NEXUS

Essential infrastructure services

Supporting future growth

Annual report and financial statements 2017

Welcome to the Nexus Infrastructure plc Annual report 2017

Nexus is a leading provider of essential infrastructure services to the UK housebuilding and commercial sectors.

The Group comprises two separately managed and operated businesses: Tamdown, a provider of specialised infrastructure services; and TriConnex, which designs, installs and connects utility networks to properties on new residential and commercial developments.

NEXUS
Essential infrastructure services

TAMDOWN

TRICONNEX

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Our highlights

2017 was a landmark year for Nexus.

The Company successfully listed on AIM in July 2017

Resilient performance in FY2017 despite impact of EU Referendum

- Operating profit of £9.3m (2016: £10.4m)
- Order book up 25% at year end to £202.7m (£161.7m)

Strong cash generative business model

- Cash and cash equivalents of £27.1m at year end
- Proposed full year dividend of 6.3p share in line with progressive dividend policy

Established growth strategy within attractive and expanding addressable markets

- Organic growth driven by large multi-phase contracts, geographic expansion, cross-selling and combined delivery of Tamdown and TriConnex services
- Inorganic growth plans focused on disciplined approach to bolt-on acquisitions

Proven track record of delivering consistent growth, profits and cash generation.

Confident outlook for the year ahead.

Financial highlights

Revenue (£m)

2017	135.0
2016	135.7

£135.0m

Underlying earnings per share ("EPS")[1] (p)

2017	19.1
2016	22.3

19.1p

Order book (£m)

2017	202.7
2016	161.7

£202.7m

Operating profit (£m)

2017	9.3
2016	10.4

£9.3m

Cash and cash equivalents (£m)

2017	27.1
2016	34.0

£27.1m

1. The underlying earnings per share is calculated excluding the impact of exceptional items in the year ended 30 September 2017, which related to the IPO.

At a glance

Nexus Infrastructure currently comprises two separately managed and operated businesses; Tamdown and TriConnex.

Our businesses

TAMDOWN

Tamdown provides a range of specialised infrastructure and engineering services to the UK housebuilding sectors.

Services include earthworks, building highways, substructures and basements, creating drainage systems, as well as constructing reinforced concrete frames. The business has a well-established market position having been in operation for over 40 years and works with nine of the top ten largest UK housebuilders. Tamdown's operations are focused on the South East of England and London.

TRICONNEX

TriConnex designs, installs and connects gas, electricity and water networks and, more recently, fibre, on new residential and commercial developments.

TriConnex was established in 2011 to take advantage of deregulation in the utilities market, with the goal of being recognised as the UK's leading independent provider of utility connections to new developments. TriConnex's current areas of operation include the South East, South Midlands and South West of England.

Our clients

The Group has a very strong base of blue-chip customers which includes all of the top ten largest housebuilders in the UK. In addition, the Group's diverse customer base includes affordable housing providers and many of the top 25 housebuilders.

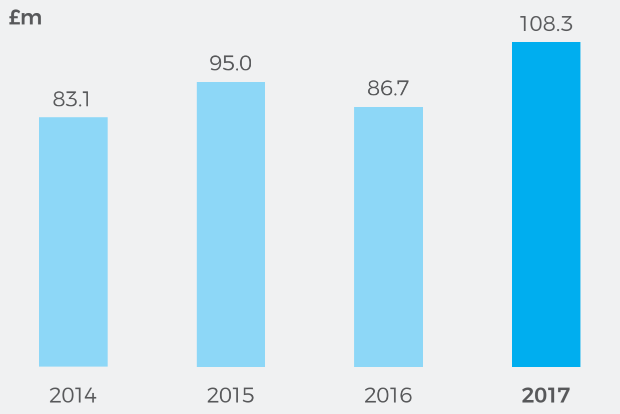
Legal & General Homes · Redrow · Hopkins Homes · Persimmon · Canary Wharf Contractors · nu living

The Group's order book has grown over the year by **£41.0m** (25%) to **£202.7m**

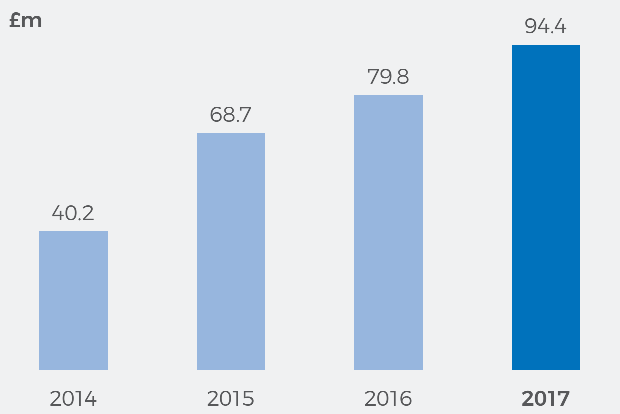
Where we operate

Order book

The order book has recovered well since December and is diversified across a large number of customers and projects



Limited Brexit effect due to early engagement with customers and feasibility studies



To find out more about our businesses please go to pages 10 to 13.

Strategic report
Governance
Financial statements

Chairman's statement

I am pleased to report a robust set of results for the year ended 30 September 2017.

Geoff French CBE
Non-Executive Chairman

Review of the year

- IPO in July 2017
- Robust set of maiden results
- Significant growth in the order book
- Well positioned to execute growth strategy

This is our maiden set of results as a public company, following the Company's successful Initial Public Offering ("IPO") on the London Stock Exchange's Alternative Investment Market ("AIM") in July 2017. I would like to take this opportunity to welcome all our new shareholders.

Overview of the year

The Nexus business model, with Tamdown's well-established market position as a leading provider of essential infrastructure services to the UK's largest housebuilders, coupled with TriConnex's growing utilities connection services, was resilient during a challenging year. As previously reported, the EU Referendum caused a slowdown in tendering activity and delays to customers awarding new contracts during the second half of 2016 with a corresponding delay to work commencing on site. In spite of this market backdrop, the Group is reporting revenue for the year of £135.0m (2016: £135.7m), and an operating profit of £9.3m (2016: £10.4m). As at 30 September 2017, the order book was at a record level of £202.7m up 25% from £161.7m in 2016, providing good earnings visibility for the year ahead.

Strategy

The Group's mission is to be recognised as the leading provider of essential infrastructure services in the UK. The Group's strategy is to deliver outstanding performance through a focus on innovation and customer service which will lead to growth, building on existing market positions by developing new markets and services whilst extending geography, both organically and through complementary earnings enhancing acquisitions.

The Group's organic growth strategy is focused on four key drivers: increasing market share within current geographies, expanding into new geographies, diversification into new growth sectors and leveraging customer relationships to enhance cross-selling within the Group. In addition to organic growth, further growth will come from the successful sourcing, execution and integration of chosen acquisitions.

The Group is taking a disciplined approach to acquisitions, seeking to enhance shareholder value with acquisitions that are linked or closely associated with TriConnex, such as businesses within existing residential utility or non-residential utilities markets or new markets, such as continuing to develop our fibre and Electric Vehicle charging services.

Returns to shareholders

As a listed company, one of our primary objectives is to deliver increased shareholder value over time. The Board has adopted a progressive dividend policy and has already paid an interim dividend of 2.1p per share. For the year ended 30 September 2017, the Board is proposing a final dividend of 4.2p per share, which, if approved at the Annual General Meeting ("AGM"), will take the dividend for the year to 6.3p per share. The total dividend for the year of £2.4m is based on a dividend cover of 3.0 times the Group's profit after tax, adjusted for exceptional items, which is in line with our guidance on dividend cover stated at the time of the IPO. The dividend will be paid on 9 March 2018 to shareholders on the register at close of business on 9 February 2018. The shares will go ex-dividend on 8 February 2018.

Looking forward, whilst continuing to invest in the growth plans of the business, our adopted progressive dividend policy will enable shareholders to benefit as the Group delivers on its performance targets.

Board and governance

The Board has been established now for over a year, with Richard Kilner appointed as Non-Executive Director and myself, appointed as Non-Executive Chairman, in January 2016. Alex Wiseman was appointed as Non-Executive Director in June 2016. The Board consists of five members in total, including Executive Board Directors Mike Morris (CEO) and Alan Martin (CFO).

Since the Board was expanded in early 2016, roles and responsibilities have been defined and the Board has spent time setting out the vital discipline, processes and authorities of governance. Changes have included the creation of Board sub-committees in 2016 for Audit, Remuneration and Nomination, all of which were in place throughout the year under review.

People

A primary driver to the Group's success is the team of highly skilled, driven and loyal employees across the businesses. Nexus places great importance on engaging with, and developing its employees and providing a platform for personnel growth and successful career development. On behalf of the Board, I would like to congratulate and thank them for their continued hard work and dedication.

Outlook

We are in a strong position to deliver growth. The fundamental market drivers for our business look positive in the short and medium terms. The order book has grown significantly over the past year and is now at a record level. Against this background, the Board is optimistic on the outlook for the business and is confident the Group will deliver on its growth strategy.

G. H. French

Geoff French
Non-Executive Chairman
8 January 2018

Q&A
with Mike Morris
CEO

Our ultimate aim is to build a business that is the leading provider of essential infrastructure services.

Q What are the key highlights of the full year results?

A The key highlight for us this year has been the successful listing of the business in July on AIM. This is the first step on a journey for the Nexus Group as a publicly quoted company.

The revenue being maintained at the prior year level, despite a period of uncertainty following the EU Referendum, demonstrates the robustness of the Nexus business model, our strong market positions and our proven track record as a trusted partner for our clients.

The order book is at a record level of £202.7m and with the continued investment in resources, the Group is well placed to deliver its growth plans.

Q What are your key priorities for the business going forward?

A Our ultimate aim is to build a business that is the leading provider of essential infrastructure services to the housebuilding and commercial sectors in the UK and to continue to create value for all our stakeholders.

In short, this means delivering a consistent strong financial performance, working in partnership and developing strategic relationships with our clients, whilst ensuring that our employees have the skills, experience and expertise to deliver time-critical quality services to all our customers.

Our focus is to enhance our growth and market positions across both the Tamdown and TriConnex businesses as we continue to drive shareholder value. In order to do this our strategic priorities are focused on increasing market share within existing geographies, expansion into new regions, diversifying into new growth sectors and leveraging TriConnex as the UK's leading provider of utility connections, to maximise opportunities for Tamdown. These goals can be achieved by a combination of organic growth and by selective bolt-on acquisitions, which meet with our strict criteria of being earnings enhancing and a cultural fit.

Additionally, we aim to attract, retain and develop the best people by investing in training and support which means we have a knowledgeable workforce with transferable skills.

We believe one of Nexus' differentiating factors is our culture and commitment to customer service.

Q **You mention that you will be focusing on enhancing value for all stakeholders, what exactly do you mean by that?**

A Our aim is to be an investment for our shareholders that both grows in value as well as providing a good return. Our dividend policy is stated to be progressive, whilst maintaining an appropriate level of dividend cover. Our Board's current target is to pay annual dividends based on a dividend cover of 3.0 times the Group's adjusted profit after tax.

Other key stakeholders are our clients and employees. Our clients are front of mind in terms of our aim to continue to develop partnerships with them, providing excellent services, advice and support which enables the housebuilders to deliver quality housing on time and on budget.

With its existing very strong base of blue-chip customers, including nine of the top ten largest housebuilders in the UK, Tamdown has the expertise and experience to continue to deliver services on multi-phase projects across a broad range of regions.

With the deregulation of the utilities market, Nexus through TriConnex, can provide innovative added value services for housebuilders and commercial real estate clients. TriConnex has already developed a reputation for customer focus and responsiveness, flexibility, quality of service and reliability in this respect.

We believe we have an exceptional workforce and we seek to continue to attract and retain the best people through competitive pay, a culture of empowerment, attractive training and development schemes and future leadership programmes. We offer apprenticeships, high levels of training and development, a graduate programme and a degree programme.

Q **In terms of your key markets – housebuilding and commercial property, what is your view of these markets?**

A As you are probably aware, the Government announced in October that the Help to Buy equity scheme will receive an additional £10bn of funding to support the purchase of homes. The new funding is nearly 50% higher than that used in the first four years of the scheme's life and adds to the £5.4bn of previous funding, which to date has assisted in the sale of more than 134,000 homes.

In addition to the Help to Buy funding, the Government announced in the budget a variety of support packages to address the structural undersupply in the UK housebuilding market. The new policies are expected to bring the total support for housing to at least £44bn over the next five years, with the intention of increasing the number of houses completed to 300,000 per year by 2025. In addition, the Government have committed to improving the planning environment and making more public sector land available for residential development.

Nexus predominantly operates within the more economically resilient areas of the South East of England and London, where we believe the housing shortage is even more acute than other parts of the UK.

We're confident that both Tamdown and TriConnex will benefit from this landscape of structural undersupply in housing, Government stimulus for the sector and a drive to increase volumes from customers operating in the affordable housing market.

Investment proposition

Attractive and growing addressable market

Strong and high quality customer base

Enviable forward order book

Well established and strong customer relationships

Reputation for high-quality delivery of essential services

Track record of growth, highly profitable and cash generative

TriConnex is involved early on projects, often before land acquisition

Tamdown undertakes multi-phase projects with large customers

Highly skilled, motivated and loyal workforce

Experienced senior management team and Board

Customer focused to drive both relationships and results

Executive review

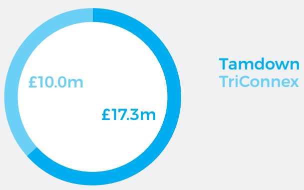
We are pleased to present the executive review for the Group for this year ended 30 September 2017.

Mike Morris
Chief Executive Officer

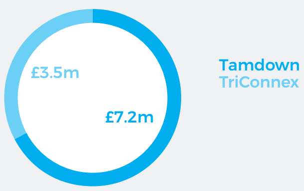
Alan Martin
Chief Financial Officer

Revenue (£m)

Gross profit (£m)



Operating profit (£m)



Group operating results

As anticipated and as highlighted earlier in the year, the outcome for the Group's full year revenues of £135.0m (2016: £135.7m) were relatively flat reflecting the impact of the EU Referendum. Revenues for Tamdown were £105.6m (2016: £112.4m) and were broadly offset by the 26.3% increase in TriConnex's revenues to £29.5m (2016: £23.3m).

