

Fulcrum Infrastructure Services Limited

Annual report and financial statements

for the year ended 31 March 2022

Registered number: 06006363

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Fulcrum Infrastructure Services Limited

Annual report and financial statements for the year ended 31 March 2022

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Fulcrum Infrastructure Services Limited

Directors' Report

The directors present their report and the audited financial statements of Fulcrum Infrastructure Services Limited ("the Company") for the year ended 31 March 2022.

Dividends

A dividend has not been declared or proposed (2021: £nil).

Directors

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

T Dugdale (resigned 24 January 2022)

J Cutler (resigned 31 March 2022)

J Jager (appointed 30 March 2022)

Fulcrum Utility Services Limited (appointed 30 November 2022)

Registered Office

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

Directors' indemnities and insurance

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

Employees

All employee contracts are held and owned by Fulcrum Group Holdings Limited.

Immediate parent and ultimate parent company

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

The ultimate parent company is Fulcrum Utility Services Limited, which is registered in the Cayman Islands and consolidates the financial statements of the Company. The consolidated financial statements of Fulcrum Utility Services Limited are available on its website at <https://investors.fulcrum.co.uk>.

Fulcrum Infrastructure Services Limited

Directors' Report (continued)

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

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

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Disclosure of information to auditor

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

On behalf of the board



J Jager
Director
21 December 2022

Fulcrum Infrastructure Services Limited

Strategic Report

for the year ended 31 March 2022

Principal Activities

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

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

Business Review and results

In the year under review, the Company began to recover from the impact of Covid-19 and, in line with its stated growth strategy, secured several of its largest ever contracts. However, wider market issues of supply chain pressure and cost inflation presented significant challenges to the Company's operations and affected the Company's profitability.

The impact on profitability can be seen in the adjusted EBITDA loss of £5,194k (2021: £1,849k) and loss after tax of £5,686k (2021: £2,115k).

Net assets decreased by £5,686k during the year to a net liability position of £1,804k, reflecting the loss for the year and at 31 March 2022 the Company had cash of £1,073k (2021: £848k).

Housing

The Company designs, installs and delivers new gas, water and fibre connections to provide a complete multi-utility service for homebuilders across mainland UK. Fulcrum is a well-established brand in the housing market and works with various UK homebuilders of all sizes, with the Company's expertise and credibility offering added value and reassurance for developers.

The Company's multi-utility infrastructure expertise has become increasingly vital to homebuilders of all sizes, as we offer advice and support on how to ensure new utility infrastructure is designed and installed to meet emerging needs, like EV charging, powering energy generating infrastructure such as heat pumps, and meeting regulatory requirements, like the Future Homes Standard. The essential support we provide to homebuilders saw Fulcrum win the "Highly Commended" title in the Sub-contractor/Service Provider of the Year category at the Housebuilder Awards 2021.

We selectively tender on new opportunities in line with our margin strategy and, in the year, secured a healthy flow of new contract wins, including some of the Company's largest ever new housing developments. Adversely, these larger sites were the most affected by the ongoing difficult trading conditions of supply chain pressure and cost inflation in materials and labour, by being inherently more complex and more long term in nature.

Mid to long-term market drivers remain strong in the housing sector. The UK's current undersupply of housing remains well documented and bridging the housing gap is supported by strong government incentives. This presents substantial potential growth opportunities for the Company.

Industrial and commercial (I&C) including electric vehicle (EV) connections

The Company provides multi-utility infrastructure for all sizes and complexities of I&C and EV projects. The Company's ability to design and build I&C multi-utility and EV charging infrastructure of all sizes and complexities is an important differentiator for the Company.

The Company used its capabilities to secure a variety of major multi-utility and EV charging infrastructure projects in the period, supporting projects of national significance. These were selectively tendered on in line with the Company's margin strategy but, like the large housing contracts secured, these were most severely impacted by supply chain pressure and cost inflation by being significantly complex, and longer-term contracts.

Fulcrum Infrastructure Services Limited

Strategic Report (continued)

Industrial and commercial (I&C) including electric vehicle (EV) connections (continued)

The I&C market, including EV connections, presents some hugely exciting opportunities for the Company and medium to long-term market growth drivers are very strong. Electricity is a key enabler in decarbonising the economy cost effectively by 2050, and demand for electrical infrastructure to power the EV charging network is expected to grow rapidly. This increased need for more electrical infrastructure is essential to transition to net zero, and Fulcrum remains one of a limited number of businesses in the UK with the essential capabilities required to facilitate this.

