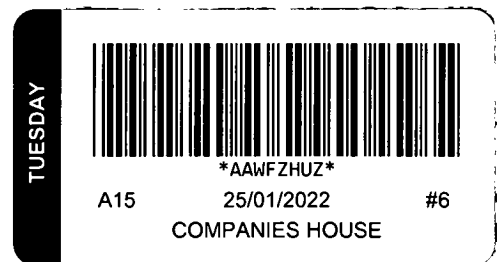


TriConnex Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021



Registered Number: 07466247 (England and Wales)

TriConnex Limited

Contents of the annual report and financial statements

	PAGE
Directors, officers and advisers	2
Strategic Report	3
Directors' Report	6
Independent auditors' report	9
Statement of comprehensive income	12
Statement of financial position	13
Statement of changes in equity	14
Statement of cash flows	15
Notes to the financial statements	16

TriConnex Limited

Directors, officers and advisers

Directors	S Bower C Dore D R Hillman M D Hine A C Martin M T Morris C A Sweeney D G Topping
Company secretary	D R Hillman
Registered number	07466247
Registered office	Nexus Park Avenue East Skyline 120 Great Notley Braintree Essex CM77 7AL
Independent auditors	PricewaterhouseCoopers LLP The Maurice Wilkes Building St. John's Innovation Park Cowley Road Cambridge CB4 0DS

TriConnex Limited

Strategic Report

For the year ended 30 September 2021

Business review

The principal activity of TriConnex Limited is the design, installation and connection of utility networks to properties on new residential and commercial developments.

Revenue for TriConnex increased by 29.8% to £50.7m (2020: £39.1m). Despite the backdrop of Covid-19, activity levels continued to be high throughout the financial year. Strong growth in the core South East region was supported by growth from the Midlands region, with revenues boosted on a per plot basis as customers added water and fibre connections to their energy connections. TriConnex is engaged at the very early stage of developments with its customers, and often secures contracts prior to land acquisition. The maintenance of the order book at high levels illustrates that customers continue to be active and are planning for the long term.

TriConnex is a high gross margin business, principally due to the more technical, office-based, added-value nature of the services it provides, resulting in a higher proportion of overhead costs. The high gross margin has been maintained during the year, with the margin increasing to pre-pandemic levels of 30.9% (2020: 30.5%).

As TriConnex provides a full concept to connection service with a significant amount of desktop planning, research and technical design, the majority of TriConnex's staff are office based. Overheads for the year increased to £10.4m (2020: £8.5m), driven by an increase in headcount to service the increased levels of activity and the impact of the Coronavirus Job Retention Scheme grant of £0.4m reducing the prior year costs.

Operating profit increased by 55.9% to a record profit level of £5.3m (2020: £3.4m) with an operating margin returning to pre-pandemic levels of 10.5% (2020: 8.7%).

TriConnex's order book has been resilient with a growth of £3.6m over the year to £189.0m (2020: £185.4m). This good performance has been driven by the up-front, mission-critical nature of securing utility network connections on development sites, with developers also continuing to expand the number of services they contract for.

Net assets at the end of the year are £6,833,000 (2020: £6,194,000).

TriConnex Limited growth ambitions are to build the business in a significant and sustainable manner, with the key differentiator being the quality of service provided to its customers. The growth drivers include market penetration, client diversification and service innovation.

Key performance indicators

Our financial key performance indicators are:

Revenue measure – The strength of revenue is an important measure of the success of the business plan.

- Revenue £50.7m (2020: £39.1m) – a 29.8% increase in the year.

Profit measures – The gross profit margin and operating profit are important measures of the implementation of the business plan.

- Gross profit margin 30.9% (2020: 30.5%)
- Operating profit £5.3m (2020: £3.4m)

Cash measure – The net cash balance (Cash and cash equivalents less Borrowings) is a measure of the strength of the statement of financial position and to confirm that the Company has the funds necessary to fulfil its growth strategy.

- Net cash balance £19.4m (2020: £20.6m) – a decrease of £1.2m.

TriConnex Limited

Strategic Report (continued)

For the year ended 30 September 2021

Key performance indicators (continued)

Forward sales measure – The strength of the Company's forward sales is an important measure of the Company's expected future success.

- Order book £189.0m (2020: £185.4m) – an increase of £3.6m.

Our non-financial key performance indicators are:

Environmental - Our on-going environmental objectives for the Company are to educate our workforce, reduce waste, increase the recycling of materials, reduce emissions and reduce energy consumption.