Gross profit for the year increased to £27.2m (2016: £26.3m), with the overall gross margin improving by 78 basis points to 20.2% (2016: 19.4%).

Administrative expenses for the Group increased by £2.0m to £17.9m (2016: £15.9m). The 12.4% increase was primarily due to investment for growth within TriConnex, where the planned office headcount has increased by 27, along with salary increases.

Group operating profit, which has been recorded before the deduction of exceptional costs, for the year was £9.3m (2016: £10.4m). Group operating margin decreased to 6.9% (2016: 7.6%), with the gross margin improvement offset by the significant investment in administrative expenses to support future growth.

Exceptional items totalling £1.7m (2016: nil) were recorded in the year to reflect the costs related to the IPO.

Profit for the year attributable to equity holders of the parent company was £5.8m (2016: £8.4m).

Basic earnings per share were 15.4p, after the impact of the exceptional items (2016: 22.3p). The underlying basic earnings per share, adjusting for the exceptional items, were 19.1p (2016: 22.3p).

The Group's balance sheet remains strong, with net assets growing by 27.2% to £17.0m (2016: £13.4m). The Group's net cash remains high at £18.7m (2016: £23.6m) with cash and cash equivalents at £27.1m (2016: £34.0m) and bank borrowings of £8.4m (2016: £10.4m). The Group holds a high net cash position in order to support growth and the Group's acquisition strategy.

Executive review continued

Tamdown

Financial and operating performance

The revenue for Tamdown decreased by 6.1% to £105.6m, (2016: £112.4m). This was anticipated earlier in the year and highlighted at the time of the IPO, as the business saw the impact of the June 2016 EU Referendum on the housebuilding market and customers in general.

From the end of 2016 onwards, orders for new phases and new sites returned to normal levels. This is reflected in the 24.9% improvement in the order book from £86.7m at 30 September 2016 to £108.3m at 30 September 2017.

The gross margin for the year at 16.4% (2016: 16.5%) maintained the significant improvement in margin of recent years.

Our investment for growth with increased headcount, staff and salary costs resulted in a 10.9% increase in administrative expenses to £10.1m (2016: £9.1m). The operating profit for the year at £7.2m (2016: £9.5m), achieved an operating margin of 6.8% (2016: 8.4%). The Board believes that this investment can support Tamdown's growth over a number of years.

Our markets

The customers of Tamdown are UK housebuilders or affordable housing developers, including housing associations and, as such, the UK housebuilding market is key to the Company. The housing market has been in a long-term position of structural undersupply as the number of new houses built has failed to keep pace with the rate of household formation. Current estimates from the Department for Communities and Local Government ("DCLG") are for annual household formation in excess of 250,000 over the short to medium term, which compares to the Construction Products Association ("CPA") estimates of UK housing starts in 2016 of approximately 148,000 (178,000 including public and private homes) and is projected to increase to 158,000 in 2019 (192,000 including public and private homes). As a result, there is the expectation that the housing deficit will remain over the long term. The prevalence of this deficit has attracted a significant amount of Government stimulus to the sector.

Tamdown operates within the more economically resilient areas of the South East of England and London where the undersupply of housing appears to be more acute compared to the rest of the UK. Tamdown works with the majority of the quoted housebuilders, who account for approximately 50% of total private new build volumes (compared to approximately 32% in 2005) with this dominance expected to continue as they work through their land bank and develop larger schemes.

The Housing white paper released in February 2017 announced new plans by the UK Government to tackle the undersupply of houses by reducing the obstacles to housebuilding and help local authorities, developers and small to medium-sized housebuilders meet housing needs. This included greater support for small housebuilders, through the Home Building Fund, to build up to 225,000 homes in the long term. This is alongside a commitment to build more affordable homes, including Rent to Buy and shared ownership, with an extra £1.4bn for the Affordable Homes Programme, to build around 225,000 affordable homes.

The Government announced in the November 2017 budget a further package of investments, loans and guarantees, which when added to previous initiatives totalled £44bn, to increase the annual number of new homes from 217,000 in 2016/17 to 300,000 by 2025.

Outlook

Tamdown has an established market position, providing quality services to nine of the top ten UK housebuilders. The backdrop of Government stimulus to counter the housing supply deficit provides us with confidence that our customers will continue to demand our services.

Our strategic objectives are to grow the business organically, expand into new geographic markets and develop diversification opportunities into sectors such as affordable residential and build to rent. These plans, alongside working with TriConnex to ensure that the early customer intelligence that TriConnex becomes aware of is utilised in the most effective manner, give us confidence that we have an established route to continue to grow the Tamdown business.

Tamdown has a very established market position having been in operation for over 40 years

Office staff
92

Site staff
541

The backdrop of Government stimulus to counter the housing supply deficit provides us with confidence that our customers will continue to demand our services

New households (2016)
>250k

New builds (2016)
148k

Source: DCLG, Construction Products Association

Market highlights

- supply vs demand imbalance
- >250k new households against 148k new builds
- Government stimulus including Help to Buy, Home Building Fund and Affordable Homes programme
- South East of England more economically resilient

Executive review continued

TriConnex

Financial and operating performance

Revenue for TriConnex increased by 26.3% to £29.5m (2016: £23.3m). This strong growth is due to a combination of an expansion of our customer base, increased market share from current customers and the take up by customers of TriConnex's self-lay water and fibre services. The EU Referendum had a limited negative impact on the order book of TriConnex mainly due to the longer lead times in designing and implementing utility networks. The order book grew by 25.9% over the year to £94.4m (2016: £75.0m).

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 cost. The high gross margin was maintained during the year, with the margin improving by 40 basis points to 33.8% (2016: 33.4%).

As TriConnex provides a turnkey service from concept to connection with a significant amount of desktop planning and research, the majority of TriConnex's staff are office based and in order for TriConnex to continue to grow it has needed to invest in an increased number of staff within business development, technical and operations departments, with the total headcount increasing by 57 (44%) over the year. Accordingly, overheads have increased in the year to £6.5m (2016: £5.0m), broadly in proportion to turnover growth.

Operating profit increased by 23.8% to £3.5m (2016: £2.8m) with an operating margin of 11.8% (2016: 12.1%).

Our markets

The utility connections market consists of three regulated utilities; electricity, gas and water, and one unregulated utility, fibre. TriConnex initially offered electricity and gas connections, expanding to offer water connections in 2014 and fibre connections in 2016. The market has arisen from the deregulation of the utility sector and TriConnex entered the market in 2011 as a result of this deregulation.

Since 2000 the regulator of electricity and gas utilities, Ofgem, has been focused on improving competition within the distribution side of the industry. In 2010, licence obligations were imposed on electricity and gas distribution companies to promote competition and tighten up performance standards when working with independents. Today approximately 60% of gas and approximately 30% of electricity connections in the UK are undertaken by independent connection providers and these percentages are expected to continue to grow.

The priority for the regulator for water, Ofwat, has, until recently, been to encourage the investment in an inadequate infrastructure rather than the promotion of competition meaning that the selling, distribution and the connection of water to new developments had remained with the regional monopoly water companies. However, the concept of self-lay was introduced in 2013 which permitted developers to arrange for the installation of the water mains and services by an independent third party, so called self-lay organisations such as TriConnex.

The fibre connections market is not a regulated activity and independents have always been able to provide them. Thus, there has been less opportunity for TriConnex to benefit from deregulation but in 2016, Ofcom mandated more open access to Openreach's fibre network throughout the UK and the dynamics remain similar to the electricity, gas and water connections market as the availability of high speed fibre is an increasingly important factor for home buyers, and therefore for housebuilders and developers. There has been significant Government support to roll out super-fast fibre across the country, including new residential and commercial developments.

TriConnex has approximately 20% share of the independent utilities connection market in the South East of England. This has been built through having a deep understanding of its customers' needs, drawing on the Group's expertise in residential developments, being more service focused and user-friendly than competitors, as well as by providing fast and reliable delivery. The market share for the South West of England is approximately 3% but TriConnex has only been operating in the region since 2015 and has identified significant growth opportunities.

Outlook

The proportion of regulated utility connections to be made by independents is expected to continue to increase. TriConnex has already built a reputation of a high level of customer services alongside cost effective, efficient connections.

Our strategic objectives are to exploit the opportunities to increase the customer base in a sector which is predicted to grow due to undersupply. In addition, as the utilities services sector is highly fragmented, the TriConnex team will explore acquisition opportunities, with the aim of increasing geographic penetration and service offering, as well as being earnings enhancing for the Group.

TriConnex was established in 2011 to take advantage of deregulation in the utilities market

Office staff
117

Site staff
61

The addition of fibre connections has broadened our service offering to customers

Independent connection providers connect:

Gas
60%

Electricity
30%

Market highlights

- annual addressable market value > £300m
- gas, electricity and water market deregulation continues
- licence changes to promote competition
- Government support for roll out of super-fast fibre

Executive review continued

Demand from customers is robust, and the Group's order book continues to increase, which provides the Board with confidence for the year ahead.

Other financial information

Exceptional items

In 2017, the Group incurred a number of exceptional costs in relation to the IPO totalling £1.7m and comprised £0.6m in relation to transaction costs and £1.1m in relation to settling share-based management incentive arrangements (non-cash) that were triggered on completion of the IPO.

Net finance costs

The net finance charge for the year totalled £0.2m (2016: £0.2m). Interest received on bank deposits totalled £0.1m (2016: £0.1m), with interest payable on bank borrowing of £0.26m (2016: £0.30m) and interest on finance lease and hire purchase facilities totalling £0.04m (2016: £0.06m).

Tax

The tax charge for the year was £1.6m, representing an effective tax rate of 21.0%. This is higher than the statutory rate of corporation tax due to some exceptional costs related to the IPO not being deductible for tax.

Earnings per share

Basic earnings per share were 15.4p, after the impact of the exceptional items (2016: 22.3p). The underlying basic earnings per share, which has been adjusted for the impact of the exceptional items were 19.1p (2016: 22.3p). The diluted earnings per share were 15.0p (2016: 22.2p) and the adjusted diluted earnings per share, excluding the impact of the exceptional items were 18.6p (2016: 22.2p).

Dividends

As discussed in the Chairman's statement, the Board has recommended a final dividend of 4.2p per share, giving a total dividend for the year of 6.3p per share. This is in line with our guidance at the time of the IPO. The total cost of the dividend, including the interim dividend, will be £2.4m.

Statement of financial position

During the year to 30 September 2017, shareholders' funds increased by £3.6m to £17.0m (2016: £13.4m), the movement included the payment of dividends totalling £3.5m, which was mitigated by the strong trading performance of the Group companies.

Non-current assets increased over the year by £3.0m to £10.2m (2016: £7.2m), with the increase including the acquisition of land in Braintree where the Group's new head office buildings will be built once the design and planning processes have completed, which is anticipated to be midway through 2018. Current assets decreased by £2.0m to £65.8m (2016: £67.8m) with inventories increasing by £0.5m, trade and other receivables increasing by £4.4m and cash balances decreasing by £6.9m to £27.1m.

Total liabilities decreased by £2.6m to £59.0m (2016: £61.6m), with borrowings decreasing by £2.0m with the repayment of the term loan.

Cash flow

The Group utilised £6.9m (2016: generated £6.3m) of cash in the year, resulting in a cash and cash equivalent balance at 30 September 2017 of £27.1m (2016: £34.0m).

Operating cash flows before working capital movements, generated £10.3m (2016: £11.7m). Investment in working capital totalled £5.0m (2016: £0.2m), with the main increase in debtors, resulting in cash generated from operating activities of £5.3m (2016: £11.5m). Tax and interest payments amounted to £2.7m (2016: £2.4m). Cash utilised in investing activities totalled £3.4m (2016: £0.2m), with £4.0m used to acquire fixed assets of which £3.0m was for land for the Group's new head office. Net cash out-flows from financing activities totalled £6.2m (2016: £2.5m), including £3.5m (2016: £11.0m) on dividend payments.

Treasury risk management

The Group's cash balances are centrally pooled and invested, ensuring the best available returns are achieved consistent with retaining liquidity for the Group's operations. The Group deposits funds only with financial institutions which have a minimum credit rating of A. As the Group operates wholly within the UK, there is no requirement for currency risk management.

Current trading and outlook

Trading in the first few months of the new financial year has been in line with the Board's expectations. Demand from customers is robust, and the Group's order book continues to increase with the balance as at 31 December 2017 of £213m, which provides the Board with confidence for the year ahead.

Mike Morris
Chief Executive Officer

Alan Martin
Chief Financial Officer
8 January 2018

Business model

Resources and relationships

Our people
Highly skilled, motivated and loyal workforce.

Experienced senior management team and Board.

Markets
Attractive and growing addressable markets further supported in coming years by government housing strategies.

Financials
Attractive cash flow characteristics with a high cash balance, resulting in a strong balance sheet.

How we do it

1 Business development
Early client engagement
Design and estimating
Solution innovation
Value engineering

2 Planning
Programme and logistics
Legal compliance
Procurement and resources
Project collaboration

3 Execution
Performance monitoring
Team approach
Flexible delivery
Safe working

Customer focus
The Group ensures customer focus during design, procurement and delivery stages. As well as meeting and exceeding our customers' needs, this means ensuring the expectations of residents and users of new homes and facilities are satisfied as well.

How we create value

Customers
Long-term relationships and partnerships to understand our customers and their individual challenges and needs.

Shareholders
Track record of delivering growth, profits and cash generation, enabling a progressive dividend policy.

Employees
Strong focus on staff development and learning across the Group as well as health, safety and well-being.

Strategy

Nexus' mission is to be recognised as the leading provider of essential infrastructure services in the UK, by delivering outstanding performance through a focus on innovation and customer service.

