the highest standards of health and safety remains a cornerstone of the Company's culture and we are committed to the continual improvement in health and safety performance. In the period, we received the Royal Society for the Prevention of Accidents (RoSPA) Order of Distinction, which recognises 16 years of health and safety excellence and demonstrates our commitment to the health and safety of our customers, each other, suppliers, the public and the environment.

The Company continues to invest in the business to improve operational capacity and drive efficiencies to optimise profits. In the period, we have increased our direct delivery offering, focusing on strengthening our electrical and multi-utility capabilities to support the growth in electrical and housing sales orders. We continue to use accredited subcontractors to supplement our direct labour teams, notably on longer duration, larger contracts or in more remote geographies around the UK.

Underpinned by a continuous improvement philosophy and the aim to make all operational processes simple, standardised, effective and nationally consistent, we continue to refine our operational systems and processes to make it easier to do business and deliver on the ground, challenging and streamlining our cost of delivery to be able to offer the most competitive prices. We evolve and develop low-cost applications for the mobile devices used by the construction teams to improve communications with customers and streamline internal processes to help drive down the cost of delivery. For example, we have introduced a new hand-held system for maintenance reporting and site survey capture that replaces numerous manual forms, reduces printing costs and saves administration time. We listen to our experienced teams and encourage them to develop efficient and innovative ways of working.

Our method of delivery across all functions (direct, indirect and support) will continue to be tested to consistently provide a high level of customer service that meets customers' expectations on process delivery, communications and timescales.

Fulcrum Infrastructure Services Limited

Strategic report (continued)

Infrastructure services

Our multi-disciplined approach to infrastructure services provides a balanced stance within the residential and industrial and commercial sectors and enables us to design and build projects of any scale across the whole of mainland UK with our in-house design, project management and build expertise. Our routes to market are well established, with dedicated teams covering major projects, key accounts and technical sales, housing, low and high voltage electricity, renewables, battery storage and electric vehicle charging.

We aim to be recognised as the leading utilities services business in the industry through consistently delivering a high level of service, understanding customer requirements and providing tailored solutions to meet their needs. Our brands position the Company as leaders in our markets and ensure that we are visible to new and existing customers.

All of our people recognise the vital role they play in being the face of Fulcrum and in developing strong stakeholder relationships at all levels, from site based local teams through to the senior management team. In the spirit of continuous improvement, we seek feedback on how well we engage, perform and deliver for our customers, which we use to develop our services. Our performance over the past year has been consistently positive, with 80.0% of customers rating our service as “great” (9 or 10 out of 10), an improvement of 2.0% on the prior year (2018: 78.0%). We listen to what went well and how we can improve, which we share via continuous learning and knowledge sharing across all functions, so we can push for ever higher levels of satisfaction and build trusted relationships between Fulcrum and our customers at all levels.

Gas and multi-utility

Our gas and multi-utility expertise is well recognised and we continue to generate incremental quote opportunities through our dedicated sales, design and technical teams and secure a broad base of projects from £5,000 to over £0.5 million project value.

Our responsive teams support a wide variety of customers from a myriad of sources (for example, web, main contractors, mechanical and engineering consultants and housing developers) throughout the design to delivery process, taking the sales leads and converting the opportunities into customer-led projects, with their knowledgeable and integrated design and sales approach.

The housing market continues to present a significant growth opportunity. We are working with national, regional and local house builders and during the period our housing teams secured £18.7 million in new multi-utility housing schemes, a notable 74.0% increase on the prior year. These schemes will be built out and utilities connected in the months and years ahead, providing an internal feed to the own and operate utility asset ownership part of the business.

With our established and growing customer base, clearly focused and incentivised work-winning approach, competitive pricing model, trusted delivery and a significant utility market to penetrate, we are confident that sales will continue to grow in the long term.

People

We recognise that a talented and diverse workforce is critical to the long-term success of our business and we are committed to ensuring that we have the best people working with us. We have created a culture that values our employees’ differences and allows equal opportunities for all.

Key performance indicators

The Company’s financial key performance indicators are:

- Revenue (increased £1.4m or 3.4% to £42.6m)
- Order book (increased £11.7m or 33.4% to £46.7m)
- EBITDA (increased £0.5m or 6.7% to £8.0m)
- Profit before tax (increased £0.2m or 3.6% to £7.7m)
- Net assets (increased £7.2m to £4.7m)

The Company’s non-financial key performance indicators reflect the wider group and include levels of customer satisfaction and RIDDOR incident rate. Further details are shown on page 20 of the annual report of Fulcrum Utility Services Limited.