- No incidents or prosecutions for this year (2020: Nil).

Health and Safety - Health and Safety is at the forefront of our business and there is an on-going commitment to continuous improvement across the business.

- AIR incident rate of 0.0 (2020: 0.0).

Section 172(1) statement

Under section 172(1) of the Companies Act 2006 (section 172), the Directors are required to act in a way that they consider, in all good faith, would most likely promote the success of the Company. This success must be for the benefit of the Company's shareholder but also for all other stakeholders.

From the perspective of the Directors, as a result of the Group governance structure, whereby two of the Company's Directors are also the Group Executive Directors and, the Company being a large UK subsidiary in the Group representing over 31% of the Group's external revenue, the matters that the Directors are responsible for considering under section 172 have been considered to an appropriate extent by the Group Board in relation to both the Group and the Company. The Directors have also considered relevant matters where appropriate. To the extent necessary for an understanding of the development, performance and position of the Company, an explanation of how the Group Board has considered matters set out in section 172 is set out within the Governance section of the 2020 Nexus Infrastructure plc Annual report.

Also, detailed information of how the Directors have supported the Company's employees is included in employee engagement within the Governance section of the Nexus Infrastructure plc Annual report.

The Directors have considered all the Company's stakeholders and the long-term consequences of the decisions taken when assessing the level of dividends to pay.

Principal risks and uncertainties

The principal risks of the business comprise:

Credit Risk - Company policies are aimed at minimising exposure to bad debt through the proportion of advance payments received from customers and credit control process.

Competitive Risk - The Company operates in a competitive sector; the installation and connectivity of utility networks industry is a competitive market and the Company faces strong competition from companies with both established delivery capabilities and new market entrants.

Dependence on general economic climate - The Company's operating results are dependent, to a large extent, upon the state of the economy. Economic weakness and uncertainty may result, in the future, in decreased revenue, gross margin, and earnings or growth rates.

TriConnex Limited

Strategic Report (continued)

For the year ended 30 September 2021

Principal risks and uncertainties (continued)

The Company's business is exposed to fluctuations in the UK's property market - The Company's business is largely focused in the residential sector. There are a number of factors beyond the Company's control that could adversely affect the residential construction market and the number of homes being built.

Availability of materials, subcontractors and suppliers - The Company's business is dependent upon the availability of materials and the availability, competence and consistency of subcontractors and skilled labour. An increase in the cost of materials could adversely affect the Company's margins, while a decrease in availability could lead to projects being delayed or, at the worst case, frustrated. At the same time, such changes could affect the Company's ability to submit appropriate tenders at the appropriate price level.

The ability to recruit and retain, key personnel - The Company's success depends on its ability to recruit, retain and motivate high-quality senior management and other personnel with extensive experience and knowledge of the construction industry.

Regulatory requirements - The Company operates in a regulated environment. Regulators may conduct investigations on companies or industry-wide. Non-compliance with laws, regulations or rules may result in adverse publicity, prosecution, disciplinary action, fines or revocation of licences, and would impact profitability and relationships with current and potential customers.

This report was approved by the board and signed on its behalf.



A C Martin
Director

Date: 22 December 2021

TriConnex Limited

Directors' Report

For the year ended 30 September 2021

The Directors present their report and the audited financial statements for the year ended 30 September 2021.

The Company is a private limited company and is incorporated and domiciled in the UK. For further details on the Directors, officers and advisors please refer to page 2.

Results and dividends

The profit for the year, after taxation, amounted to £4,623,000 (2020: £3,500,000).

The Directors recommended and paid a dividend of £3,984,000 in the year (2020: £2,951,000).

Political donations

The Company has made no political donations during any of the years presented.

Directors

The Directors of the Company who were in office during the year and up to date of signing the financial statements were:

S Bower
C Dore
D R Hillman
M D Hine
A C Martin
M T Morris
C A Sweeney
D G Topping

Directors indemnity

Directors risk personal liability under civil and criminal law for many aspects of the Company's business decisions. The Company believes that it is in the best interests of the Company to protect the individuals concerned from the consequences of innocent error or omission. Therefore, the Company has provided qualifying third party indemnity provisions in respect of Directors and senior officers who were in force during the year and at the date of this report. The Company has taken out Directors indemnity insurance to cover any losses arising as a result of this indemnity.