Key performance indicators

The Company's financial key performance indicators are:

- | | |
|----------------------------|--------------------------------|
| • Revenue | increased £8,019k to £42,439k |
| • Order book | decreased £6.7m to £31.9m |
| • Adjusted EBITDA | decreased £3,345k to £(5,194)k |
| • Loss before tax | decreased £3,133k to £5,734k |
| • Net assets/(liabilities) | decreased £5,686k to £(1,804)k |

The Company's non-financial key performance indicators reflect the wider group and include levels of customer satisfaction.

Further details are shown in the annual report of Fulcrum Utility Services Limited.

Statement by the Directors in relation to their statutory duty in accordance with Section 172 (1) Companies Act 2006

The directors and the Board as a whole consider that they have acted in a way that would be most likely to ensure the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in Section 172(1) (a) to (f) of the Act) in decisions taken during the year ended 31 March 2022. The directors fulfil their duty by ensuring that there is a robust governance structure and process running through all aspects of the Company's operations.

The Company's strategy reflects the wider Fulcrum group and is determined by the Fulcrum Board following careful consideration of materials and presentations from the Group Executive Team. This encompasses the impact on each of our main stakeholders and ensures alignment to the Group's culture. The Board engages with and meets stakeholders regularly, continually monitors the markets in which the business operates, and ensures that it regularly engages its leadership team to assess progress on strategy and specific projects.

Stakeholder engagement

Effective stakeholder engagement is fundamental to our business and we recognise that engagement and collaboration with all our stakeholders is crucial to our sustainability and success.

People

Our aim is to have an engaged, motivated, healthy and passionate workforce, working in a culture of open, clear and transparent engagement to develop a highly skilled team with a high performing culture and recruit and retain the best talent. We aim to ensure our people are healthy and motivated, and work together in a diverse and rewarding workplace.

How we engage:

- Regular communications supported with a monthly business updates
- Employee engagement surveys
- Regular one to ones and team meetings
- Wellbeing initiatives and events, including access to a leading Employee Assistance Programme, Lifeworks
- Regular and structured training and learning programmes

Fulcrum Infrastructure Services Limited

Strategic Report (continued)

Stakeholder engagement (continued)

Customers

Our aim is to have open and collaborative relationships with all our customers to develop strong customer relationships and generate new opportunities for the Company. We engage with customers to develop strong customer relationships and repeat business, to secure feedback that helps us remain commercially competitive and identify emerging trends and opportunities

How we engage:

- Direct and regular lines of contact, with relationship managers for larger or high-potential customers
- Customer satisfaction calls and surveys
- Performance review meetings

Communities

We support charities, our local communities and the communities we work in to give back to our communities, be a responsible employer that gives our people the opportunity to support great causes and identify and deliver utility infrastructure projects that benefit our communities.

How we engage:

- Volunteering services, donations from the business and our people and charitable events
- Supporting our customers to deliver new gas infrastructure that provides more affordable heating to vulnerable tenants living in fuel poverty

Supply chain and strategic relationships

We develop collaborative relationships and partnerships that provide added value to all our stakeholders. This ensures the successful delivery of all our customers' projects, underpinning our business expansion and growth, to expand our capabilities and offering and to ensure we remain competitive.

How we engage:

- Open, two-way communications to align our joint aims to the Company's business strategy and wider Fulcrum group
- Regular, collaborative performance and contract review meetings
- Onboarded and relationships managed via a procurement process led by procurement specialists

Government and regulatory bodies

We proactively engage with government and regulatory bodies to keep informed, and ahead, in an evolving landscape, to forward plan, to inform our strategies and remain competitive as well as influence the formulation and delivery of policies that affect our sectors, customers and business.

Fulcrum Infrastructure Services Limited

Strategic Report (continued)

Principal Risks and Uncertainties

As a significant component of the Fulcrum Group, the Company's risks and uncertainties are linked to those of the wider Group. The principal risks to achieving the Group's objectives are set out below. The risk factors described are not an exhaustive list or an explanation of all risks. Additional risks and uncertainties relating to the wider Group, including those that are not currently known to the Group or that the Group currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Group's business operations, results and/or financial condition:

Risk	Description	Mitigations
Growth and strategy execution	The strategy currently being pursued is not the most effective or efficient and that alternative strategies may be more appropriate.	The Group's strategy is agreed by the Board at an annual strategy meeting and thereafter regularly reviewed at Board meetings. The Board engages with management and employees to ensure the strategy is communicated and understood. The Group maintains a close watch on, and assesses, the relevant market drivers that influence the Group's strategic priorities to ensure that its growth strategy remains relevant and appropriate.
Retention and recruitment	The Group loses its valued and talented employees	<p>The Group has put in place competitive reward and recognition packages for all people.</p> <p>Employee development programmes are in place to assess, manage and develop the leadership skills of employees throughout the organisation. In addition, we invest in succession planning and learning and development, giving opportunities for employees to upgrade skills.</p> <p>The Group's culture and approach to employee engagement are differentiators in attracting and retaining talent. Its positive approach has been recognised by Best Companies, which named the Group as one of the top 10 utility companies to work for in 2021.</p>
Macroeconomic conditions (other than Covid-19)	<p>The macroeconomic conditions in the UK impact the ability of the Group to execute its strategy and growth plans.</p> <p>The current energy crisis in the UK continues for a sustained period, further impacting the Group's operations.</p> <p>Challenging market conditions continue, further impacting the profitability of the Group's operations.</p>	<p>We closely monitor market developments across our key sectors, and we proactively engage with government and regulatory bodies to keep informed of market developments.</p> <p>The Group has a varied revenue base to reduce reliance on specific utility services and critical supply chain providers.</p> <p>The Group continually reviews the profitability of contracts, particularly where they are affected by external market conditions. It is decisive and exits them quickly and efficiently where required.</p> <p>The Group expects that longer-term market changes will, in the main, continue to be driven by the move to decarbonised energy, in line with</p>

Fulcrum Infrastructure Services Limited

Strategic Report (continued)

Principal Risks and Uncertainties (continued)

Risk	Description	Mitigations
		the UK's 2050 net-zero target. The Board believes that this presents a significant growth opportunity for the Group considering its specialist skills, experience and capabilities.
Competitive environment and reliance on key customers	<p>The markets in which the Group operates become increasingly competitive and the actions of the Group's competitors, including those from organisations that may be larger and/or have greater capital resources, and/or our own inaction, have a significant and adverse impact on the Group.</p> <p>The current energy crisis in the UK continues for a sustained period, impacting the competitive environment and the operations of key customers.</p>	<p>Our wide breadth of offering and diversified position across multiple sectors reduces our exposure to volatility in individual competitive markets.</p> <p>The variety and volume of customers serviced also mean that the Group is not reliant on any customer.</p> <p>To ensure that we remain competitive, we monitor market developments and seek feedback from every customer on the competitiveness of all tenders and bids.</p> <p>There are high barriers to entry for new competitors.</p>
Working capital management and funding	The Group does not have the working capital management and funding required to deliver on its strategy and infrastructure and asset ownership future growth plans	<p>The Group became debt free in the year.</p> <p>The proceeds from the sale of the Group's domestic customer gas connection assets and associated meters to ESP strengthen the Group's balance sheet.</p> <p>In granting commercial credit terms, careful attention is paid to the timing of cash receipts and payments over the period of contract delivery. Where necessary, a deposit is requested from customers prior to commencing work and invoicing milestones with customers are matched where possible to the invoicing patterns of our supply chain.</p> <p>The Group continues to proactively review its funding requirements and facilities available.</p>
Utility infrastructure market and regulatory environment	<p>The inherent risks from operating in the utility infrastructure market, such as reliance on ageing infrastructure as well as the risk of downtime or low productivity caused by interruptions or equipment failures, are realised.</p> <p>The Group loses one or more of its licences, which it requires in order to carry out the design, build, project management, ownership and maintenance of utility infrastructure.</p> <p>The regulatory environment could change, which may have a direct and significant impact on the Group's regulated activities.</p>	<p>The Group seeks to reduce the risk of losses arising from these circumstances through a significant focus on compliance, careful planning, robust operational guidelines and the sharing of risk with client and supplier organisations and by putting in place suitable insurance arrangements.</p> <p>The Group also maintains proactive engagement with a variety of government and regulatory bodies to keep informed in an evolving market landscape.</p>

Fulcrum Infrastructure Services Limited

Strategic Report (continued)

Principal Risks and Uncertainties (continued)

Risk	Description	Mitigations
IT systems and cyber security	Computer system outages and interruptions could affect the ability to conduct day-to-day operations, which could result in loss of sales and delays to cash flow.	The Group's IT strategies are reviewed regularly to ensure they remain appropriate, with business continuity and disaster recovery testing performed. We have a dedicated internal and external IT support team which works closely with our external support advisers to ensure that regular updates to technology, infrastructure, communications and application systems occur.
	Key systems could be breached causing financial loss, data loss, disruption or damage and any theft or misuse of data held within the Group's systems and this could have both reputational and financial implications for the Group.	The Group has centralised hardware and software security in place to ensure protection of commercial and sensitive data. For new IT projects, our technology advisers are utilised in conjunction with internal project management, restricting access to data, systems and code and ensuring all systems are secure and up to date. We deliver structured cyber security training for all employees and run an ongoing programme of simulated phishing attacks to test and measure effectiveness.
Covid-19	Covid-19 continues to impact the UK economy and may disrupt our supply chain and our customers' projects and adversely impact our operations.	The Group has demonstrated that it has operated effectively and safely throughout the Covid-19 pandemic.
	Covid-19 affects the Group's workforce and impacts its ability to operate and deliver customer commitments.	The Group has followed, and continues to follow, all government guidelines to protect its people and customers.
Health and safety	Accidents on our sites could lead to potential injury to, or loss of, human life, reputational damage and financial penalties.	We ensure that the Board's health and safety strategy is implemented by our comprehensive management systems and controls, overseen by our Group compliance team to minimise the likelihood and impact of accidents.
		We have also developed and sustained a strong "SAFE" (safety-first) culture which has delivered improvements in behavioural safety and safety performance.