Fulcrum Infrastructure Services Limited

Strategic report (continued)

Principal Risks and Uncertainties

The Board considers risk assessment, identification of mitigating actions and internal control to be fundamental to achieving the Company'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 Company as well as the systems and processes in place to mitigate them. The principal risks to achieving the Company'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 Company, including those that are not currently known to the Company or that the Company currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Company'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 operates in markets with a high demand for high calibre personnel.	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 throughout the organisation. In addition, we invest in succession planning and improving learning and development, giving opportunities for employees to upgrade skills.
COVID-19	The recovery period of the UK from a full UK lockdown may take longer than expected and there is a risk of a second full lockdown period in the future.	The group is closely monitoring how matters develop in relation to COVID-19 and continues to take steps to mitigate potential effects on its operations including safeguarding the wellbeing of our field-based people and the communities they work in.
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.	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 strategy 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.

Fulcrum Infrastructure Services Limited

Strategic report (continued)

Principal Risks and Uncertainties (continued)

Risk	Description	Mitigations
Working capital management and funding	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. The Company needs to ensure that it has the funding required to deliver on its strategy and future growth plans and that it manages its debt and cash balances effectively.	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.
Gas and electricity connections market and regulatory environment	<p>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.</p> <p>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.</p>	The Company seeks to reduce the risk of losses arising from these circumstances through careful planning, robust operational guidelines and the sharing of risk with client and supplier organisations and by putting in place suitable insurance arrangements.
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 Infrastructure Services Limited

Strategic report (continued)

Principal Risks and Uncertainties (continued)

Risk	Description	Mitigations
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.

Financial risk management

The Director's consider the following financial risks in assessing the company's assets and liabilities

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Board is responsible for ensuring that the Company has sufficient liquidity to meet its financial liabilities as they fall due without incurring unacceptable losses or risking damage to the Company and does so by monitoring cash flow forecasts and budgets. This information is used in conjunction with the weekly reporting of actual cash balances at bank in order to calculate the level of funding that will be required in the short and medium term and alongside close working capital management is deemed to be sufficient to meet projected liquidity requirements.

Credit risk

Credit risk arises from cash and cash equivalents and credit exposure to the Company's customers. A proportion of the Company's customers pay in advance of works commencing, with the remaining profile consisting of fellow group undertakings and established or listed businesses. External customers typically pay on stage payment terms with cash received in advance of works commencing. The creditworthiness of new external customers is assessed by taking into account their financial position, past experience and other factors. It is considered that the failure of any single counterparty would not materially impact the financial wellbeing of the Group.

Going concern

The Directors of Fulcrum Utility Services Limited, the ultimate parent undertaking, have assessed the future funding requirements of Fulcrum Infrastructure 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, including COVID-19 (see below). 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.

The directors of the Company have assessed the conclusions reached by the Group's directors and having undertaken this review, the Directors have a reasonable expectation that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least a period of 12 months from the date of approval of these financial statements and therefore have prepared the financial statements on a going concern basis.

See the basis of preparation set out in note 1 to the financial statements for further details.

Fulcrum Infrastructure Services Limited

Strategic report (continued)

COVID-19

COVID-19 was declared a global pandemic on 11 March 2020 by the World Health Organization, and on 19 March 2020 the Coronavirus Act was introduced in the UK, with unprecedented restrictive measures being put in place nationally to help prevent the spread of COVID-19, ensure safety and wellbeing, protect health services and try and stabilise the economy.

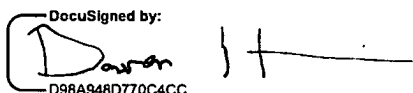
The wider Fulcrum Group has played a key part in ensuring that key utility infrastructure continues to operate during this difficult period, and the Company has continued to trade throughout the course of the pandemic, however, the continuing spread of the virus and the associated restrictions on public life are expected to impact trading performance in 2020/21 with the timing of the return to normality and growth uncertain.

Therefore, considering the impact of COVID-19 on the business, a range of potential downside planning scenarios have been developed, including a reduction to 2020/21 revenues, reflecting a slower recovery than is currently being experienced by the business and a further severe but plausible downside scenario of a 2nd lockdown later in the same financial year. Reverse stress testing has been conducted to identify the theoretical loss of revenue and liquidity that the Group could manage without impacting its viability which would in turn impact upon the Company. This approach provides the Directors with reasonable comfort that the Company's going concern has been assessed to a severity level which more than accommodates the current experience of the shape and scale of the economic impact of the COVID-19 pandemic on the Group.