Going concern

The Directors have undertaken a future cash flow analysis and have a letter of support from Nexus Infrastructure plc. As a result, the Directors have a reasonable expectation that the Company has adequate resources to meet its liabilities with the support of the parent and other Group companies as they arise for at least twelve months from the approval of these financial statements and, consequently, the Directors have adopted the going concern basis of accounting in the preparation of these financial statements.

Employee involvement

Working for any of the companies within the Nexus Infrastructure Group is a rewarding place to be. We spend a lot of time at work and we know the importance of spending that time working towards a common purpose. For us that purpose is Building Bright Futures. We offer a wide range of apprenticeship development programmes from entry level through to higher level degree apprenticeships.

We also encourage leadership and development with executive coaching, management coaching and ILM level 3 and 5 accreditations.

We continue to invest in development and recruitment of our employees, we have bi-annual performance and development reviews with our employees together with bespoke career and development plans.

TriConnex Limited

Directors' Report (continued)

For the year ended 30 September 2021

Disabled employees

The Directors give special attention to the health and safety of their employees and endeavor to ensure that as far as possible recruitment, training, career development and promotion of disabled persons is the same as for other employees. Should employees become disabled, every effort is made to ensure that their employment continues, and appropriate retraining is received.

Equality and diversity

The Directors consider the principles of equality and diversity to be extremely important. All applications for employment are considered fully based on the skills to carry out the job, irrespective of sex, sexual orientation, race, colour, age, disability, nationality or marital/civil partnership status. Full consideration is given to the diverse needs of our employees and potential recruits.

Environmental social and governance

Giving things back to our local and wider communities remains a core value for our business. Our ESG policy covers our relationships with education, charities, our employee's quality of life and their environment. We carry out, attend and support numerous events throughout the period and intend to continue and improve on this as the business grows.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

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

The Directors are also 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.

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

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

TriConnex Limited

Directors' Report (continued)

For the year ended 30 September 2021

Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 22 December 2021 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'A C Martin', with a stylized flourish at the end.

A C Martin
Director

Independent auditors' report to the members of TriConnex Limited

Report on the audit of the financial statements

Opinion

In our opinion, TriConnex Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2021 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: statement of financial position as at 30 September 2021; statement of comprehensive income, statement of cash flows and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

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

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Independent auditors' report to the members of TriConnex Limited (continued)

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

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

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

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 30 September 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation and the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and

Independent auditors' report to the members of TriConnex Limited (continued)

opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management override of controls, risk of fraud in revenue recognition and contract accounting. Audit procedures performed by the engagement team included:

- discussions with management and those charged with governance, including known or suspected instances of non-compliance with laws and regulation and fraud
- Identifying and testing unusual journal entries, in particular certain journal entries posted with unusual account combinations
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing
- assessing assumptions and judgements made by management in their significant accounting estimates, in particular in relation to contract accounting and revenue recognition

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Matthew Mullins (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Cambridge

22 December 2021

TriConnex Limited

Statement of comprehensive income

For the year ending 30 September 2021

	Note	Year ended 30 September 2021 £'000	Year ended 30 September 2020 £'000
Revenue	4	50,730	39,091
Cost of sales		(35,065)	(27,187)
Gross profit		15,665	11,904
Administrative expenses		(10,363)	(8,504)
Operating profit	5	5,302	3,400
Finance income	7	-	28
Finance expense	7	(11)	(19)
Profit before tax		5,291	3,409
Taxation	8	(668)	91
Profit and total comprehensive income for the year		4,623	3,500

The notes on pages 16 to 29 form part of the financial statements and accounting policies.

TriConnex Limited

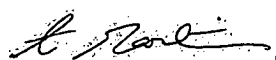
Statement of financial position

As at 30 September 2021

Company number: 07466247

	Note	30 September 2021 £'000	30 September 2020 £'000
Non-current assets			
Property, plant and equipment	9	558	596
Right of use assets	10	329	263
Total non-current assets		887	859
Current assets			
Inventories	11	2,418	1,138
Trade and other receivables	12	9,835	9,276
Contract assets	4	12,182	8,230
Corporation tax		58	55
Cash and cash equivalents		19,403	20,602
Total current assets		43,896	39,301
Total assets		44,783	40,160
Current liabilities			
Trade and other payables	13	11,152	9,986
Contract liabilities	4	26,403	23,702
Lease liabilities	10	138	150
Corporation tax		-	-
Total current liabilities		37,693	33,838
Non-current liabilities			
Lease liabilities	10	182	105
Deferred tax liabilities	14	75	23
Total non-current liabilities		257	128
Total liabilities		37,950	33,966
Net assets		6,833	6,194
Equity			
Share capital	15	-	-
Retained earnings		6,833	6,194
Total equity		6,833	6,194

The financial statements on pages 11 to 29 were approved by the Board of Directors on 22 December 2021 and signed on its behalf by:



A C Martin
Director

The notes on pages 16 to 29 form part of the financial statements and accounting policies.