Strategic priority	Progress during the year
Increase market share within existing geographies The Group aims to drive customer penetration by leveraging existing customer relationships. Within the geography in which the Group operates a number of existing customers have regional businesses to which the Group does not currently provide services. Accordingly, there is an opportunity for the Group to increase its market share by winning contracts with the regional businesses of existing customers for which it currently does not work. This is likely to be done through customer recommendations and specific customer targeting.	The Group's current customer penetration is estimated to be 40% for Tamdown and 35% for TriConnex. Over the past year, through strong relationships with customers, the customer penetration has improved from 32% and 34% respectively.
Expansion into new geographic markets There are a number of regions outside the South East of England and London into which Tamdown can expand in order to increase its market reach. This is likely to be achieved through recommendations and referrals from existing customers who also operate in these neighbouring regions, as well as new customers. The ultimate goal for TriConnex is national coverage and to be recognised as the UK's leading independent provider of utility connections to new developments. TriConnex is able to expand geographically more rapidly than Tamdown as the nature of its work is fundamentally asset-light.	In recent months Tamdown's geography has been expanded with a number of contracts being secured in Peterborough, which previously had been beyond its standard market reach. TriConnex continues to expand its geographic reach within the South West region, managed from the Bristol office which accounts for 17% of TriConnex's revenue. The Midlands are the next area of focus for TriConnex, with the first contract being secured in October 2017.
Diversification into new growth sectors In 2016 the Group generated 96% of its revenue from the private development residential sector through its housebuilding customers. The Group's strategy is to diversify its end markets into affordable residential and non-residential sectors, which will enable it to grow sustainably through the economic cycle. TriConnex has also diversified its business by offering water connections in 2014 and fibre connections in 2016. This enables TriConnex to offer all four utility connections to customers.	During the 2017 financial year the percentage of revenue derived from affordable residential and commercial schemes increased from 4% to 11%. The Directors believe that the benefits of UK utilities deregulation will continue, specifically for water connections via self-lay and for the broadband market, which is very attractive given that it is regarded as an "essential service" with the Government supporting the roll-out of fibre across the UK.
Leverage TriConnex to optimise cross-selling opportunities for Tamdown TriConnex is typically engaged early in the development process to advise customers on the utility network considerations for their site. As such, TriConnex gets a unique opportunity to see future developments months in advance of the usual sales cycle experienced by Tamdown.	As Nexus operates an integrated business development strategy, the Group is able to share customer intelligence with Tamdown, which can then benefit by targeting customers more selectively and in advance of typical tender windows.
Accretive acquisitions The Group's acquisition strategy will primarily focus on bolt-on acquisitions within areas linked or closely associated to TriConnex to enhance its geographic reach and service offering.	Current areas that the Group is exploring include businesses within existing residential utility markets (such as regulated energy utilities) and new markets such as fibre services and non-residential utilities (for example utility connections and services for commercial or industrial operations). Any acquisition will be subject to detailed due diligence and is anticipated to be required to have a clear strategic rationale and to be earnings enhancing.

Key performance indicators

The Board uses key performance indicators to measure its progress against the Group's strategic objectives.

KPI	Description	Performance
Revenue (£m) **£135.0m** -0.5%	• Revenue and revenue growth track our performance against our strategic aim to grow the business	2017 135.0 2016 135.7 2015 130.9 2014 108.4
Operating profit (£m) **£9.3m** -10.1%	• Tracking operating profit ensures that the focus remains on delivering profitable outcomes on our contracts	2017 9.3 2016 10.4 2015 8.1 2014 6.3
Underlying earnings per share ("EPS")[1] (p) **19.1p** -14.3%	• Tracking the after-tax earnings relative to the average number of shares in issue provides a monitor on the increase in shareholder value. Underlying EPS is stated before the impact of exceptional items	2017 19.1 2016 22.3 2015 16.2 2014 12.8
Cash and cash equivalents (£m) **£27.1m** -20.0%	• Tracking the cash balance monitors the conversion of profits into cash ensuring that cash is available for reinvestment or distribution to shareholders	2017 27.1 2016 34.0 2015 27.7 2014 20.5
Order book (£m) **£202.7m** 25.4%	• The tracking of the order book provides visibility on expected future revenue against the strategic aim to grow the business	2017 202.7 2016 161.7 2015 163.7 2014 123.3

1. The underlying earnings per share is calculated excluding the impact of exceptional items in the year ended 30 September 2017, which related to the IPO.

Corporate social responsibility report

The Group wishes to operate as a safe and sustainable business with a clear purpose and core values.

Approach

The Board recognises its responsibility for establishing high ethical standards of behaviour and corporate governance and the Group has policies in place, including, but not limited to: health and safety; anti-bribery; environmental protection; equal opportunities; equality and diversity; training and development; whistleblowing and modern slavery, to support our approach of conducting business in an open and transparent manner and which are in line with the core values.

The Company expects its employees to conduct themselves in a manner which reflects the highest ethical standards, and comply with all applicable laws and regulations. The Company has a zero-tolerance policy towards any form of bribery or corruption and has training and an appropriate procedure in place whereby any concerns in relation to malpractice can be raised in an appropriate forum.

Health and safety

The health, safety and well-being of our staff is paramount, and every precaution is taken to protect them and fellow contractors on site, as well as the general public. It is our duty and priority to ensure the safety of our employees whilst at work. Our dedicated safety team undertakes regular internal audits of our procedures to ensure they are as comprehensive as possible, highlighting any areas for improvement. In addition, our systems are under constant review by external bodies promoting best practice. Our policies, procedures and practices are accredited with ISO 9001 Quality Standard, ISO 14001 Environment Standard, OHSAS 18001 Health and Safety Standard.

We have adopted and encourage a very proactive approach to hazard and near miss reporting. This approach has improved awareness and helped prevent accidents on our sites and for other contractors working alongside us.

The year-on-year importance of health and safety within the Group is illustrated by Tamdown winning its eighth consecutive Gold Medal from RoSPA ("The Royal Society for the Prevention of Accidents"). Gold Medal Awards are only awarded to those companies who have achieved Gold Awards for over five consecutive years or more. TriConnex was also awarded a Gold Award this year, in their first year of applying.

People

Investing in the workforce

Nexus believes in success through its employees with a dedicated in-house HR team providing structured learning, development and development opportunities.

In 2014, Nexus introduced a bespoke BSc in Business Management Practice at Anglia Ruskin University, and in August 2017 the first group of employees graduated, all with either 1st or 2:1 class honours. Alongside the degree other programmes include the Aspire Programme for graduates and rising stars, Apprentices Programme, Developing Contract Managers/Foreman Programme and Future Talent Programme for A-Level students.

Nexus also encourages leadership and management development with executive coaching, management coaching, ILM Level 3 and 5 accreditation, succession planning and psychometrics. The Group also has a development programme including a Quantity Surveyor Programme, Site Bursary, technical development and development for IT, HR and Finance. Performance is reviewed on a regular basis through a formalised Performance Management Framework, which is linked to the Company business plans.

Tamdown is accredited by "Investors in People" and has been recognised for the development of its employees by winning the Construction News Employer of the Year award in 2016 and having been a finalist in the same category in 2015.

Communication

The Group regularly provides its employees with information on matters of concern to them. We consult with our employees in order to ensure that their views can be taken into account when making decisions. We communicate with employees by a number of mechanisms including weekly emails, quarterly newsletters, updates on our internal website and engage with our employees via site and manager cascade briefings.

Recruitment and retention

We endeavour to provide good terms of employment with the provision of benefits that employees want, as well as promoting health and well-being and ensuring we have a happy and safe work environment. We are keen that employees should share in the growth of the Group and as part of the IPO an Employee Share Incentive Plan has been created whereby employees can acquire shares in the Company in a tax effective manner. Salaries and benefits are market tested, at least annually, and low cost/high value benefits are regularly being sought and introduced.

Diversity and equality

We are committed to ensuring that all employees, potential recruits and other stakeholders are treated fairly and equitably. The principles of equality and diversity are important to us and advancement is based upon individual skills and aptitude irrespective of race, gender, sexual orientation, disability, age, religion or beliefs. Full consideration is given to the diverse needs of our employees and potential recruits and we are fully compliant with all current legislation. The Group is committed to upholding basic human rights within its business.

Disabled employees

The Directors give special attention to the health and safety of their employees and endeavour 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.

Corporate social responsibility report continued

Communities

The Nexus Community Trust is a charitable trust that was established in 2011 to support and help those charities which have been involved with, and affect the lives of, the staff of Nexus and its subsidiary companies. The charities which benefit from the Trust are nominated on an annual basis by the staff.

Funds are raised by employees, their families and friends, client and business contacts through sponsorship and support for social and sporting events such as charity balls, summer BBQs, triathlons and mud races. Since inception the Trust has raised over £320,000.

Recently supported charities have included Farleigh Hospice, Juvenile Diabetes Research, Children of St Mary's Hospital and Broomfield Hospital's Neonatal Ward. The funds donated to charities are spent on items that they need, for example for Broomfield Hospital we were able to buy a baby incubator.

In 2017 we are helping communities in Braintree and Bristol with hampers for the elderly and homeless and providing meals for those alone at Christmas.

Sustainability and the environment

Human activity is threatening the health of the environment and jeopardising our future.

We realise that climate change is a genuine problem that affects us all, therefore we are truly committed to doing everything within our power to implement solutions to global challenges.

We recognise that our own operations influence the local, regional and global environment due to the nature of our business. Therefore, we continuously look to improve our own environmental performance and decrease our carbon footprint.

Through our ISO 14001 accreditation (which we are proud to have held since 2002) our Directors and managers participate in defining our environmental action plan by setting realistic objectives and targets for our business in both the short and long term. To date, our businesses have had no reportable environmental incidents.

In February 2016, the Group gained ISO 50001 accreditation to ensure Energy Saving Opportunity Scheme ("ESOS") compliance. This has aided our approach to reduce energy consumption across our sites and offices.

Our first aim is to reduce our environmental impact and reduce our carbon footprint. We see this as a journey for us alongside our clients and suppliers.

NEXUS COMMUNITY TRUST

Nexus believes in success through its employees with a dedicated in-house Learning and Development team

Funds for the charity are raised through sponsorship and support for social and sporting events

Principal risks and uncertainties

The Group has established and operates a system of internal control and risk management procedures, in order to identify, manage and mitigate risks.

In common with other organisations, the Group faces risks that may affect its performance. Identification, management and mitigation of such risks and uncertainties across the Group is an essential part of the ability to deliver the Group strategy.

The Board has identified those risks which are deemed principal to its business due to their potential severity and link to the Group's strategy, markets and operations.

The Group has established and operates a system of internal control and risk management procedures, in order to identify, manage and mitigate the risks at various levels within the organisation.

The principal risks and uncertainties identified by management and how they are being managed are set out below. These risks are not intended to be an exhaustive analysis of all risks that may arise in the ordinary course of business.

Market downturn

Risk	Description	Mitigation
• The Group's success is dependent on the general economic climate and fluctuations in the UK property market	• The Group's success is dependent, to a large extent, upon the state of the economy and in particular the UK's property market • Economic weakness may result in decreased revenue, margins and earnings • Adverse economic conditions may decrease customer confidence levels leading to a decrease in housebuilding or rates of development • Mortgage availability may decrease and the cost associated with mortgage funding may increase, which would result in fewer house purchases and in turn the number of houses built	• Diversification of the Group's markets, both geographically and services provided • Regular review of tenders • Regular contact with customers • A cautious approach to debt finance

UK exit from the EU

Risk	Description	Mitigation
• The UK's exit from the EU ("Brexit") could have a significant impact on the Group's success	• The formal process to leave the EU commenced in March 2017. It is currently unclear the extent to which Brexit will impact the UK, on matters such as the extent to which the UK will continue to apply EU laws and the macroeconomic effect on the UK economy. The impact on the Group's customers and thus the Group's businesses, financial position and operations	• Regular evaluation of future market performance, together with the strategy to address those markets • Diversification of the Group's markets, both geographically and services provided • Focus on recruitment, development and retention of a skilled labour force

Failure to procure contracts

Risk	Description	Mitigation
• The Group's success is dependent upon winning contracts on satisfactory terms in its existing and target markets	• The majority of the Group business, and so revenue, is generated by work won through tender submissions • The Group's profitability depends upon its ability to submit tenders at satisfactory margins. Should market conditions change on variables such as increased competition, increased costs, or reduced availability of skilled workforce, then the cost of carrying out works may increase, which may either reduce the profitability of the contracts or result in the contracts not being won • If the Group's ability to exceed customer expectations is reduced due to poor quality or service, it may reduce the level of repeat work from customers	• Continually review the Group's current and target markets to ensure the opportunities they offer are understood • Structured bid review process is in operation with specific customer and contract criteria that are designed to ensure the Group only takes on customers and contracts that are acceptable and understood • Ensuring we have high-quality people delivering and managing contracts

Regulatory requirements

Risk	Description	Mitigation
• Parts of the Group's business are subject to regulatory requirements with which it may be found to be non-compliant	• TriConnex 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	• Regular internal review of processes and procedures to ensure compliance with obligations • Regular external audit to confirm processes and procedures are compliant with obligations

Availability of materials and subcontractors

Risk	Description	Mitigation
• The Group could be adversely affected by the availability of materials and subcontractors	• The Group requires materials to be available at the time they are needed, at a reasonable price. Increased prices and delays could increase the costs of the project and so impact the Group's profitability • The Group is dependent on the availability, competence and consistency of subcontractors. Should subcontractors not be available at the time required, delays may occur, increasing costs and so reducing profitability. Incompetent or inconsistent workmanship may require remediation works which may impact profitability and short-term cash flows	• Multiple suppliers and subcontractors for materials and relevant trades in order to maintain continuity of supply and competitive pricing • Supply contracts negotiated on specific contracts for certainty of price and quantity

Principal risks and uncertainties continued

People

Risk	Description	Mitigation
• The Group could be adversely affected by the loss of, or an inability to recruit and retain, key personnel	• The Group's success is dependent on its ability to recruit, retain and motivate high-quality senior management and other personnel with extensive experience and knowledge of the construction industry. The availability of such personnel is sparse and competition to recruit them is intense. Failure to recruit, retain and motivate could adversely affect the Group's operations, financial conditions and prospects	• Focus on learning and development, including annual performance management, to encourage and support all employees to achieve their full potential • Attractive performance based remuneration policy • Recruitment and development plans to attract site based, school leavers and graduate employees

Contract execution

Risk	Description	Mitigation
• Contracts may not perform as expected which may lead to contracts not being executed profitably	• The Group's profitability is dependent upon its ability to manage contracts to ensure that they are delivered on time, to budget and exceeding the customers' expectations. Failure to achieve these objectives could lead to contract losses, delays, reputational damage and reduced repeat work	• Detailed bid appraisal process to ensure all risks and requirements are understood • Applying rigorous policies and procedures to manage and monitor contract performance • Ensuring high-quality people are delivering the contracts

Health and safety

Risk	Description	Mitigation
• The Group operates in a sector that carries significant health and safety risks	• The construction sector carries significant health and safety risks, including serious injury and death to employees, third party contractors and members of the public. Successful claims may result in fines, damages and costs in excess of the Group's insurance cover, which may have a material adverse effect on the Group's business, financial condition and prospects	• A board led commitment to achieve zero accidents • Management commitment to safety tours, safety audits and safety action groups • Comprehensive employee training programmes

The financial risk management of the Group, including the Group's exposure to credit risk and liquidity risk is set out in note 26: financial risk management, of the financial statements.