Outlook

The nature of the UK's ongoing requirement for investment in its new utility infrastructure networks provides us with long-term prospects for continued growth. The Company has established a positive reputation across its markets through a track record of reliable and responsive delivery, evidenced through our relationships with customers. This strong platform, and our strategy to broaden our range of services, will continue to provide growth opportunities.

The balanced exposure that Fulcrum has to multi-utility infrastructure construction positions the Company well and the fundamentals of the Company and the markets it operates in remain strong. While we remain vigilant of the short-term impacts of economic and political uncertainty in our markets, including those posed by COVID-19, we look forward to progressing on our strategic priorities over the next 12 months. With our combined expertise across the Company, we have a real opportunity to rapidly develop our position within the utility services market. We remain confident in our ability to deliver incremental value to our stakeholders.

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D Harris
Chief Executive Officer
17 July 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FULCRUM INFRASTRUCTURE SERVICES LIMITED

Opinion

We have audited the financial statements of Fulcrum Infrastructure Services Limited ("the company") for the year ended 31 March 2019 which comprise the Statement of comprehensive income, Statement of changes in equity, 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 2019 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

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

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 a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report 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 strategic report and the directors' report;
- in our opinion the information given in those reports 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 2, 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.

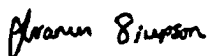
Auditor's responsibilities

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.



Frances Simpson (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

1 Sovereign Square

Sovereign Street

Leeds

LS1 4DA

17 July 2020

Fulcrum Infrastructure Services Limited

Statement of comprehensive income

for the year ended 31 March 2019

		Year ended	Restated*
	Notes	31 March 2019 £'000	Year ended 31 March 2018 £'000
Revenue	2	42,616	41,207
Cost of sales		(27,662)	(26,505)
Gross profit		14,954	14,702
Administrative expenses		(7,161)	(7,247)
Operating profit	3	7,793	7,455
Analysed as:			
Adjusted EBITDA		8,042	7,540
Exceptional items		(175)	(52)
Depreciation	7	(74)	(33)
Operating profit		7,793	7,455
Finance Expenses		(73)	-
Profit before taxation		7,720	7,455
Taxation	6	(473)	(961)
Profit for the year attributable to equity holders of the parent and total comprehensive income		7,247	6,494

* See Note 15

All results relate to continuing operations of the company

The notes on pages 14 to 24 form part of these financial statements.

Fulcrum Infrastructure Services Limited

Statement of changes in equity

for the year ended 31 March 2019

	Share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2017	1,000	(10,011)	(9,011)
Profit for the year and total comprehensive income (as restated)*	-	6,494	6,494
Balance at 31 March 2018 (as restated) *	1,000	(3,517)	(2,517)
Profit for the year and total comprehensive income	-	7,247	7,247
Balance at 31 March 2019	1,000	3,730	4,730

The notes on pages 14 to 24 form part of these financial statements.

- See note 15

Fulcrum Infrastructure Services Limited

Balance sheet

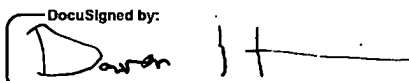
as at 31 March 2019

	Notes	31 March 2019 £'000	Restated* 31 March 2018 £'000
Non-current assets			
Property, plant and equipment	7	161	66
Deferred tax assets	6	10	-
Trade and other receivables	9	11,037	12,140
		11,208	12,206
Current assets			
Contract assets	8	7,720	9,530
Inventories		319	-
Trade and other receivables	9	17,898	7,562
Cash and cash equivalents	10	2,389	1,641
		28,326	18,733
Total assets		39,534	30,939
Current liabilities			
Contract liabilities	12	(24,108)	(25,123)
Trade and other payables	11	(10,696)	(8,193)
		(34,804)	(33,316)
Non-current liabilities			
Deferred tax liabilities	6	-	(140)
		-	(140)
Total liabilities		(34,804)	(33,456)
Net assets/(liabilities)		4,730	(2,517)
Equity			
Share capital	13	1,000	1,000
Retained earnings		3,730	(3,517)
Total equity		4,730	(2,517)

* See Note 15

The notes on pages 14 to 24 form part of these financial statements.

The financial statements were approved by the Board of Directors on 17 July 2020 and were signed on its behalf by:

DocuSigned by:

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D Harris
 Chief Executive Officer
 17 July 2020

Registered number: 06006363

Fulcrum Infrastructure Services Limited

Notes to the financial statements

1. Accounting policies

Fulcrum Infrastructure Services 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.