TriConnex Limited

Statement of changes in equity For the year ended 30 September 2021

	Note	Share capital £'000	Retained earnings £'000	Total £'000
Equity as at 1 October 2019		-	5,645	5,645
Transactions with owners				
Dividend paid	16	-	(2,951)	(2,951)
Total comprehensive income				
Profit for the year		-	3,500	3,500
Equity as at 30 September 2020		-	6,194	6,194
Transactions with owners				
Dividend paid	16	-	(3,984)	(3,984)
Total comprehensive income				
Profit for the year		-	4,623	4,623
Equity as at 30 September 2021		-	6,833	6,833

There are no other items in total comprehensive income other than profit for the year.

The notes on pages 16 to 29 form part of the financial statements and accounting policies.

TriConnex Limited

Statement of cash flows

For the year ended 30 September 2021

	Note	Year ended 30 September 2021 £'000	Year ended 30 September 2020 £'000
Cash flow from operating activities			
Profit before tax		5,291	3,409
Adjusted by:			
Finance expense/(income) (net)	7	11	(9)
Loss on disposal		71	18
Depreciation of property, plant and equipment – owned	9	210	227
Depreciation of property, plant and equipment – right of use	10	172	247
Operating profit before working capital changes		5,755	3,892
Working capital adjustments:			
Increase in inventories	11	(1,280)	(817)
(Increase)/decrease in trade and other receivables	12	(559)	1,562
(Increase)/decrease in contract assets	4	(3,952)	1,460
Increase/(decrease) in trade and other payables	13	1,166	(955)
Increase in contract liabilities	4	2,701	4,576
Cash generated from operations		3,831	9,718
Interest paid		(11)	(19)
Taxation (paid)/received		(619)	53
Net cash flows generated from operating activities		3,201	9,752
Cash flow used in investing activities			
Purchase of property, plant and equipment – owned	9	(273)	(55)
Proceeds from disposal of plant and equipment – owned		30	5
Interest received	7	-	28
Net cash used in investing activities		(243)	(22)
Cash flow used in financing activities			
Dividend payment	16	(3,984)	(2,951)
Principal elements of lease repayments		(173)	(241)
Net cash used in financing activities		(4,157)	(3,192)
Net change in cash and cash equivalents		(1,199)	6,538
Cash and cash equivalents at the beginning of the year		20,602	14,064
Cash and cash equivalents at the end of the year		19,403	20,602
Net cash reconciliation			
Cash and cash equivalents		19,403	20,602
Lease liabilities at fixed interest rates		(320)	(255)
Net cash		19,083	20,347

Cash and cash equivalents comprise cash and short-term deposits.

The notes on pages 16 to 29 form part of the financial statements and accounting policies.

TriConnex Limited

Notes to the financial statements

1. Accounting policies

General information

The principal activity of TriConnex Limited is the design, installation and connection of utility networks to properties on new residential and commercial developments.

The Company is a private limited company (Limited by shares) and is incorporated and domiciled in the UK. The address of the registered office is Nexus Park, Avenue East, Skyline 120, Great Notley, Braintree, Essex CM77 7AL.

The registered number of the Company is 07466247.

Basis of preparation

The financial statements are for the year ended 30 September 2021. They have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The financial statements have been prepared under the historical cost convention and are presented in sterling rounded to the nearest thousand except where indicated otherwise.

The accounting policies used to prepare these financial statements are the same as those used in the preparation of the Company's audited accounts for the year ended 30 September 2020, which have been delivered to the Registrar of Companies.

The preparation of financial statements in conformity with international accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

The Company is a wholly-owned subsidiary of Nexus Infrastructure plc and is included in the consolidated financial statements of Nexus Infrastructure plc which are publicly available.

Going concern

The Directors have undertaken a future cash flow analysis and have a letter of support from Nexus Infrastructure plc. As a result, the Directors have a reasonable expectation that the Company has adequate resources to meet its liabilities with the support of the parent and other Group companies as they arise for at least twelve months from the approval of these financial statements and, consequently, the Directors have adopted the going concern basis of accounting in the preparation of these financial statements.