Strategic report approval statement

The strategic report, contained in pages 2 to 24 has been approved by the Board of Directors and is signed on its behalf by

Mike Morris
Chief Executive Officer
8 January 2018

Chairman's introduction

Corporate governance is an important factor as the Group grows its operations.

Geoff French CBE
Non-Executive Chairman

Strong corporate governance has a key role in promoting the Group's success. The way the business is run therefore plays a significant part in meeting the Group's commitments to our customers. The Group has a long history of successful delivery and good corporate governance and the Board will ensure this continues.

As Chairman, I am responsible for the leadership of the Board and for ensuring that it fulfils its responsibilities to all of the Group's stakeholders. My role includes ensuring that the Board has open and transparent discussions, allowing each member to contribute effectively. I ensure that the Board is commercial and collaborative, but also appropriately challenging. This requires us to have a good understanding of the business and its markets. The Board also operates in a way that sets an example, in terms of our commitment to the principles of governance, risk, leadership and diversity.

The Group has appropriate governance structures in place and we will continue to develop them as the business evolves as a public company. As an AIM-listed company, we do not have to comply with the UK Corporate Governance Code, however we have sought to apply the principles that are appropriate for a company of this size and nature. Importantly, the majority of the Non-Executive Directors are independent and the Board Committees comprise only the Non-Executive Directors.

G.H. French

Geoff French
Non-Executive Chairman
8 January 2018

Governance

We have an effective Board structure, underpinned by solid operating principles, policies and controls and we continue to exercise our duties in compliance with all relevant legislation, regulation and guidance.

To find out more about governance please go to pages 27 to 36.

Board of Directors

Geoff French CBE

Independent Non-Executive Chairman

Geoffrey French CBE joined the Board as Non-Executive Chairman in January 2016. Geoff, who is a civil engineering graduate, began his career at Scott Wilson in 1968. He was Chairman from 2002 until 2010 during which time he oversaw the Group's successful flotation on the London Stock Exchange and its sale to URS. Geoff was Chairman of the Enterprise M3 LEP from its establishment in 2011 until the end of his six-year term of office in 2017. He was formerly President of the Institution of Civil Engineers (2013 to 2014), President of the International Federation of Consulting Engineers (2011 to 2013) and Chairman of the Association for Consultancy and Engineering in 2009.

Committees:

A R N *

Mike Morris

Chief Executive Officer

Michael Morris has led the Group through a period of significant growth since the management buy-out in 1999 working closely with 3i Group plc. Mike is an entrepreneur, business leader and keen start-up investor with 30 years' experience within the infrastructure services and utility industry. The catalyst and driving force behind the continued success of the business, Mike is passionate about continuous improvement at a business and personal level. He holds a BSc degree in Management.

Alan Martin

Chief Financial Officer

Alan Martin was appointed Chief Financial Officer of Nexus in September 2015. Alan, a Chartered Accountant, was previously Chief Financial Officer of housebuilder and strategic land specialist MJ Gleeson plc from 2009 to 2015, having joined in 2006 as Group Financial Controller, during which time he played an important role in the repositioning and revitalisation of the Group. Prior to this, he held senior roles at Psion plc and PwC. Educated at Cardiff University, he has a BSc Honours degree in Accountancy and Law.

Richard Kilner

Non-Executive Director

Richard Kilner is a chartered civil engineer and a member of the Institution of Civil Engineers. Educated in South Africa, he has a B.Sc. degree in civil engineering. He has held a number of senior positions in construction and private equity and also has specific experience of property development, business process outsourcing and healthcare. He was a partner at 3i Group plc where he was involved in significant investments in Asia, the USA and Europe. Richard also spent five years (including a year as acting Chairman) as a Non-Executive Director of University Hospitals of Leicester NHS Trust.

Committees:

A R * N

Alex Wiseman

Independent Non-Executive Director

Alexander Wiseman has significant experience within the utility sector specialising in regulation and strategy. He is currently Non-Executive Director at Bristol Energy as well as at the Northern Ireland Authority for Utility Regulation. Alex has previously held directorships across both public and private sector organisations, including xoserve and the Central Manchester University Hospitals NHS Foundation Trust. Alex was previously Regulation Director at Northern Gas Networks and Head of Strategic Planning at United Utilities. Educated at Cambridge University, Alex holds an MA degree in Mathematics and an MBA and is a qualified management accountant.

Committees:

A * R N

A Audit Committee

R Remuneration Committee

N Nomination Committee

* Chair

Corporate governance

We recognise the importance of establishing the right culture and communicating this message throughout the organisation.

Leadership and responsibilities

It is important that we as the Board provide strong and effective leadership, constructive challenge and accept collective accountability for the long-term sustainable success of the Group.

Board and sub-committee structure

The Board		
Audit Committee	Remuneration Committee	Nomination Committee

The Board

The Board comprises three Non-Executive Directors, including the Chairman and two Executive Directors. All Directors served throughout the year to 30 September 2017. Biographies of the Directors can be found on page 26.

The Board believes it has an appropriate balance of Executive and independent Non-Executive Directors given the size and nature of the business. In addition, the Board considers that it has an appropriate balance of skills, experience and knowledge in order for it to discharge its duties and responsibilities effectively. This includes a combination of diverse backgrounds and experiences which enable it to function effectively and have dialogue that is both constructive and challenging.

On joining the Board, arrangements are made for all new Directors to meet their colleagues and other senior management and to visit Company offices and sites, to ensure an adequate induction to the Group.

The Board meets regularly to consider strategy, performance and the framework of internal controls. To enable the Board to discharge its duties, all Directors receive appropriate and timely information, including briefing papers distributed in advance of Board meetings.

There is a schedule of matters reserved to the Board for its decision. This includes:

- approving the Group's strategic aims and objectives;
- reviewing performance against the Group's strategic aims, objectives and business plans;
- providing oversight of the Group's operations;
- approving changes to the Group's capital, corporate, management or control structures;
- approving results announcements and the annual report and financial statements;
- approving the dividend policy;
- declaration of the interim dividend and recommendation of the final dividend and any special dividend;
- approving any significant changes in accounting policies and approval of the treasury policy;
- approval of the Group's risk appetite and principal risk statements;
- reviewing the effectiveness of the Group's risk and control processes;
- approval of major capital projects and material contracts or arrangements;
- approval of all circulars, prospectuses and admission documents;
- ensuring a satisfactory dialogue with shareholders;
- establishing the Board committees and approving their terms of reference;
- approving delegated levels of authority;
- approving changes to the Board and its committees;
- ensuring adequate succession planning for the Board and senior management;
- determining the remuneration policy for the Directors and other senior executives;
- providing a robust review of the Group's corporate governance arrangements;
- approving all Board mandated policies;
- approval of the appointment of the Group's principal advisers;
- approval of the overall levels of insurance; and
- any decision likely to have a material impact on the Group from any perspective.

Corporate governance continued

The Board continued

All of the Directors have access to the advice and services of the Company Secretary and may, in furtherance of their duties, take independent advice, at the Company's expense. Training is arranged, as required to update and refresh their skills and knowledge.

All of the Directors will stand for re-election at the forthcoming AGM.

Board committees

The Board has Audit, Nomination and Remuneration Committees, which operate under written terms of reference. The reports of these Committees can be found on pages 29 to 34.

Attendance at meetings

The table below sets out the number of Board meetings attended by each Director during the period:

	Board
Number of scheduled meetings	6
Geoff French	6
Richard Kilner	6
Alex Wiseman	6
Mike Morris	6
Alan Martin	6

Board effectiveness

The Chairman and Chief Executive Officer have separate, clearly defined roles. The Chairman is responsible for leadership of the Board and ensuring its effectiveness. The role includes ensuring that the Directors receive accurate, timely and clear information; facilitating the contribution of the Non-Executive Directors; and ensuring constructive relations between the Executive and Non-Executive Directors. The Chief Executive Officer is responsible for implementing the Group's strategy and its operational performance.

The Chairman is in regular contact with the Chief Executive Officer to discuss current matters and has visited Group operations outside the Board meeting calendar to meet divisional directors and managers.

Internal controls

The Board is ultimately responsible for the Group's system of internal control and for reviewing its effectiveness. Any system of internal control can only provide reasonable, but not absolute, assurance against material misstatement or loss. The Board considers that the internal controls in place are appropriate for the Group's size, complexity and risk profile. The key features of the Group's internal control system include:

- the preparation of monthly management accounts and comparison to budget;
- clearly defined roles and responsibilities, with appropriate segregation of duties;
- clear authorisation and approval processes;
- regular preparation and review of cash forecasts;
- maintenance of a risk register, reviewed at each Audit Committee; and
- senior management review of material contracts and agreements.

Relations with shareholders

The Board recognises the importance of maintaining an open dialogue with shareholders, keeping them informed of the Group's strategy, progress and prospects. As part of this, the Board is committed to a high standard of corporate reporting. The Executive Directors conducted a wide ranging investor roadshow ahead of the IPO, meeting key institutions in London and Edinburgh. They plan to meet leading shareholders after the release of future interim and full year results.

Annual General Meeting ("AGM")

The Company's AGM will be held on 6 March 2018 at Radisson Blu Hotel, Waltham Close, London Stansted Airport, Essex CM24 1PP. The Notice of Meeting, setting out the resolutions proposed, is contained in a separate document and is available on the Group's website, **www.nexus-infrastructure.com.**

Audit Committee report

During the year the Audit Committee focused on reviewing the Group's internal controls and processes.

Alex Wiseman
Chairman of the Audit Committee

On behalf of the Audit Committee, I am pleased to present the first Audit Committee report for Nexus Infrastructure plc since flotation in July 2017.

The Audit Committee is responsible for ensuring that the financial performance of the Group is properly reported and monitored, through the internal control systems and the external auditor.

During the year the Committee focused on the identification and management of the risks of the Group and the internal audit process to give assurance over the Group's internal controls and processes.

Committee meetings

The Audit Committee comprises of the Non-Executive Directors of the Company. The Audit Committee is chaired by Alex Wiseman. Alex is a member of the Chartered Institute of Management Accountants.

The Committee is required to meet at least three times a year and the table below sets out the number of Committee meeting each member attended during the year.

	Audit Committee
Number of scheduled meetings	5
Geoff French	5
Richard Kilner	5
Alex Wiseman	5
Mike Morris	5
Alan Martin	5

As Executive Directors, Mike Morris and Alan Martin are not members of the Audit Committee but were invited to attend the meetings in order to assist with the matters for discussion.

Roles and responsibilities

The role of the Committee is to:

- monitor the integrity of the financial statements of the Company, including formal announcements relating to its financial performance, and any significant financial reporting judgements;
- review and monitor the effectiveness of the Company's internal controls and risk management systems;
- review the Company's procedures for detecting fraud and the systems and controls for the prevention of bribery;
- review and monitor the effectiveness of the Company's internal audit function including the approval of the annual internal audit plan;
- consider and review all internal audit reports; and
- make recommendations to the Board in relation to the appointment, independence, objectivity and the effectiveness of the external audit process.

Audit Committee report continued

Activities of the Committee

During the year the Committee undertook the following:

- reviewed and discussed with the external auditor the Group's results for the financial year end 30 September 2016;
- reviewed the Group's financial policies and procedures in anticipation of the IPO;
- reviewed reports from management covering various aspects of the Company's operations, controls and procedures and agreed actions for management to take from findings in the reports;
- reviewed the Group's risk management framework and internal controls; and
- reviewed and agreed the external auditor's plan in advance of their audit for the financial year ended 30 September 2017.

Risk management and internal controls

The Board has delegated responsibility for monitoring the financial reporting process and reviewing the effectiveness of the Group's internal controls to the Audit Committee. The system of internal controls is designed to manage rather than eliminate the risk of failure to achieve the business objectives and the Board can only provide reasonable, and not absolute, assurance against material loss, errors or fraud.

The Audit Committee reviews the risk register at each meeting and reports its findings to the Board. When analysing risk we consider the likelihood and impact on the Group after taking into account appropriate mitigating controls. The risk registers for each business are used to update the Group risk register. The Executive Directors of each subsidiary review the risk register at each Board meeting.

Internal audit

Internal audit plays an important part in monitoring the effectiveness of internal controls. The internal audit function is carried out by Executive Directors of the subsidiaries who report to the Audit Committee. The Audit Committee request follow up reviews where control deficiencies are noted. During the year the Audit Committee approved the internal audit plan for the year.

Significant accounting matters

The significant issues considered by the Committee during the year were:

- revenue recognition, specifically the timing of recognising revenue, given both the length of the contracts and future contractual obligations;
- gross profit recognition, specifically the timing of recognising profit and any movement during the contract term; and
- contract order receipt, specifically when a contract becomes a legal contract with the Company.

External auditor

The Group's external auditor is currently Grant Thornton UK LLP. Grant Thornton has been the Group's auditor since October 2012. The independence of the external auditor is essential to ensure the integrity of the Group's published financial information. During the year the Committee reviewed and approved the audit plan. The auditor's assessment of materiality and financial reporting risk areas were discussed and challenged.

Following the completion of the audit for the year ended 30 September 2017, the current audit partner is due to rotate off the audit as he has been responsible for the Group audit for in excess of five years. The Committee is in the process of tendering the Group's external audit services and has asked three firms to submit proposals. The Committee intends to conclude the process during January 2018 and will invite shareholders to vote on the appointment of the successful firm at the AGM in March 2018.