Fulcrum Infrastructure Services Limited

Notes to the financial statements (*continued*)

1. Accounting policies (*continued*)

Going concern

Notwithstanding net current liabilities of £6,478k as at 31 March 2019 (2018: £14,583 net current liabilities), the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Company is part of the Fulcrum Utilities Services Limited group ("the Group"). The Company and the Group meet their day to day working capital requirements from cash resources and intercompany balances with other Group companies. Therefore, in light of the Group's funding arrangements and the operational and financial support provided by the Group, the going concern assessment of the Company and the Group is dependent on that of the Group as a whole.

Fulcrum Utility Services Limited has indicated its intention to continue to make available such funds and operational support as is needed by the Company for a period of at least 12 months from the date of approval of these financial statements. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements they have no reason to believe that it will not do so.

The Group's directors have prepared detailed cashflow forecasts for the Group for the period to 30 September 2022 which indicate that, taking account of reasonably possible downsides in trading performance, the Group will have adequate resources to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements. The Group's forecasts take into consideration the uncertainty as to the future impact of COVID-19 on the Group's trading performance. Further detail is set out in the Strategic Report.

The directors of the Company have assessed the conclusions reached by the Group's directors and agree with their conclusion. Consequently, the directors of the Company are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements and therefore have prepared the financial statements on a going concern basis.

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.

Information about significant areas of estimation uncertainty in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included for revenue recognition. See revenue recognition policy for further details.

Property, plant and equipment

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

Depreciation is recognised on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Fixtures and fittings	2 and 5 years
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Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Inventories

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 costs to complete and variable selling expenses.

Fulcrum Infrastructure Services Limited

Notes to the financial statements *(continued)*

1. Accounting policies *(continued)*

Revenue

Multi-utility infrastructure activities are recognised as “infrastructure revenue”. The majority of projects are completed in a short timeframe and, as such, revenue is recognised on project completion. For revenue recognised on maintenance contracts, revenue is recognised throughout the duration of the contract.

For longer projects, revenue is recognised over time. Revenue is estimated based on the proportion that contracts costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are recognised only to the extent that the amount can be measured reliably, and its receipt is considered probable. Where the outcome of a contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable, they will be recoverable. When it is probable that total contract costs will exceed total contract revenue, the total expected loss is recognised as an expense immediately. Infrastructure revenue is recognised excluding VAT and other indirect taxes. An accrual is made for infrastructure revenue in respect of work completed where invoices are yet to be generated. When payment is received in advance of the provision of services, these receipts are recorded as deferred income.

Contract costs

Costs to obtain a contract are expensed unless they are incremental, i.e. they would not be incurred if the contract had been obtained, and the contract is expected to be sufficiently profitable for them to be recovered

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 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.

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. They are generally due for settlement within 30 days and are therefore all classified as current. Due to their short-term nature, carrying value is considered to approximate fair value.

Fulcrum Infrastructure Services Limited

Notes to the financial statements *(continued)*

1. Accounting policies *(continued)*

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. Trade and other payables are presented as current liabilities unless payment is not due within twelve months after the reporting period. Due to their short-term nature, carrying value is considered to approximate fair value.

Impairment

Financial assets (including receivables)

At each reporting date, the Company reviews the carrying amounts of its property, plant and equipment and intangibles, including goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the CGU to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Adoption of new and revised International Financial Reporting Standards (IFRSs) and Interpretations (IFRICs)

The following relevant new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 April 2018:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- Annual Improvements to IFRS Standards 2014-2016 Cycle

The effects of the implementation of these standards have been limited to presentational and disclosure amendments.

IFRS 9 Financial Instruments came into effect on 1 January 2018 replacing IAS 39 Financial Instruments: Recognition and Measurement and requires changes to the classification and measurement of certain financial instruments from that under IAS 39. The new standard has been applied fully retrospectively and on review the Company's financial assets and liabilities will continue to be accounted for on an identical basis under IFRS 9 as they were under IAS 39. There is no material effect from applying IFRS 9 for expected credit losses.