New and amended standards adopted by the Company

The Company has not applied any new standards, interpretations and amendments for their annual report period commencing 1 October 2020.

Standards, interpretations and amendments in issue but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 September 2020 reporting periods and have not been adopted by the Company. These standards are not expected to have a material impact on the Company in the current or future reporting periods.

TriConnex Limited

Notes to the financial statements

1. Accounting policies

Revenue recognition

Revenue, which excludes value added tax, comprises contract revenue from the design, installation and connection of utility networks.

In line with IFRS 15 the Company recognises revenue based on the application of the standards principle-based 'five step' model to the Groups contracts with customers.

The performance obligations and transaction price are determined within contracts between the customer and the Company. Each contract has one performance obligation, the provision of utility connections. Contract modifications are added to existing contracts when they are extensions to the original contracts. There are no variable consideration elements attached to any of the contracts. The revenue is recognised over time as the Company's performance of its obligations creates or enhances an asset that the customer controls. Payment of the transaction price is typically due in a number of stage payments throughout the contract.

Revenue is recognised over the period of the contract by reference to the stage of completion. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each.

Contract costs are recognised as expenses when incurred. When it is probable that total costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

"Contract assets" (as discussed in IFRS 15.107) are recognised when the Group recognises revenue before customer pays consideration or before payment is due. This asset is assessed for impairment in accordance with IFRS 9.

"Contract liabilities" (as discussed in IFRS 15.106) are recognised if a customer pays consideration before the entity transfers a good or service.

Inventory

Inventory is stated at the lower of costs and net realisable value. Cost of inventory is recognised at purchase cost and is determined as follows:

Raw materials	-	weighted average rate method
---------------	---	------------------------------

Net realisable value is based on an estimated selling price less any further costs expected to be incurred for completion and disposal.

Retirement benefits: defined contribution schemes

Obligations for contributions to the defined contribution scheme are charged to the statement of comprehensive income in the year to which they relate.

Government Grants

Government grants relating to income are recognised in the statement of comprehensive income and are offset against the costs they are intended to compensate.

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs.

Depreciation is provided on all items of property, plant and equipment so as to write off their carrying value over the expected useful economic lives. It is provided at the following rates:

- | | | |
|-------------------------|---|-----------------------|
| • Plant and machinery | - | 25% reducing balance |
| • Motor vehicles | - | 25% reducing balance |
| • Fixtures and fittings | - | 3 years straight line |

TriConnex Limited

Notes to the financial statements

1. Accounting policies (continued)

Financial instruments

The Company classifies its financial assets into the following three measurement categories based on the way the asset is managed and its contractual cash flow characteristics:

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.

Fair value through other comprehensive income

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest are measured at fair value through other comprehensive income.

Fair value through profit or loss

Assets that do not meet the criteria of amortised cost or fair value through other comprehensive income are measured at fair value through profit and loss.

The Company's principal financial instruments comprise cash and cash equivalents, trade and other receivables and trade and other payables. Based on the way these financial instruments are being managed, and their contractual cash flow characteristics, all the Company's financial instruments are measured at amortised cost.

Financial instruments – impairment

The Company assesses the expected credit losses associated with its financial assets measured at amortised cost on a forward-looking basis. The Company applies the simplified approach as permitted by IFRS 9.

Share capital and retained earnings

Ordinary shares are classified as equity. Incremental costs attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Retained earnings are classified as equity.

Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability which is a contractual obligation to deliver cash or similar to another entity or a potentially unfavourable exchange of financial assets or liabilities with another entity.

Dividends

Final equity dividends to the shareholders of TriConnex Limited are recognised in the period that they are approved by shareholders. Interim equity dividends are recognised in the period that they are paid.

Leased assets

The Company recognises a right of use asset with a corresponding liability at the date at which the leased asset is available for the use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of comprehensive income over the lease period. The right of use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments and penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the rate implicit in the lease. If the rate cannot be determined, the Company's incremental borrowing rate is used, being the rate the Company would have to pay to borrow the funds necessary to obtain an asset of similar value.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the statement of comprehensive income.

TriConnex Limited

Notes to the financial statements

1. Accounting policies (continued)

Tax

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income.

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

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base.

The recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

2. Critical accounting estimates and judgements

The Company makes certain estimates and judgements regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and judgements:

- profitability of contracts – individual contracts are negotiated so as to provide a reasonable return to the Company. The calculation of the margin to be achieved and the pricing set by the Directors is of paramount importance to the success of the Company. The Directors make an accounting estimate which is an assessment on the profitability and margin of contracts.

3. Capital management

The Company's capital is made up of share capital and retained earnings totalling £6,833,000 (2020: £6,194,000).

The Company's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing services commensurately with the level of risk.

The capital structure of the Company consists of shareholders equity as set out in the statement of changes in equity. All working capital requirements are financed from existing cash resources.

TriConnex Limited

Notes to the financial statements

4. Revenue

Revenues from external customers are generated from the supply of services relating to the design, installation and connection of utility networks. Revenue is recognised over time:

	Year ended 30 September 2021 £'000	Year ended 30 September 2020 £'000
Revenue from external customers	50,730	39,091
Timing of revenue recognition		
Over time	50,730	39,091
Client type		
Residential	50,730	39,091
Non residential	-	-

The Company has recognised the following assets and liabilities related to contracts with customers:

	30 September 2021 £'000	30 September 2020 £'000
Contracts assets		
Accrued income	12,182	8,230
Total	12,182	8,230

The increase in contracts assets during the year is due timing of sales invoices.

	30 September 2021 £'000	30 September 2020 £'000
Contracts liabilities		
Deferred income	26,403	23,702
Total	26,403	23,702

The increase in contract liabilities during the year is due to the timing of invoices to external customers.

The following table shows how much of the revenue from external customers relates to the contract liabilities at the beginning of the year:

	30 September 2021 £'000	30 September 2020 £'000
	19,290	13,025

Management expects that 23.7% (£44,711,000) (2020: £33,565,000) of the transaction price allocated to unsatisfied performance obligations as at 30 September 2021 will be recognised within one year, 57.1% (£108,000,000) (2020: £108,939,00) within two to five years and 19.2% (£36,339,000) (2020: £42,943,000) over five years.

The Company has not recognised any assets in relation to costs to fulfil a contract.

TriConnex Limited

Notes to the financial statements

5. Operating profit

The operating profit is stated after charging:

	Year ended 30 September 2021 £'000	Year ended 30 September 2020 £'000
Depreciation:		
Depreciation of owned assets	210	227
Depreciation of right of use assets	172	247
Loss on disposal of assets	71	18
Audit and non-audit services:		
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	37	28
Non-audit services	-	-

6. Staff cost

	Year ended 30 September 2021 £'000	Year ended 30 September 2020 £'000
Wages and salaries	11,042	9,498
Social security costs	1,043	1,031
Other pension costs	202	190
	12,287	10,719
Directors remuneration (included in staff costs above)		
Remuneration	722	534
Pension costs	3	4
	725	538
Highest paid Director		
Remuneration	324	203
Pension costs	1	1
	325	204

The average monthly number of employees (including Directors) during the year was:

	Year ended 30 September 2021 Headcount	Year ended 30 September 2020 Headcount
Site workers	136	138
Administrative	107	101
	243	239

The number of Directors with pension contributions amounted to 5 (2020: 4).

TriConnex Limited

Notes to the financial statements

7. Finance income and expense

	Year ended 30 September 2021 £'000	Year ended 30 September 2020 £'000
Finance income		
Interest on bank deposits	-	28
Finance expense		
Interest on finance leases	(11)	(19)
	(11)	(19)
Finance (expense)/income (net)	(11)	9

8. Taxation

	Year ended 30 September 2021 £'000	Year ended 30 September 2020 £'000
Current Tax:		
UK corporation tax on profits for the year	524	-
Adjustment in respect of prior periods	92	(62)
Total current tax	616	(62)
Deferred Tax:		
Origination and reversal of timing differences	15	(42)
Adjustment in respect of prior periods	23	6
Effect of tax rate change on opening balance	14	7
Taxation	668	(91)

The tax assessed for the year is the less than (2020: less than) the standard rate of corporation tax as applied in the UK. The differences are explained below:

Profit before tax	5,291	3,409
Profit before tax multiplied by the respective standard rate of corporation tax applicable in the UK (19.0%) (2020: 19.0%)	1,005	648
Effects of:		
Non-deductible expenses	32	32
Income not taxable for tax purposes	-	-
Other tax adjustments, reliefs and transfers	7	-
Group relief	(491)	(722)
Adjustment in respect of prior periods	92	(62)
Adjustment in respect of prior periods – deferred tax	23	-
Deferred tax	-	13
Taxation	668	(91)