Non-audit services

The award of non-audit services to the external auditor is subject to controls agreed by the Audit Committee. The Audit Committee recognises that the auditor may be best placed to provide some non-audit services and these are subject to formal approval by the Audit Committee.

Details of the audit and non-audit fees incurred are disclosed in note 6 to the financial statements.

Alex Wiseman

Alex Wiseman
Chairman of the Audit Committee
8 January 2018

Nomination Committee report

The Committee's focus during the year has been reviewing the succession planning within the Group.

Geoff French CBE
Chairman of the
Nomination Committee

On behalf of the Nomination Committee, I am pleased to present the first Nomination Committee report for Nexus Infrastructure plc since the IPO in July 2017.

The Committee's focus during the year has been ensuring a succession plan is in place for the Group.

Committee meetings

The Committee met once during the year to discuss the succession planning for the Company and its subsidiaries.

The Nomination Committee comprises of the Non-Executive Directors of the Company. The Nomination Committee is chaired by Geoff French.

The Committee is required to meet at least once a year and the table below sets out the number of Committee meetings each member attended during the year.

	Nomination Committee
Number of scheduled meetings	1
Geoff French	1
Richard Kilner	1
Alex Wiseman	1
Mike Morris	1
Alan Martin	1

As Executive Directors, Mike Morris and Alan Martin are not members of the Nomination Committee but were invited to attend the meetings in order to assist with the matters for discussion.

Roles and responsibilities

The role of the Committee is to:

- review regularly the structure, size and composition (including skills, knowledge and experience) required of the Board;
- give full consideration to succession planning for Directors and other senior executives in the business;
- identify and nominate candidates for the approval of the Board to fill Board vacancies as and when they arise;
- evaluate the balance of skills, knowledge, experience and diversity of the Board; and
- make recommendations for the re-election of Directors retiring by rotation.

Activities of the Committee

The Committee's focus during 2017 has been reviewing the succession planning in place by the subsidiary companies.

Geoff French
Chairman of the
Nomination Committee

8 January 2018

Strategic report
Governance
Financial statements

Remuneration Committee report

The Remuneration Committee annually reviews the incentive and rewards packages for the Executive Directors and senior management.

Richard Kilner
Chairman of the Remuneration Committee

On behalf of the Remuneration Committee, I am pleased to present the Remuneration Committee report for the year ended 30 September 2017.

As an AIM-listed company, Nexus Infrastructure plc is not required to comply with Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. The content of this report is unaudited unless stated otherwise.

Committee meetings

The Committee is required to meet at least once a year and the table below sets out the number of Committee meeting each member attended during the year.

	Remuneration Committee
Number of scheduled meetings	2
Geoff French	2
Richard Kilner	2
Alex Wiseman	2
Mike Morris	2
Alan Martin	2

As Executive Directors, Mike Morris and Alan Martin are not members of the Remuneration Committee but were invited to attend the meetings in order to assist with the matters for discussion.

Remuneration Committee

The Remuneration Committee comprises Richard Kilner (Chairman), Geoff French, and Alex Wiseman. The purpose of the Remuneration Committee is to:

- make recommendations to the Board on an overall remuneration policy for Executive Directors and other senior executives in order to retain, attract and motivate high-quality executives capable of achieving the Company's objectives; and
- demonstrate to shareholders that the remuneration of the Executive Directors of the Company is set by a committee whose members have no personal interest in the outcome of their decision, and who will have due regard to the interests of the shareholders.

Remuneration policy

Each year, the Remuneration Committee reviews the incentive and reward packages for the Executive Directors to ensure that they are aligned with the Company's objectives and are appropriate to attract, retain and motivate management behaviours in support of the creation of shareholder value.

The Committee is authorised to obtain outside professional advice and expertise, and consults with the Chief Executive as necessary.

The Remuneration Committee is authorised by the Board to investigate any matter within its terms of reference. It is authorised to seek any information that it requires from any employee.

The Remuneration Committee determines any bonuses and any other element of remuneration of an executive that is performance related.

Details of the remuneration policy

The basic salaries to be paid to the Executive Directors are decided by the Remuneration Committee. The Committee also considers pension arrangements and other benefits applicable to the Executives.

The details of individual components of the remuneration package are discussed below:

Salary

The base salaries of the Executive Directors are set at levels considered to be appropriate when they enter into service agreements with the Company. The bases salaries are reviewed by the Remuneration Committee annually and any increases are awarded having regard to performance and salary levels in comparable organisations.

Benefits in kind

A range of taxable benefits are available to the Executive Directors. These benefits primarily comprise private healthcare, life assurance, the provision of a car or car allowance and fuel card.

Performance related bonuses

It is the policy of the Company to operate bonus arrangements for the Executive Directors which are performance related, the primary measures being the achievement of financial targets and personal performance.

Long-Term Incentive Plan ("LTIP")

During the previous financial year, the Company implemented a LTIP with share options being granted to the Executive Directors and senior management of the Group. The LTIP is based upon improvement of the Group's earnings per share over a three-year period.

Pension contributions

The Company makes contributions of 15% of basic salary into personal pension schemes for the Executive Directors.

Remuneration of Non-Executive Directors

The remuneration of Non-Executive Directors is reviewed annually in December and becomes effective on 1 January. Their level of remuneration is based on outside advice and a review of current practices in other companies.

Executive Directors' contracts

Executive Directors are employed under service agreements, which are terminable on 12 months' notice by the Company and six months' notice by the Director.

Non-Executive Directors' contracts

The Chairman and the Non-Executive Directors each receive a fee for their services under appointment letters which are for an initial terms of three years, save that either party may terminate on three months' notice. The fee is approved by the Board, mindful of the time commitment and responsibilities of their roles and of current market rates for comparable organisations and appointments. The Chairman and Non-Executive Directors are reimbursed for travelling and other minor expenses incurred.

Directors' emoluments

	Salary/fee £'000	Bonus £'000	Benefits £'000	Pension £'000	**Total 2017 £'000**	Total 2016 £'000
Executive Directors						
Mike Morris	322	—[1]	21	77[2]	**420**	352
Alan Martin	218	30	19	33	**270**	273
Non-Executive Directors						
Geoff French	60	—	—	—	**60**	45[3]
Richard Kilner	36	—	—	—	**36**	15[3]
Alex Wiseman	33	—	—	—	**33**	9[4]

1. Mike Morris voluntarily forfeited any entitlement to bonus for the current financial year.
2. A payment of £47,525 was made in April 2017 by the Company to a personal pension plan of Mike Morris in order to ensure tax allowances were not lost. The payment is in advance of pension contributions for the tax year 2017/18 and resulted in reduced contributions for the balance of the financial year to 30 September 2017 and seven months of the financial year to 30 September 2018.
3. Geoff French and Richard Kilner were appointed on 1 January 2016.
4. Alex Wiseman was appointed on 24 June 2016.

Remuneration Committee report continued

Settlement of share option arrangements

As a consequence of the Company's admission to AIM, certain share option arrangements of the Company vested. The arrangements were settled with the transfer of 600,000 shares held by Garbol Warehouse Limited and the issue of 275,000 new shares. The cash value of these arrangements was £1.6m before the deduction of tax and national insurance.

In respect of these arrangements, Alan Martin received 150,000 shares, which had a cash value of £277,500 before the deduction of tax and national insurance. The vesting of these shares resulted in Alan Martin being the highest paid Director and having total emoluments in the year of £547,500.

Directors' interest in shares under the Long-Term Incentive Plan

	Options at 1 October 2016	Awarded in year	Options exercised	Options lapsed	**Options at 30 September 2017**	Date of grant
Mike Morris	—	192,850	—	—	**192,850**	15 June 2017
Alan Martin	124,400	—	—	—	**124,400**	16 August 2016
Alan Martin	—	130,600	—	—	**130,600**	15 June 2017

All options have an exercise price of £0.02. All options have a vesting period of three years and are subject to achieving performance conditions related to improvement in the Group's earnings per share.

Directors' interest in the Company's shares

At 30 September 2017 the Directors had the following interests in the Company's shares:

Director	Number of shares
Geoff French	Nil
Mike Morris[1]	9,859,825
Alan Martin	75,100
Richard Kilner	13,000
Alex Wiseman	9,000

1. Including the shares held by connected persons.

Richard Kilner
Chairman of the Remuneration Committee
8 January 2018

Directors' report

The Directors present their report and the financial statements for the year ended 30 September 2017.

The corporate governance disclosures on pages 25 to 36 form part of this report.

Strategic report

In accordance with the requirements of the Companies Act 2006, we present a review of the business during the year to 30 September 2017 and of the position of the Group at the end of the financial year, key performance indicators, together with a description of the financial risk management and the principal risks and uncertainties faced by the Group on pages 2 to 24.

Results and dividends

The results are set out in the consolidated statement of total comprehensive income on page 42.

An interim dividend of 2.1p per share was paid to shareholders on 7 September 2017 (2016: nil). The Board recommends, subject to shareholder approval at the AGM, a final dividend of 4.2p per share (2016: nil) in respect of the 2017 financial year on 9 March 2018 to shareholders on the register at the close of business on 9 February 2018. On this basis, the total dividend for the year will be 6.3p per share (2016: 3.5p). On 3 December 2015 recommended and the shareholders approved a special dividend of £11,000,000.

Donations

The Group has made no political donations during any of the periods presented.

Directors

The Directors of the Company and their biographical details are shown on page 26. There have been no changes to Directors of the Company during the year.

Details of any related party transactions with Directors of the Company are shown in note 28 to the financial statements.

The interests of the Directors and their connected persons in the shares of the Company at 30 September 2017 are disclosed in the Remuneration Committee report on page 34. Details of the interests of the Executive Directors in share options and awards of shares can be found on page 34 within the same report.

Directors' indemnity provisions

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.

Share capital structure

At 30 September 2016, the Company's issued share capital was £762,357, divided into 38,117,850 ordinary shares of £0.02 each. The holders of ordinary shares are entitled to one vote per share at the Company's general meetings.

Capital reduction

On 1 December 2015, the Company cancelled its capital redemption reserve account of £4,734,027. This reduction led to a corresponding increase in retained earnings.

Change of name and legal form

On 22 April 2016, the Company re-registered as a public limited company.

On 21 June 2016, the Company changed its name from Garbol plc to Nexus Infrastructure plc.

Directors' report continued

Substantial shareholdings

At 5 January 2018, the shareholdings noted below, representing 3% or more of the issued share capital, had been notified to the Company. In addition, as at 5 January 2018, Link IRG Trustees Limited held 85,000 ordinary shares as trustees of the Employee Share Purchase Plan.

Name of shareholder	Number of shares	Proportion of total
Mike Morris (CEO)[1]	9,859,825	26.12%
Keith Breen (Tamdown Director)[1]	6,573,050	17.24%
Ruffer	5,433,267	14.25%
Blackrock	3,721,661	9.76%
Hargreave Hale Investment Managers	3,123,077	8.19%
The David Holliday Trust	1,583,650	4.15%
City Financial	1,372,000	3.60%

1. Including the shares held by connected persons.

Disclosure of information to auditor

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors 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 auditor is aware of that information.

Auditor

The Committee is in the process of tendering the Group's external audit services and has invited three firms to submit proposals. The Committee intends to conclude the process during January 2018 and shareholders will be invited to vote on the appointment of the auditor selected by the Committee following the conclusion of the tender process at the AGM to be held in March 2018.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Approval

This Directors' report was approved on behalf of the Board on 8 January 2018.

Dawn Hillman
Company Secretary
8 January 2018

Directors' responsibilities statement

The Directors are responsible for preparing the annual report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with IFRS as adopted by the EU and applicable law and have elected to prepare the parent company financial statements in accordance with IFRS as adopted by the EU and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of their profit or loss for that period. In preparing each of the Group and parent company 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;
- for the Group financial statements, state whether they have been prepared in accordance with IFRS as adopted by the EU;
- for the parent company financial statements, state whether they have been prepared in accordance with IFRS as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

Mike Morris
Chief Executive Officer

Alan Martin
Chief Financial Officer
8 January 2018

Auditor's report

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Nexus Infrastructure plc (the "parent company") and its subsidiaries (the "Group") for the year ended 30 September 2017 which comprise the consolidated statement of total comprehensive income, the consolidated and Company statement of financial position, the consolidated and Company statement of changes in equity, the consolidated and Company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 September 2017 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

Overview of our audit approach

- overall Group materiality: we determined materiality for the Group financial statements as a whole to be £454,850, which represents 5% of the Group's profit before taxation and exceptional items;
- the Group is made up of seven entities, with the principal components being Tamdown Group Limited and TriConnex Limited that account for 100% of external revenue; and
- key audit matters were identified as improper revenue recognition and impact of Alternative Investment Market ("AIM") listing including disclosures, recognition of expenditure and share split.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter – Group	How the matter was addressed in the audit – Group
Improper revenue recognition The Group's principal revenue stream relates to the provision of infrastructure services to the UK housebuilding and commercial sectors. Revenue is recognised based on valuations determined by the value of work executed during the year on the individual construction contracts. The majority of revenue is based on contract accounting which exposes the Group to the risk due to the judgements which are made. Revenue is a material figure in the financial statements (2017: £135,034,000; 2016: £135,720,000) and we therefore identified improper revenue recognition that is non-compliant with International Accounting Standard ("IAS") 18 'Revenue', as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: • testing a sample of contracts to confirm management's application of the contractual terms and conditions, recalculating revenue recognised under the percentage of completion method based on valuation reports outlining the costs incurred to date, and testing a sample of project costs to source documents to confirm the nature of costs incurred; • challenging management's assertions relating to expected costs to complete; and • for a sample of contracts ongoing at the previous year end, comparing the margin forecast to the eventual margin outcome to assess management's forecasting accuracy. The Group's accounting policy on revenue is shown in note 1 to the financial statements and related disclosures are included in note 4. **Key observations** Our audit work did not identify any material errors in the revenue recognised in relation to the contracts or any material instances of revenue not being recognised in accordance with stated accounting policies.