The Company has not applied the following new standards and amendments to standards which are EU endorsed but not yet effective:

- IFRS 16: Leases
- IFRIC 23: Uncertainty over Income Tax Treatments

Fulcrum Infrastructure Services Limited

Notes to the financial statements (continued)

1. Accounting policies (continued)

Impact of change on adoption of IFRS 15

IFRS 15 requires contract assets and contract liabilities to be disclosed separately. As a result, comparative balances as at 31 March 2018 have been restated. Following a review of individual projects, prior year revenue has been increased by £738k to reflect the commercial terms on which infrastructure assets are purchased by Fulcrum Pipelines Limited. There is a corresponding increase in amounts owed by group undertakings. The tax impact of this adjustment is £140k increase in deferred tax liability as at 31 March 2018.

Balance sheet

	As previously reported £'000	Reclassification £'000	Revenue Adjustment £'000	As restated £'000
31 March 2018				
Contract Assets	-	9,530	-	9,530
Inventories	3,323	(3,323)	-	-
Trade and other receivables	25,990	(6,207)	738	20,521
Contract Liabilities	-	(25,123)	-	(25,123)
Trade and other payables	(33,316)	25,123	-	(8,193)
Deferred tax liabilities	-	-	(140)	(140)
Impact on net assets		-	598	
Retained earnings	(3,296)	-	598	(2,698)
Impact on equity		-	598	

Statement of comprehensive income

	As previously reported £'000	Reclassification £'000	Revenue Adjustment £'000	As restated £'000
For the year ended 31 March 2018				
Revenue	40,469	-	738	41,207
Tax charge	(2)	-	(140)	(142)
Impact on total comprehensive income for the year		-	598	

Fulcrum Infrastructure Services Limited

Notes to the financial statements *(continued)*

2. Revenue

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

3. Operating profit

Included in operating profit are the following charges:

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Depreciation of property, plant and equipment: owned	74	33
Fulcrum Group Holdings services recharge	2,091	2,096
<i>Amounts receivable by the auditors, KPMG LLP, and their associates in respect of:</i>		
Auditor's remuneration:	78	48
<i>Amounts receivable by auditors and their associates in respect of:</i>		
– Taxation compliance services	-	-

The audit fee is paid by another Group company and a proportion recharged in the year using an appropriate basis.

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.

4. Staff numbers and costs

Employees have employment contracts with the Company's fellow group undertaking, 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.

The amount charged to the Company in the financial year was £9,456k (2018: £9,286k) and the average monthly number of Fulcrum Group Holdings Limited employees attributed to the Company during the financial year was 194.

Fulcrum Infrastructure Services Limited

Notes to the financial statements *(continued)*

5. Directors' emoluments

The directors of the Company were remunerated through Fulcrum Group Holdings Limited and their emoluments, covering the whole group, are disclosed as follows

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Emoluments	518	673
Pension	20	20
Total	538	693

Included in the total emoluments above is the aggregate value of company contributions made to the pension scheme of 2 (2018: 2) directors in respect of directors' qualifying services. These costs are included in the shared services recharge.

Highest paid director:	Year ended 31 March 2019	Year ended 31 March 2018
Emoluments	306	283
Contributions to a defined contribution pension scheme	10	10
	316	293

Fulcrum Infrastructure Services Limited

Notes to the financial statements (continued)

6. Taxation

	31 March 2019 £'000	Restated 31 March 2018 £'000
Current tax	(623)	(2)
Deferred tax	150	(959)
Total tax charge	(473)	(961)

Reductions in the UK corporation tax rate to 19% (effective from 1 April 2017) and 17% (effective from 1 April 2020) were substantively enacted on 6 September 2016. The deferred taxation balance at 31 March 2019 has been calculated based on the rate of 19% for amounts anticipated to unwind in the year ending 31 March 2020 and then at 17% thereafter.

	31 March 2019 £'000	Restated 31 March 2018 £'000
Reconciliation of effective tax rate		
Profit before taxation	7,720	7,455
Tax charge using the UK corporation tax rate of 19% (2018: 19%)	(1,467)	(1,416)
Depreciation in excess of capital allowances	(22)	(4)
Adjustment to tax charge in respect of prior years' corporation tax	16	-
Adjustment to tax charge in respect of prior years' deferred tax	6	-
Newly recognised deferred tax asset	4	-
Group relief claimed	990	459
Total tax charge	(473)	(961)

Movement in deferred tax balances

	31 March 2019		Restated 31 March 2018	
	Deferred tax assets £,000	Deferred tax liabilities £'000	Deferred tax assets £'000	Deferred tax liabilities £'000
At 1 April 2018	-	(140)	819	-
Recognised in profit or loss				
Adjustment in respect of prior year	6	-	-	-
Tax losses utilised in the year	-	-	(819)	-
Released / (newly recognised) deferred tax liability	-	140	-	(140)
Newly recognised deferred tax asset	4	-	-	-
At 31 March 2019	10	-	-	(140)