TriConnex Limited

Notes to the financial statements

9. Property, plant and equipment

	Plant and machinery £'000	Motor vehicles £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 October 2019	71	1,058	225	1,354
Additions	-	-	55	55
Disposals	(5)	(71)	-	(76)
At 30 September 2020	66	987	280	1,333
Additions	80	135	58	273
Disposals	(65)	(187)	(94)	(346)
At 30 September 2021	81	935	244	1,260
Accumulated depreciation				
At 1 October 2019	48	396	119	563
Charge for the year	6	165	56	227
Disposals	(4)	(49)	-	(53)
At 30 September 2020	50	512	175	737
Charge for the year	12	140	58	210
Disposals	(5)	(147)	(93)	(245)
At 30 September 2021	57	505	140	702
Net book value				
At 30 September 2020	16	475	105	596
At 30 September 2021	24	430	104	558

TriConnex Limited

Notes to the financial statements

10. Right of use assets and lease liabilities

The balance sheet shows the following information relating to leases:

	30 September 2021 £'000	30 September 2020 £'000
Right of use assets		
Motor vehicles	329	263
	<u>329</u>	<u>263</u>
Lease liabilities		
Current	138	150
Non-current	182	105
	<u>320</u>	<u>255</u>

Additions to the right of use assets during the year were £255,000 (2020: £159,000).

Disposals to the right of use assets during the year were £17,000 (2020: £29,000)

The statement of comprehensive income shows the following amounts relating to leases:

	Year ended 30 September 2021 £'000	Year ended 30 September 2020 £'000
Depreciation		
Motor vehicles	172	247
	<u>172</u>	<u>247</u>
Interest expense	11	19
Expenses relating to short-term leases	58	66

The total cash outflow for leases during the year was £173,000 (2020: £241,000)

The present value of lease liabilities is as follows:

	30 September 2021 £'000	30 September 2020 £'000
Within 1 year	155	168
Two to five years	187	99
Over 5 years	-	-
Future finance charge on lease liabilities	(22)	(12)
Present value of lease liabilities	<u>320</u>	<u>255</u>

TriConnex Limited

Notes to the financial statements

11. Inventories

	30 September 2021 £'000	30 September 2020 £'000
Raw materials	2,418	1,138
	<u>2,418</u>	<u>1,138</u>

The value of raw materials recognized as an expense in the year ended 30 September 2021 amounted to £2,608,000 (2020: £2,312,000). These were included in cost of sales.

There were no write-downs of raw materials during the year.

12. Trade and other receivables

	30 September 2021 £'000	30 September 2020 £'000
Trade receivables from customers with contracts	9,050	8,538
Amounts due from Group companies	-	33
Other receivables	633	602
Prepayments	152	103
	<u>9,835</u>	<u>9,276</u>

Overdue receivables	30 September 2021 £'000	30 September 2020 £'000
By less than 3 months	1,895	2,491
Over 3 but less than 6 months	629	926
Over 6 months but less than 1 year	165	240
Over 1 year	50	8
	<u>2,739</u>	<u>3,665</u>

Allowances for receivables amount to nil (2020: nil).

Amounts due from Group companies are unsecured, repayable on demand and interest free. Expected credit losses are based on the assumption that repayment of the loan is demanded at reporting date. No allowance for expected credit losses is deemed necessary.

TriConnex Limited

Notes to the financial statements

13. Trade and other payables

	30 September 2021 £'000	30 September 2020 £'000
Trade payables	8,298	8,246
Other payables	283	221
Amounts due to Group companies	820	578
Accruals	1,442	700
Social security and other tax payable	309	241
	<u>11,152</u>	<u>9,986</u>

Amounts due to Group companies are unsecured, repayable on demand and interest free.

14. Deferred tax liabilities

	30 September 2021 £'000	30 September 2020 £'000
Accelerated capital allowances		
Brought forward	(23)	(51)
Credit/charge for the year	(52)	28
	<u>(75)</u>	<u>(23)</u>

15. Share capital

	30 September 2021 £'000	30 September 2020 £'000
1 Ordinary shares of £1 each (2020: 1 share)	-	-

16. Dividends

Dividends paid in the year to the parent company totaled £3,984,000 (2020: £2,951,000).