Key audit matter – Group	How the matter was addressed in the audit – Group
Impact of Alternative Investment Market ("AIM") listing including disclosures, recognition of expenditure and share split During the year, the Group completed its listing on AIM. This creates new disclosure and reporting requirements and there is the risk that these new disclosure and reporting requirements are not adhered to. In addition, significant costs have been incurred as a result of the listing and there is the risk that these are not accounted for correctly. The Group also performed a share split as part of the listing resulting in the redenomination of its share capital. There is a risk that this split is not accounted for correctly. We therefore identified this as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: • comparing the financial statements against the latest disclosure requirements and best practice and testing the validity of disclosures to source supporting documentation; • completing testing over a sample of the listing costs back to third party support and confirming they are valid and correctly classified; and • obtaining supporting documentation in relation to the share split and recalculated the accounting entries to confirm appropriate application of accounting standards. **Key observations** Our audit work did not identify any material errors in relation to the Alternative Investment Market ("AIM") listing disclosures, or any material instances of costs not being recognised in accordance with stated accounting policies, or the share split not being accounted for correctly.

Auditor's report continued

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

Materiality was determined as follows:

Materiality measure	Group	Parent
Financial statements as a whole	We determined materiality of the Group financial statements as whole to be £454,850 which is 5% of the Group's profit before taxation and exceptional items. This benchmark is considered the most appropriate because this is a key performance measure used by the Board of Directors to report to investors on the financial performance of the Group. Materiality for the current year is lower than the level that we determined for the year ended 30 September 2016, being £503,000, which is a result of the decrease in profit before taxation and exceptional items over the year.	£240,000 which is 1% of total assets. This benchmark is considered the most appropriate because the parent entity is a holding company. Materiality for the current year is higher than the level that we determined for the year ended 30 September 2016, being £208,000, which is a result of an increase in total assets held by the parent entity.
Performance materiality used to drive the extent of our testing	70% of financial statement materiality.	70% of financial statement materiality.
Communication of misstatements to the Audit Committee	£21,200 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£12,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

An overview of the scope of our audit

Our audit approach was based on our understanding of the Group's business and is risk-based. We take into account the size and risk profile of each entity, any changes in the business and other factors when determining the level of work to be performed at each entity:

- the finance team for all subsidiaries is based in the same UK location and Group management are responsible for all judgemental processes including significant risk areas;
- we performed full scope audits on the financial information of the parent company Nexus Infrastructure plc, the principal trading entities Tamdown Group Limited and TriConnex Limited and the remaining trading subsidiaries Tamdown Plant Hire Limited and Tamdown Services Limited. On all other entities in the Group, we have completed analytical procedures to support the Group audit opinion;
- our audit approach was fully substantive in nature for the full scope audits; and
- the total percentage coverage of full-scope procedures over revenue and total assets was 100%.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report set out on pages 1 to 36, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of Directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out on page 37, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Grant Thornton UK LLP

James Brown LLB ACA

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountant

Ipswich

Consolidated statement of total comprehensive income

for the year ended 30 September 2017

	Note	2017 £'000	2016 £'000
Revenue	4	**135,034**	135,720
Cost of sales		**(107,793)**	(109,399)
Gross profit		**27,241**	26,321
Administrative expenses		**(17,910)**	(15,941)
Operating profit	6	**9,331**	10,380
Exceptional items	8	**(1,714)**	–
Other income	9	**–**	380
Finance income	10	**70**	107
Finance expense	10	**(304)**	(352)
Profit before tax		**7,383**	10,515
Taxation	11	**(1,554)**	(2,104)
Profit		**5,829**	8,411
Other comprehensive income			
Items that will or may be reclassified to profit or loss:			
Available for sale investments		**–**	(379)
Total comprehensive income for the year attributable to equity holders of the parent		**5,829**	8,032
Earnings per share (p per share)			
Basic	13	**15.40**	22.28
Diluted	13	**15.01**	22.22

The notes on pages 47 to 67 form part of the financial statements and accounting policies.

Consolidated and Company statement of financial position

as at 30 September 2017

	Note	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Non-current assets					
Property, plant and equipment	14	**7,795**	4,774	**2,945**	–
Goodwill	15	**2,361**	2,361	**–**	–
Other investments	16	**55**	60	**55**	60
Investments in subsidiaries	17	**–**	–	**20,545**	20,545
Total non-current assets		**10,211**	7,195	**23,545**	20,605
Current assets					
Inventories	18	**924**	427	**–**	–
Trade and other receivables	19	**37,841**	33,412	**256**	116
Cash and cash equivalents		**27,066**	33,992	**156**	–
Total current assets		**65,831**	67,831	**412**	116
Total assets		**76,042**	75,026	**23,957**	20,721
Current liabilities					
Borrowings	20	**2,000**	2,000	**2,000**	2,000
Trade and other payables	21	**49,909**	49,908	**7,289**	6,520
Corporation tax		**39**	807	**–**	–
Total current liabilities		**51,948**	52,715	**9,289**	8,520
Non-current liabilities					
Borrowings	20	**6,400**	8,400	**6,400**	8,400
Net obligations under finance leases/hire purchase agreements	21	**619**	433	**–**	–
Deferred tax liabilities	22	**62**	102	**–**	–
Total non-current liabilities		**7,081**	8,935	**6,400**	8,400
Total liabilities		**59,029**	61,650	**15,689**	16,920
Net assets		**17,013**	13,376	**8,268**	3,801
Equity attributable to equity holders of the Company					
Share capital	23	**762**	755	**762**	755
Retained earnings		**16,251**	12,621	**7,506**	3,046
Total equity		**17,013**	13,376	**8,268**	3,801

Retained earnings of the Company

The profit of the Company in the financial year amounted to £6,659,000 (2016: £8,815,000).

The financial statements were approved by the Board of Directors and authorised for issue on 8 January 2018.

Mike Morris
Director

Alan Martin
Director

The notes on pages 47 to 67 form part of the financial statements and accounting policies.

Consolidated statement of changes in equity

for the year ended 30 September 2017

	Share capital £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
Equity as at 1 October 2015	755	4,734	10,821	16,310
Transactions with owners				
Dividend paid	–	–	(11,000)	(11,000)
Share-based payment charge	–	–	34	34
Transfer from capital redemption reserve to retained earnings	–	(4,734)	4,734	–
	–	(4,734)	(6,232)	(10,966)
Total comprehensive income				
Profit for the year	–	–	8,411	8,411
Other comprehensive income	–	–	(379)	(379)
	–	–	8,032	8,032
Equity as at 30 September 2016	755	–	12,621	13,376
Transactions with owners				
Dividend paid	**–**	**–**	**(3,476)**	**(3,476)**
Share-based payment charge	**–**	**–**	**1,277**	**1,277**
Issue of share capital	**7**	**–**	**–**	**7**
	7	**–**	**(2,199)**	**(2,192)**
Total comprehensive income				
Profit for the year	**–**	**–**	**5,829**	**5,829**
	–	**–**	**5,829**	**5,829**
Equity as at 30 September 2017	**762**	**–**	**16,251**	**17,013**

The notes on pages 47 to 67 form part of the financial statements and accounting policies.

Company statement of changes in equity
for the year ended 30 September 2017

	Share capital £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
Equity as at 1 October 2015	755	4,734	463	5,952
Transactions with owners				
Dividend paid	—	—	(11,000)	(11,000)
Share-based payment charge	—	—	34	34
Transfer from capital redemption reserve to retained earnings	—	(4,734)	4,734	—
	—	(4,734)	(6,232)	(10,966)
Total comprehensive income				
Profit for the year	—	—	8,815	8,815
Equity as at 30 September 2016	755	—	3,046	3,801
Transactions with owners				
Dividend paid	**—**	**—**	**(3,476)**	**(3,476)**
Share-based payment charge	**—**	**—**	**1,277**	**1,277**
Issue of share capital	**7**	**—**	**—**	**7**
	7	**—**	**(2,199)**	**(2,192)**
Total comprehensive income				
Profit for the year	**—**	**—**	**6,659**	**6,659**
Equity as at 30 September 2017	**762**	**—**	**7,506**	**8,268**

The notes on pages 47 to 67 form part of the financial statements and accounting policies.

Consolidated and Company statement of cash flows

for the year ended 30 September 2017

	Note	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Cash flow from operating activities					
Profit before tax		**7,383**	10,515	**6,659**	8,815
Adjusted by:					
Loss on disposal of plant and equipment		**20**	3	**–**	–
Share-based payment charge	26	**1,277**	34	**1,277**	34
Loss/(profit) on disposal of investments	16	**5**	(372)	**5**	–
Finance expense (net)	10	**234**	245	**258**	296
Depreciation of property, plant and equipment	14	**1,400**	1,261	**–**	–
Operating profit before working capital changes		**10,319**	11,686	**8,199**	9,145
Working capital adjustments:					
(Increase)/decrease in trade and other receivables	18	**(4,428)**	(11,273)	**(140)**	(84)
(Increase)/decrease in inventories	17	**(497)**	312	**–**	–
Increase/(decrease) in trade and other payables	20	**(63)**	10,753	**769**	(7,162)
Cash generated from operating activities		**5,331**	11,478	**8,828**	1,899
Interest paid	10	**(304)**	(355)	**(260)**	(299)
Taxation paid		**(2,363)**	(2,076)	**–**	–
Net cash flows from operating activities		**2,664**	9,047	**8,568**	1,600
Investing activities					
Purchase of property, plant and equipment	14	**(4,061)**	(1,050)	**(2,945)**	–
Proceeds from disposal of plant and equipment		**629**	244	**–**	–
Proceeds from disposal of available for sale investments		**–**	456	**–**	–
Interest received	10	**70**	107	**2**	–
Net cash used in investing activities		**(3,362)**	(243)	**(2,943)**	–
Cash flow from financing activities					
Dividend payment	12	**(3,476)**	(11,000)	**(3,476)**	(11,000)
Drawdown of term loan		**–**	12,000	**–**	12,000
Repayment of loans		**(2,000)**	(2,600)	**(2,000)**	(2,600)
Repayment of finance leases/hire purchase agreements		**(759)**	(936)	**–**	–
Issue of share capital	22	**7**	–	**7**	–
Net cash used in financing activities		**(6,228)**	(2,536)	**(5,469)**	(1,600)
Net change in cash and cash equivalents		**(6,926)**	6,268	**156**	–
Cash and cash equivalents at the beginning of the year		**33,992**	27,724	**–**	–
Cash and cash equivalents at the end of the year		**27,066**	33,992	**156**	–

The notes on pages 47 to 67 form part of the financial statements and accounting policies.

Notes to the financial statements

for the year ended 30 September 2017

1. Accounting policies

General information

The principal activity of Nexus Infrastructure plc (the "Company") and its subsidiaries (together the "Group") is the provision of essential infrastructure services to the UK housebuilding and commercial sectors.

Those services comprise:

- specialised infrastructure services; and
- design, installation and connection of utility networks.

The principal trading subsidiaries are Tamdown Group Limited, TriConnex Limited, Tamdown Services Limited, Tamdown Plant Hire Limited and Tamdown Regeneration Limited.

The Company is a public limited company and is incorporated and domiciled in the UK. The address of the registered office is 1 Tamdown Way, Braintree, Essex CM7 2QL.

The registered number of the Company is 05635505.

Basis of preparation

The consolidated and Company financial statements are for the year ended 30 September 2017. They have been prepared in compliance with international financial reporting standards ("IFRSs") and IFRS interpretations committee ("IFRIC") interpretations as adopted by the European Union as at 30 September 2017. The consolidated and Company financial statements have been prepared under the historical cost convention and are presented in sterling rounded to the nearest thousand except where indicated otherwise.

Company results

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act and has not presented its own statement of comprehensive income. The Group profit for the year includes a profit for the Company of £6,659,000 (2016: £8,815,000).

Basis of consolidation

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of over one half of the voting rights.

The consolidated financial statements present the results of the Company and its subsidiaries as if they form a single entity. Intercompany transactions and balances are therefore eliminated in full. The results of acquired operations are included in the consolidated statement of total comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

Going concern

The Directors have undertaken a future cash flow analysis and as a result have a reasonable expectation that the Group has adequate resources to meet its liabilities as they arise for at least 12 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.

Standards in issue but not yet effective

There are a number of standards issued by the International Accounting Standards Board ("IASB") that are effective for financial statements after this reporting period. The following have not yet been adopted by the Group in preparing accounts for the year ended 30 September 2017.

Standard	IASB effective date
IFRS 9: Financial Instruments	1 January 2018
IFRS 15: Revenue from Contracts with Customers	1 January 2018
IFRS 16: Leases	1 January 2019

The Directors are in the process of assessing the potential impacts of these standards.

Revenue recognition

Revenue, which excludes Intra-group revenue and value added tax, comprises:

- value of work executed during the year on construction contracts based on monthly valuations; and
- contract revenue from the design, installation and connection of utility networks.

Construction contracts

Contract revenue includes the initial amount agreed in the fixed-price contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in a flow of future economic benefit to the Group and can be measured reliably. Contract revenue and expenses are recognised in accordance with the stage of completion of the contract. The stage of completion is determined by surveys of work performed. Contract costs incurred that relate to future activities are deferred and recognised as work in progress. When it is probable that the total contract costs will exceed contract revenue, the expected loss is recognised as an expense immediately. To the extent that progress billings exceed costs incurred plus recognised profits (less recognised losses) they are recognised as trade receivables.

Contract revenue is recognised in accordance with the stage of completion of the contract. The stage of completion is determined by surveys of work performed. Margin on construction contracts is recognised by reference to the stage of completion and the final estimated margin, provided that the final outcome can be assessed with reasonable certainty. Contract costs are recognised as expenses in the period in which they are incurred, subject to the margin adjustments discussed below.

Notes to the financial statements continued

for the year ended 30 September 2017

1. Accounting policies continued

Construction contracts continued

Where the actual profit margin to date is lower than the final forecast profit margin, this variance is classified as a work in progress asset on the statement of financial position. Where the actual to date profit margin is higher than the final forecast profit margin, this variance is classified as an accrual within liabilities. When it is probable that the total contract costs will exceed contract revenue, the expected loss is recognised as an expense immediately.

The gross amounts due from customers for contract work are shown as a receivable for all contracts in progress for which costs incurred plus recognised profits less recognised losses exceed progress billings. The gross amounts due to customers for contract work is shown as a liability for all contracts in progress for which the project billings exceed costs incurred plus recognised profits. Progress billings are amounts billed for work performed on a contract whether or not they have been paid by the customer. Retentions are amounts of progress billings which are not paid until the satisfaction of conditions specified in the contract for the payment of such amounts. Retentions are received upon acceptance by the customer of the work performed and included as an asset.