Fulcrum Infrastructure Services Limited

Notes to the financial statements (continued)

7. Property, plant and equipment

	Fixtures and fittings £'000
Cost	
At 31 March 2017	98
Additions	52
At 31 March 2018	150
Additions	169
At 31 March 2019	319
Accumulated depreciation	
At 31 March 2017	(51)
Depreciation charge for the period	(33)
At 31 March 2018	(84)
Depreciation charge for the period	(74)
At 31 March 2019	(158)
Net book value	
At 31 March 2019	161
At 31 March 2018	66

8. Contract assets

	31 March 2019 £'000	Restated 31 March 2018 £'000
Work in progress	2,889	3,323
Contract receivables	4,831	6,207
Total	7,720	9,530

Work in progress balances reflect direct works costs including direct labour and other attributable variable costs relating to jobs classed as incomplete. There have been no write-downs in the year (2018: nil).

Fulcrum Infrastructure Services Limited

Notes to the financial statements (continued)

9. Trade and other receivables

	31 March 2019 £'000	Restated 31 March 2018 £'000
Trade receivables	3,014	4,587
Amounts owed by Group undertakings	25,524	14,919
Other receivables	87	27
Prepayments and accrued income	310	169
	28,935	19,702
Current	17,898	7,562
Non-current	11,037	12,140
	28,935	19,702

In addition to the impact of change on adoption of IFRS15 (see page 18), the restatement of comparatives relates to the reclassification of amounts owed by group undertakings of £12,140k as non-current assets in order to reflect anticipated timing of receipt in light of the intention not to seek settlement within 12 months of the balance sheet date. The balances have been reclassified from current assets. Comparative amounts owed by group undertakings have also been adjusted to remove the reversal of deferred tax assets of £819k in 2018 which was charged to this balance (see note 15).

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

Trade and other receivables are non-interest bearing. The credit risk associated with this receivable is managed through the Company's standard credit processes. The Directors consider that the carrying amount of trade receivables approximates to their fair value. No interest is receivable on amounts due from Group undertakings.

The carrying value of trade and other receivables are stated after the following allowance for expected credit losses:

	31 March 2019 £'000	31 March 2018 £'000
At 1 April 2018	140	106
Movement in allowance for expected credit losses	(127)	34
At 31 March 2019	13	140

10. Cash and cash equivalents

	31 March 2019 £'000	31 March 2018 £'000
Cash at bank and on hand	2,389	1,641

Fulcrum Infrastructure Services Limited

Notes to the financial statements (continued)

11. Trade and other payables

	31 March 2019 £'000	Restated 31 March 2018 £'000
Trade payables	4,018	3,599
Amounts owing to Group undertakings	1,222	-
Accruals	403	610
Other payables	5,053	3,984
	10,696	8,193

All amounts payable to Group undertakings are payable on demand. No interest is borne thereon.

12. Contract liabilities

	31 March 2019 £'000	31 March 2018 £'000
Contract liabilities	24,108	25,123

Of the £24.1 million contract liabilities, £19.6 million (2018: £19.8 million) relates to deferred income. Deferred income represents contracted sales for which services to customers will be provided in future periods.

13. Share capital

	31 March 2019 £'000	31 March 2018 £'000
Allotted, issued and fully paid		
1,000,001 ordinary shares of £1 each (2018: 1,000,001 ordinary shares of £1)	1,000	1,000

14. 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

15. Prior year adjustments

Comparative information has been adjusted to reflect the following:

The reversal of £819k deferred tax assets relating to trading losses brought forward, which was charged to intercompany receivables in the year ended 31 March 2018. As a result, Trade receivables (amounts owed by Group undertakings), Profit after tax, and Retained earnings were all overstated by £819k as at 31 March 2018 and taxation in the profit and loss account was understated by the same amount.

The reclassification of Trade receivables (amounts owed by Group undertakings) of £12,140k from current to non-current assets as this amount is not expected to be called within 12 months. See note 9 for further details.

The impact of IFRS 15. See note 1 for further details.

16. Post balance sheet event

The existence of a new coronavirus, Covid-19, was confirmed in early 2020 and on 11 March 2020 the World Health Organization made the assessment that Covid-19 could be characterised as a global pandemic. Note 1 outlines the potential impact on the company from Covid-19. The Company's financial statements have not been adjusted as a result of this post balance sheet event.