TriConnex Limited

Notes to the financial statements

17. Financial instruments

	30 September 2021 £'000	30 September 2020 £'000
Current assets		
Trade receivables	9,050	8,538
Accrued income	12,182	8,230
Other receivables	633	547
Amounts due from Group companies	-	33
	<u>21,865</u>	<u>17,348</u>
Cash and cash equivalents	19,403	20,602
Total financial assets	<u>41,268</u>	<u>37,950</u>
Non-current liabilities		
Lease liabilities	182	105
	<u>182</u>	<u>105</u>
Current liabilities		
Trade payables	8,298	8,246
Accruals	1,442	700
Other payables	283	221
Lease liabilities	138	150
Amounts due to Group companies	820	578
	<u>10,981</u>	<u>9,895</u>
Total at amortised cost	<u>11,163</u>	<u>10,000</u>

18. Financial risk management

The Company's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and capital risk. The overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Risk management is carried out by the Board, they have assessed the exposure, policies and market conditions and consider there to be no change to the policies outlined below.

a) Market risk

Interest rate risk

As the Company carries very low levels of borrowings the Directors consider that there is no significant interest rate risk. Finance leases are at fixed interest rates.

b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss. In order to minimise this risk, the Company endeavours only to deal with companies which are demonstrably creditworthy and this, together with the aggregate financial exposure, is continuously monitored.

Management consider default to be when companies do not make payment when due, this would be further be considered as impaired when it becomes clear that no payment will be made. Historically and for the year to date no impairment to receivables have been made and therefore the expected credit loss is zero.

TriConnex Limited

Notes to the financial statements

18. Financial risk management (continued)

Credit risk on cash and cash equivalents is considered to be small as the counterparties are all substantial banks with high credit ratings. The maximum exposure is the amount of the deposit.

Provision of services by members of the Company results in trade receivables which the management consider to be of low risk. The management do not consider that there is any concentration of risk within either trade or other receivables.

c) Liquidity risk

The Company currently holds cash balances in sterling to provide funding for normal trading activity. Trade and other payables are monitored as part of normal management routine. Liabilities are disclosed as follows:

2021	Within 1 year £'000	Two to five years £'000	Over five years £'000
Lease liabilities	155	187	-
Trade payables	8,298	-	-
Accruals and deferred income	27,845	-	-
Other payables	592	-	-
Amounts owed to Group companies	820	-	-

2020	Within 1 year £'000	Two to five years £'000	Over five years £'000
Lease liabilities	168	99	-
Trade payables	8,246	-	-
Accruals and deferred income	24,402	-	-
Other payables	462	-	-
Amounts owed to Group companies	578	-	-

d) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in a volatile and tight credit economy.

The Company will also seek to minimise the cost of capital and attempt to optimise the capital structure, which currently means maintaining equity funding and keeping debt levels to insignificant amounts.

Capital for further development of the Company's activities will, where possible, will be funded from cash resources.

TriConnex Limited

Notes to the financial statements

19. Related party transactions

The Company has a related party relationship with other subsidiaries of Nexus Infrastructure plc.

Transactions in the year are detailed below:

	Year ended 30 September 2021 £'000	Year ended 30 September 2020 £'000
Cost recharged received from other subsidiaries	135	579
Cost recharged received from Nexus Infrastructure plc	2,353	2,039

The balances outstanding at the end of the year are included within the disclosures on note 17 and 18.

Compensation of key management personnel (comprising only Directors):

	Year ended 30 September 2021 £'000	Year ended 30 September 2020 £'000
Short term employee benefits	722	534
Post-employment benefits	3	4
	<u>725</u>	<u>538</u>

20. Ultimate parent undertaking

The immediate and ultimate parent company in the United Kingdom is Nexus Infrastructure plc, which is the smallest and largest group to consolidate these financial statements. The address of the registered office is Nexus Park, Avenue East, Skyline 120, Great Notley, Braintree, Essex CM77 7AL. Copies of the Nexus Infrastructure plc annual report and financial statements can be obtained from the Company Secretary at the registered office.

21. Contingent liabilities

Under a Group registration the Company is jointly liable for Value Added Tax due by other Group companies.

The Group's bank debt is guaranteed jointly and severally with other Group companies. At 30 September 2021 the bank debt covered by this guarantee amounted to £11,662,000 (2020: £9,362,000).

These debts are also secured by a fixed and floating charge over the assets of the Company.

22. Capital commitments

At 30 September 2021 the Company had no capital commitments (2020: £nil).

23. Events after the reporting period

There are no events after the reporting period to disclose.