Design, installation and connection of utility networks

Contract revenue generated from the design, installation and connection of utility networks is recognised when the outcome of a construction contract can be reliably measured and when it is probable that the contract will be profitable.

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.

Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Payments on account are shown as a liability and are recognised where the client has been billed in advance of services being supplied. The gross amounts due from customers for contract work is shown as a receivable for all contracts in progress for which costs incurred plus recognised profits less recognised losses and progress billings. The gross amounts due to customers for contract work is shown as a liability for all contracts in progress for which the project billings exceed costs incurred plus recognised profits. Progress billings are amounts billed for work performed on a contract whether or not they have been paid by the customer.

Inventory

Inventory is stated at the lower of costs incurred in bringing each product to its present location and condition compared to net realisable value. Cost of inventory is determined as follows:

Work in progress	Costs of direct materials and labour plus attributable overheads based on normal level of activity

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

The Group operates a defined contribution pension scheme. Contributions to the defined contribution scheme are charged to the consolidated statement of total comprehensive income in the year to which they relate.

Exceptional items

Items that are material in size and unusual or infrequent in nature are presented in the statement of total comprehensive income as exceptional items.

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:

Land	0% depreciation
Freehold property	2.5% straight line
Plant and machinery	25% reducing balance
Motor vehicles	25% reducing balance
Fixtures and fittings	15-25% reducing balance
Leasehold improvements	over the life of the lease

Intangible assets – goodwill

Goodwill is the excess of the cost of an acquired entity over the net of the amounts assigned to assets acquired and liabilities assumed. It is capitalised as an intangible asset and allocated to cash generating units (with separately identifiable cash flows) and is subject to impairment testing on an annual basis or more frequently if circumstances indicate that the asset may have been impaired.

Intangible assets – impairment

Intangible assets with indefinite lives are subject to impairment tests annually at the financial year end. The carrying values of non-financial assets with finite lives are reviewed for impairment when there is an indication that assets might be impaired. When the carrying value of an asset exceeds its recoverable amount, the asset is written down accordingly.

When it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash generating unit (i.e the smallest group of assets in which the asset belongs for which there are separately identifiable cash flows).

Impairment charges are included in the consolidated statement of total comprehensive income, except to the extent they reverse previous gains recognised in the consolidated statement of total comprehensive income. An impairment loss recognised for goodwill is not reversed.

Financial assets

The Group classifies its financial assets into the categories, discussed below, based upon the purpose for which the asset was acquired. The Group has not classified any of its financial assets as held to maturity.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are no quoted in an active market. They arise principally through the provision of goods and services to customers (e.g trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest method, less provision for impairment.

Loans and receivables comprise trade and other receivables included within the statement of financial position.

Cash and cash equivalents include cash held at bank and short-term investments within three months of maturity and with insignificant likelihood of fluctuations in value.

Bank overdrafts are shown within loans and borrowings in current liabilities in the consolidated statement of financial position. For the purposes of the cash flow statement they are included in cash.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For the trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the consolidated statement of total comprehensive income. On confirmation that the trade receivables will not be collectable the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

The Group classifies its financial liabilities as financial liabilities at amortised cost which include the following:

- bank loans which are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost ensuring the interest element of the borrowing is expensed over the repayment period at a constant rate.
- trade payables, other borrowings and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Notes to the financial statements continued

for the year ended 30 September 2017

1. Accounting policies continued

Investments

Subsidiaries

The Group has investments in subsidiaries which are carried at deemed cost.

Securities

The Group's investment in listed shares is 'available for sale' and carried at fair value being the published price of the individual share holdings at the reporting date. Movements in fair value are taken to the other comprehensive income until the investment is sold when it is reclassified to profit or loss. These are measured fair value level 1, as they are derived from quoted prices in an active market for identical assets.

Equity

- Share capital – the nominal value of equity shares.
- Retained earnings – profits which have been retained within the business.

Share capital

Financial instruments issued by the Group 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 Nexus Infrastructure plc are recognised in the period that they are approved by shareholders. Interim equity dividends are recognised in the period that they are paid.

Dividends receivable are recognised when the Company's right to receive payment is established.

Leased assets

Where the risks and rewards of ownership of an asset are transferred to the Group as lessee, the lease is treated as a finance lease. Other leases are treated as operating leases. Future minimum lease payments payable under finance leases net of finance charges are included in creditors with the corresponding asset values recorded in property, plant and equipment and depreciated over the shorter of their estimated useful lives or their lease terms. Lease payments are apportioned between the finance element, which is charged to the statement of total comprehensive income as interest, and the capital element, which reduces the outstanding obligation for future instalments.

Payments under operating leases are charged to profit or loss on a straight line basis over the lease term.

Tax

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of total 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 consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit; and
- investments in subsidiaries are jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

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 Group 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 on either:

- the same taxable Group company; or
- different company entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets and liabilities are expected to be settled or recovered.

Share-based payments

The share option scheme allows employees to acquire shares in the capital of the Company. The fair value of these share options is determined using the Binomial model. The share-based payment is recognised as an expense in the statement of total comprehensive income, together with a corresponding credit to retained earnings in equity. This expense is recognised on a straight line basis based on the Group's estimate of the number of shares that will vest.

The admission to AIM triggered settlement of certain incentive arrangements with members of management. Share options vested on the admission of the parent company to the London Stock Exchange. The fair value of the share options is measured at the grant date using the Binomial model and is recognised as an expense in the statement of total comprehensive income, together with a corresponding credit to retained earnings in equity. This expense has been recognised in full.

Group reorganisation

On 1 October 2016, the Group completed an internal reorganisation with TriConnex Limited being transferred by dividend in specie to Nexus Infrastructure plc. TriConnex Limited is considered to be under common control and predecessor accounting has been judged to be the most appropriate accounting policy. No gain or loss arose on this transaction.

2. Critical accounting estimates and judgements

The Group 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:

- recoverability of debt – as part of the process of gaining new business it is necessary to carry out checks on the organisations for which the Group will carry out work. The value of individual contracts is substantial and the risk of default is always present so the estimate of the non-recoverability of the debt made by the Directors is critical. See note 15 for further details; and
- profitability of contracts – individual contracts are negotiated so as to provide a reasonable return to the Group. The calculation of the margin to be achieved and the pricing set by the Directors is of paramount importance to the success of the Group. The Directors make an accounting judgement which is an assessment on the profitability and margin of contracts.

3. Capital management

The Group's capital is made up of share capital and retained earnings totalling £17,013,000 (2016: £13,376,000).

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

4. Revenue

All revenues are generated from the supply of construction services.

Notes to the financial statements continued

for the year ended 30 September 2017

5. Segmental analysis

The Group is organised into the following two operating divisions under the control of the Executive Board, which is identified as the Chief Operating Decision Maker as defined under IFRS 8: Operating Segments:

- Tamdown
- TriConnex

All of the Group's operations are carried out entirely within the United Kingdom.

Segment information about the Group's operations is presented below:

	2017 £'000	2016 £'000
Revenue		
Tamdown	105,565	112,390
TriConnex	29,469	23,330
Total revenue	135,034	135,720
Gross profit		
Tamdown	17,282	18,536
TriConnex	9,959	7,785
Total gross profit	27,241	26,321
Operating profit		
Tamdown	7,210	9,451
TriConnex	3,490	2,819
Group administrative expenses	(1,369)	(1,889)
Total operating profit	9,331	10,381
Exceptional items	(1,714)	—
Other income	—	380
Net finance cost	(234)	(246)
Profit before tax	7,383	10,515
Taxation	(1,554)	(2,104)
Total comprehensive income for the period	5,829	8,411

Balance sheet analysis of operating segments:

	2017 Assets £'000	2017 Liabilities £'000	2017 Net assets £'000
Tamdown	28,255	29,817	(1,562)
TriConnex	15,125	20,193	(5,068)
Group	5,596	9,019	(3,423)
Net cash	27,066	—	27,066
	76,042	59,029	17,013

	2016 Assets £'000	2016 Liabilities £'000	2016 Net assets £'000
Tamdown	25,449	30,238	(4,789)
TriConnex	13,049	20,650	(7,601)
Group	2,536	10,762	(8,226)
Net cash	33,992	—	33,992
	75,026	61,650	13,376

One customer is responsible for over 10% of total revenue.

6. Operating profit

The operating profit is stated after charging:

	2017 £'000	2016 £'000
Depreciation:		
Owned		
Depreciation of property, plant and equipment	681	610
Depreciation of assets held under hire purchase contracts	719	651
Lease payments on land and buildings held under operating leases	222	145
Loss on disposal of assets	20	3
Audit and non-audit services:		
Fees payable to the Company's auditor for the audit of the Group's annual accounts	76	60
Services relating to corporate finance transactions	140	190
Reward advisory services	54	55
Tax advisory services	1	1
For tax compliance services	15	20

7. Staff cost

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Wages and salaries	31,265	26,285	663	—
Share-based payments	1,277	34	1,277	34
Social security costs	3,573	2,614	118	—
Pension costs	343	238	71	—
	36,458	29,171	2,129	34

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

	2017 £'000	2016 £'000
Tamdown	630	579
TriConnex	186	129
Central Office	7	7
	823	715

The average number of people employed by the Company (including Directors) during the year was seven (2016: nil). Prior to 1 April 2017 the staff were employed by another Group company, and transferred at this date.

Full details of the Directors' remuneration is provided in the Remuneration Committee report on pages 32 to 34.

Notes to the financial statements continued

for the year ended 30 September 2017

8. Exceptional items

	2017 £'000	2016 £'000
IPO transaction costs	611	—
Settlement of share-based management incentive arrangements	1,103	—
	1,714	—

The transaction costs relate to the admission of the Company to the Alternative Investment Market ("AIM") of the London Stock Exchange on 11 July 2017. The admission to AIM triggered the settlement of management incentive arrangements, with shares being transferred to members of management. The amount relates to the fair value of shares transferred.

9. Other income

	2017 £'000	2016 £'000
Sale of available for sale investments	—	380

10. Finance income and expense

	2017 £'000	2016 £'000
Finance income		
Interest on bank deposits	70	107
Finance expense		
Interest on bank loan	(260)	(296)
Interest on hire purchase agreements	(44)	(56)
	(304)	(352)
Finance expense (net)	(234)	(245)

11. Taxation

	2017 £'000	2016 £'000
Current tax:		
UK corporation tax on profits for the year	**1,606**	2,248
Adjustments in respect of prior periods	–	(81)
Total current tax	**1,606**	2,167
Deferred tax:		
Origination and reversal of timing differences	**(52)**	(37)
Prior period adjustment	–	(1)
Effect of tax rate change on opening balance	–	(25)
Taxation	**1,554**	2,104

The tax assessed for the year is different from the standard rate of corporation tax as applied in the UK. The differences are explained below:

	2017 £'000	2016 £'000
Profit before tax	**7,383**	10,515
Profit before tax multiplied by the respective standard rate of corporation tax applicable in the UK (19.5%) (2016: 20.0%)	**1,421**	2,027
Effects of:		
Non-deductible expenses	**425**	176
Prior period adjustment	–	(81)
Deduction in respect of share options exercised	**(311)**	–
Deferred tax	**19**	(18)
Taxation	**1,554**	2,104

Notes to the financial statements continued

for the year ended 30 September 2017

12. Dividends

	2017 £'000	2016 £'000
Amounts recognised as distributions to equity holders in the year:		
Interim dividend for the year ended 30 September 2017 of 2.1p (2016: 29.1p) per share	799	11,000
Final dividend for the year ended 30 September 2016 of 3.5p per share	2,677	–
	3,476	11,000

The proposed final dividend for the year ended 30 September 2017 of 4.2p per share (2016: 3.5p) makes a total dividend for the year of 6.3p (2016: 18.06p). The proposed final dividend is subject to approval by shareholders at the AGM and has not been included as a liability in these financial statements. The total estimated dividend to be paid is £1,600,000.

13. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	2017 £'000	2016 £'000
Profit for the year attributable to equity shareholders	5,829	8,411
Weighted average number of shares in issue for the year	37,844,645	37,757,850
Effect of dilutive potential ordinary shares:		
Share options	985,099	89,217
Weighted average number of shares for the purpose of diluted earnings per share	38,829,744	37,847,067
Basic earnings (p per share)	15.40	22.28
Diluted earnings (p per share)	15.01	22.22

On 5 July 2017, the Company passed resolutions, conditional upon admission and to take effect immediately prior to admission, to restructure the Company's capital to reclassify all shares as ordinary voting shares and to subdivide and redesignate the shares as ordinary shares of £0.02 each.

14. Property, plant and equipment

Group	Freehold property £'000	Leasehold improvements £'000	Plant and machinery £'000	Motor vehicles £'000	Fixtures and fittings £'000	Total £'000
Cost						
At 1 October 2015	627	258	5,724	1,465	614	8,688
Additions	—	399	1,469	201	21	2,090
Disposals	—	—	(561)	(193)	(117)	(871)
At 30 September 2016	627	657	6,632	1,473	518	9,907
Additions	2,945	—	1,517	207	401	5,070
Disposals	—	—	(1,922)	(355)	(397)	(2,674)
At 30 September 2017	**3,572**	**657**	**6,227**	**1,325**	**522**	**12,303**
Depreciation						
At 1 October 2015	224	103	3,152	489	528	4,496
Charge for the year	15	110	894	215	27	1,261
Disposals	—	—	(388)	(119)	(117)	(624)
At 30 September 2016	239	213	3,658	585	438	5,133
Charge for the year	16	151	885	251	97	1,400
Disposals	—	—	(1,374)	(274)	(377)	(2,025)
At 30 September 2017	**255**	**364**	**3,169**	**562**	**158**	**4,508**
Net book value						
At 30 September 2015	403	155	2,572	976	86	4,192
At 30 September 2016	388	444	2,974	888	80	4,774
At 30 September 2017	**3,317**	**293**	**3,058**	**763**	**364**	**7,795**

The net book value of assets held under finance leases or hire purchase contracts (included above) are as follows:

	30 September 2017 £'000	30 September 2016 £'000
Plant and machinery	**2,817**	2,437

Notes to the financial statements continued

for the year ended 30 September 2017

14. Property, plant and equipment continued

Company	Land £'000
Cost	
At 1 October 2015	–
Additions	–
Disposals	–
At 30 September 2016	–
Additions	2,945
Disposals	–
At 30 September 2017	**2,945**
Depreciation	
At 1 October 2015	–
Charge for the year	–
Disposals	–
At 30 September 2016	–
Charge for the year	–
Disposals	–
At 30 September 2017	**–**
Net book value	
At 30 September 2015	–
At 30 September 2016	–
At 30 September 2017	**2,945**

15. Goodwill

	2017 £'000	2016 £'000
Carrying value	**2,361**	2,361

Impairment testing

The Group tests goodwill annually for impairment. During the year, impairment tests were undertaken over the goodwill of Tamdown Group Limited (£2,361,000). There are considered to be the two cash generating units ("CGUs") in the Group which will provide the future economic benefit to the Group comprising Tamdown Group Limited and TriConnex Limited. No goodwill is attached to TriConnex Limited.

The recoverable amount was determined using a value-in-use calculation based upon management forecasts for the trading results for the three years ending 30 September 2020 extended to 30 June 2022 with long-term average growth of 2.5%, which was based upon the historical long-term growth rate of the UK economy.

A discount rate of 10% has been used in this calculation, which is based upon the capital structure of the Group. Changes to the capital structure may impact upon the Group's discount rate in future periods. The key assumptions utilised within the forecast model relates to the level of future sales, which have been estimated based upon the Directors' expectations, current trading and recent actual trading performance. The value-in-use calculation indicates that Tamdown Group Limited has a recoverable amount which is £16.5m greater than the carrying amount of assets allocated to them. The Directors have undertaken sensitivity analysis and do not feel that a reasonable change in assumption will give rise to an impairment.

16. Investments

The Group held investments that are 'available for sale' where the Group has no control over the strategic or financial activity of the investment, as shown below:

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Unlisted investments				
At 1 October	**60**	60	**60**	60
Addition	**–**	–	**–**	–
Disposal	**–**	–	**–**	–
Write off	**(5)**	–	**(5)**	–
At 30 September	**55**	60	**55**	60

	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Listed investments				
At 1 October	**–**	464		464
Addition	**–**	–	**–**	–
Disposal	**–**	(464)	**–**	(464)
At 30 September	**–**	–	**–**	–
Total other investments	**55**	60	**55**	60

Notes to the financial statements continued
for the year ended 30 September 2017

17. Investments in subsidiaries

	2017 £'000	2016 £'000
Investments in subsidiary companies	**20,545**	20,545

The following are subsidiaries of Nexus Infrastructure plc, which owns 100% of the ordinary share capital, all of which are registered in England and Wales:

	Activity
Tamdown Group Limited	Construction services
Tamdown Regeneration Limited[1]	Remediation
Tamdown Services Limited[1]	Supply of labour to the construction industry
Tamdown Plant Hire Limited[1]	Engineering plant hire
TriConnex Limited	Utilities contractor

1 Held by Tamdown Group Limited.

On 1 October 2016 the Group completed an internal reorganisation with TriConnex Limited being transferred by dividend in specie to Nexus Infrastructure plc. No gain or loss arose on this transaction.

18. Inventories

	2017 £'000	2016 £'000
Work in progress	**924**	427
	924	427

19. Trade and other receivables

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Trade receivables	21,919	21,323	–	–
Other receivables	7,045	5,027	24	10
Prepayments and accrued income	8,877	7,062	211	106
Amounts owed by Group undertakings	–	–	21	–
	37,841	33,412	256	116

Overdue receivables	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
By less than three months	5,002	7,369	–	–
Over three but less than six months	962	490	–	–
Over six months but less than one year	1,482	490	–	–
Over one year	883	541	–	–
	8,329	8,890	–	–

Allowance account for receivables	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
At 1 October	3,241	3,502	–	–
Additions	–	(33)	–	–
Written back to the statement of total comprehensive income	(749)	(228)	–	–
Written off as impaired	–	–	–	–
At 30 September	2,492	3,241	–	–

During the year, a detailed review of receivable balances was carried out, which resulted in allowances that were no longer required being written back to the statement of total comprehensive income.

20. Borrowings

Group and Company	2017 £'000	2016 £'000
Current	2,000	2,000
Non-current	6,400	8,400

The Company entered into a £12.0m five-year term facility with Allied Irish Bank in December 2015. The loan is secured over the whole of the Company's undertaking and assets and by way of cross guarantee from other Group undertakings. The loan carries interest at LIBOR plus 2.25%.

Notes to the financial statements continued

for the year ended 30 September 2017

21. Trade and other payables

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Trade payables	28,214	23,586	436	46
Other payables	801	548	—	—
Payments on account	13,195	16,369	—	—
Net obligations under finance leases/hire purchase agreements	1,275	1,024	—	—
Accruals	5,875	7,797	197	375
Social security and other tax payable	1,168	1,017	44	—
Amounts owed to Group undertakings	—	—	6,612	6,099
	50,528	50,341	7,289	6,520
Current	49,909	49,908	7,289	6,520
Non-current	619	433	—	—
	50,528	50,341	7,289	6,520

22. Deferred income tax

Accelerated capital allowances	2017 £'000	2016 £'000
Brought forward	102	165
(Credit)/charge for the year	(40)	(63)
	62	102

23. Share capital

On 5 July 2017, the Company passed resolutions to issue 7,200 non-voting shares of £1.00 each in the capital of the Company. 1,700 of these shares were issued to the Trustee of the Share Incentive Plan, with the balance of 5,500 issued to Garbol Warehousing Limited to be held as nominee for certain members of the Group's management team.

On 5 July 2017, the Group passed resolutions, conditional upon admission and to take effect immediately prior to admission, to restructure the Company's capital to reclassify all shares as ordinary voting shares and to subdivide and redesignate the shares as ordinary shares of £0.02 each.

Shares are fully paid at par and the rights attached to the ordinary shares are disclosed within the articles of association.

Group and Company	2017 £'000	2016 £'000
386,715 ordinary A shares of £1 each	—	387
257,807 ordinary B shares of £1 each	—	258
63,346 ordinary C shares of £1 each	—	63
47,289 non-voting shares of £1 each	—	47
38,117,850 ordinary shares of £0.02 each	762	—
	762	755

24. Financial instruments

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Non-current assets				
Investments – assets held for sale	55	60	55	60
	55	60	55	60
Current assets				
Trade receivables	21,919	21,323	–	–
Accrued income	8,232	6,608	–	–
Other receivables	6,060	4,030	–	–
Amounts owed by Group undertakings	–	–	21	–
	36,211	31,961	21	–
Cash and cash equivalents	27,066	33,992	156	–
Total loans and receivables	63,332	66,013	232	60
Non-current liabilities				
Borrowings	6,400	8,400	6,400	8,400
Net obligations under finance leases/hire purchase agreements	619	433	–	–
	7,019	8,833	6,400	8,400
Current liabilities				
Borrowings	2,000	2,000	2,000	2,000
Trade payables	28,214	23,586	436	46
Accrual	5,875	7,797	197	375
Other payables	1,967	1,564	44	–
Net obligations under finance leases/hire purchase agreements	656	591	–	–
Amounts owed by Group undertakings	–	–	6,612	6,099
	38,712	35,538	9,289	8,520
Total at amortised cost	45,731	44,371	15,689	16,920

25. Operating leases

The following payments are due to be made on operating lease commitments which are all leases on office accommodation:

Group	2017 £'000	2016 £'000
Within one year	191	190
Two to five years	111	281
	302	471

Notes to the financial statements continued

for the year ended 30 September 2017

26. Financial risk management

The Group and Company's activities expose it to a variety of financial risks: credit risk and liquidity risk. The overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the Board and their policies are outlined below.

a) 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 Group endeavours only to deal with companies which are demonstrably creditworthy and this, together with the aggregate financial exposure, is continuously monitored.

The maximum exposure to credit risk is the value of the outstanding amount of cash balances and trade and other receivables:

	2017 £'000	2016 £'000
Group	**64,907**	67,404
Company	**412**	116

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 Group 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.

b) Liquidity risk

Group

The Group currently holds cash balances in sterling to provide funding for normal trading activity. The Group also has access to additional equity funding and, for short-term flexibility, overdraft facilities would be arranged with the Group's bankers. Trade and other payables are monitored as part of normal management routine. The Group's financial liabilities have contractual maturities as summarised below:

2017	Within one year £'000	Two to five years £'000	Over five years £'000
Borrowings	**2,191**	**6,821**	–
Net obligations under finance leases/hire purchase agreements	**656**	**619**	–
Trade payables	**28,214**	–	–
Accruals and payments on account	**19,070**	–	–
Other payables	**1,967**	–	–

2016	Within one year £'000	Two to five years £'000	Over five years £'000
Borrowings	2,273	8,863	–
Net obligations under finance leases/hire purchase agreements	591	433	–
Trade payables	23,586	–	–
Accruals and payments on account	24,166	–	–
Other payables	1,564	–	–

The bank loans and overdrafts are secured by cross guarantees from other Group undertakings.

Company

The Company holds no cash balances. The Company has access to additional equity and, for short-term flexibility, overdraft facilities would be arranged with the Group's bankers. Trade and other payables are monitored as part of normal management routine. Liabilities are disclosed as follows:

2017	Within one year £'000	Two to five years £'000	Over five years £'000
Borrowings	2,191	6,821	–
Trade payables	436	–	–
Amounts owed to Group undertakings	6,612	–	–
Accruals and payments on account	197	–	–
Other payables	44	–	–

2016	Within one year £'000	Two to five years £'000	Over five years £'000
Borrowings	2,273	8,863	–
Trade payables	46	–	–
Amounts owed to Group undertakings	6,099	–	–
Accruals and payments on account	375	–	–
Other payables	–	–	–

c) Capital risk management

The Group's objectives when managing 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 Group will also seek to minimise the cost of capital and attempt to optimise the capital structure, which currently means maintaining equity funding and managing fixed term loan and finance lease agreements. Share capital amounts to £762,000 (2016: £755,000).

Capital for further development of the Groups activities will, where possible, be achieved by share issues and not by increasing debt levels.

Notes to the financial statements continued

for the year ended 30 September 2017

27. Share-based payments

During the year to 30 September 2017, the Group had four share-based payment arrangements.

A summary of the arrangements is shown below:

Arrangement	Contractual life	Vesting conditions
Share incentive plan	Rolling scheme	All employees who were employed by the Group on 11 July 2017 were awarded 100 free shares that are subject to a three-year holding period. These will be forfeited if the employee leaves before the end of the holding period. Employees can also purchase partnership shares that are immediately exercisable. The Group matches partnership shares on a one for three basis. The Group matching shares are only exercisable after three years.
Share options (2016)	Three years	For the Executive Directors the award will vest on the third anniversary of the grant date of 16 August 2019 if performance conditions have been met. The performance conditions include an EPS growth target for the three financial years from 1 October 2015 to 30 September 2018.
Share options (2017)	Three years	For the Executive Directors the award will vest on the third anniversary of the grant date of 15 June 2020 if performance conditions have been met. The performance conditions include an EPS growth target for the three financial years from 1 October 2016 to 30 September 2019.
IPO share incentive arrangements	Two years	For members of senior management of the Group, the award vested immediately upon admission to the Alternative Investment Market of the London Stock Exchange.

Fair value is used to measure the value of outstanding options.

Share incentive plan

The fair value of each share granted in the share incentive plan is equal to the share price at the date of the grant. Shares are granted on a monthly basis.

Share options

On 5 July 2017, the Group passed resolutions to restructure its capital to be subdivided and redesignated as ordinary shares of £0.02 each.

Transfer of shares on IPO

The fair value of each share granted is equal to the share price at the date of the grant less a usual pre-IPO discount.

The fair value per option has been calculated using the Binomial model. The inputs into the model were as follows:

Date of grant	16 August 2016	15 June 2017	15 June 2017
Stock price at grant date	£1.69	£1.48	£1.48
Exercise price	£0.02	£0.02	£0.00
Expected life	Three years	Three years	Two years
Expiry date	16/08/2026	15/06/2027	15/06/2019
Expected volatility	40%	43%	43%
Risk-free interest rate	0.12%	0.20%	0.20%
Dividend yield	4.40%	4.25%	4.25%
Fair value of one option	£1.46	£1.29	£1.26

Further details of the option plans are as follows:

Outstanding at 1 October 2016	694,750
Granted in the year	1,049,050
Forfeited	40,000
Outstanding at 30 September 2017	**1,703,800**

The total share-based payment cost charged to the statement of total comprehensive income was £1,227,000 (2016: £34,000).

28. Related party transactions

The Group's key management personnel are the Executive and Non-Executive Directors, as identified in the Remuneration Committee report on pages 32 to 34.

	Group 2017 £'000	Group 2016 £'000	**Company 2017 £'000**	Company 2016 £'000
Dividend received from other Group companies	**–**	–	**10,000**	11,000
Amounts sold to/(purchased from) companies with common Directors to the Nexus Community Trust	**–**	4	**–**	–
Donations made to companies with common Directors to the Nexus Community Trust	**–**	16	**–**	–
Transactions with Keith Breen for the supply of construction services	**37**	271	**–**	271

Keith Breen is a director of Tamdown Group Limited and was a director of the Company until his resignation on 14 March 2016. Keith Breen and connected persons own 6,573,050 shares in the Company.

29. Capital commitments

Group and Company

At 30 September 2017 neither the Group nor the Company had any capital commitments (2016: £nil).

Further information

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05635505
Registered in England and Wales

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Shareholder enquiries
Any shareholder with enquiries should, in the first instance, contact our Registrar using the address provided above.

Share price information
London Stock Exchange
Symbol: NEXS.

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Financial calendar

Annual General Meeting ("AGM")
The Company's AGM will be held on 6 March 2018 at Radisson Blu Hotel, Waltham Close, London Stansted Airport, Essex CM24 1PP.

Final dividend
The final dividend will be paid on 9 March 2018 to shareholders on the register at close of business on 9 February 2018. The shares will go ex-dividend on 8 February 2018.

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