Carbon emissions

We have commenced a structured programme to reduce our own carbon impact, with a commitment to be carbon neutral on a Scope 1 and Scope 2 basis by 2030. In the year we progressed our plans to identify and reduce our carbon footprint.

- Commenced switching the energy supply contracts in our offices to Renewable Energy Guarantees of Origin (REGO) back energy supplies. This removed our Scope 2 emissions from our Head Office. The UK's energy crisis stalled our plans to switch all locations to REGO backed energy supplies, but we commit to do this when it is able to.
- Continued to incentivise the uptake of electric and hybrid vehicles in our company car fleet.
- Trialled new technologies to support more energy efficient ways of working on site.

Fulcrum Infrastructure Services Limited

Strategic Report (continued)

Financial risk management

The directors consider the following financial risks in assessing the Company's assets and liabilities:

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Board is responsible for ensuring that the Company has sufficient liquidity to meet its financial liabilities as they fall due without incurring unacceptable losses or risking damage to the Company and does so by monitoring cash flow forecasts and budgets. The Company's exposure to liquidity risk reflects its ability to readily access the funds to support its operations.

Liquidity forecasts are produced on a regular basis and include the expected cash flows that will occur on a weekly, monthly and quarterly basis. This information is used in conjunction with the weekly reporting of actual cash balances at bank in order to calculate the level of funding that will be required in the short and medium term.

Credit risk

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

Going concern

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

Material uncertainties have been identified in relation to going concern, however, the Group's directors have taken appropriate steps to mitigate the conditions leading to the material uncertainties. As a result, the directors of the Company are of the view the Company will continue in operational existence and these financial statements are therefore prepared on the going concern basis.

See note 1 of the financial statements for further details.

Summary and Outlook

Despite the significant challenges presented to the Company this year, including the impact of the UK's energy crisis and wider, very difficult trading conditions, I am confident that the Company has the fundamental capabilities and experience required to grow and to be successful in several exciting and growing markets.

The Company's medium to long-term growth also remains underpinned by strong market drivers and government stimulus. These position the Company well to benefit from the UK's transition to a low carbon economy and a net-zero future.



J Jager

Director

21 December 2022

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

Opinion

We have audited the financial statements of Fulcrum Infrastructure Services Limited (the 'company') for the year ended 31 March 2022, which comprise the statement of comprehensive income, the statement of changes in equity, the balance sheet and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard 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.

Material uncertainty related to going concern

We draw attention to note 1 in the financial statements, which indicates that the company is reliant on the funding of the wider Fulcrum Utility Services Limited group funding arrangements. As stated in note 1, the group's current position and forecast future funding requirements give rise to a material uncertainty in relation to the group and the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

- Challenging management on key assumptions included in their forecasts including performing sensitivity analysis;
- Considering the potential impact of forecast scenarios on the forecast cash position;
- Reviewing debt agreements in place at the date of signing these financial statements to check terms have been appropriately considered and modelled in the cash flow forecasts;
- Reviewing the letter of support provided by Fulcrum Utility Services Limited; and
- Reviewing the directors' disclosures in the financial statements.

From our work we can concur with the Directors statement in note 1 that the group's current position and forecast future funding requirements give rise to a material uncertainty in relation to the company's ability to continue as a going concern.

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

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the 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.

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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.

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

Our assessment focused on key laws and regulations the entity has to comply with and areas of the Financial Statements we assessed as being more susceptible to misstatement. These key laws and regulations included, but were not limited to, compliance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice and relevant tax legislation.

We are not responsible for preventing irregularities. Our approach to detect irregularity included, but was not limited to, the following:

- obtaining an understanding of the legal and regulatory framework applicable to the entity and how the entity is complying with that framework, including a review of legal and professional nominal codes;
- obtaining an understanding of the entity's policies and procedures and how the entity has complied with these, through discussions and walkthrough testing of controls;
- obtaining an understanding of the entity's risk assessment process, including the risk of fraud;
- designing our audit procedures to respond to our risk assessment;
- obtaining an understanding and testing of the assumptions and calculations involved in the recognition of contract revenue, assets and liabilities, including reviews of forecasts, costs incurred and a review of the completeness of provisions for loss making contracts;
- performing audit testing over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

In response to the risk of irregularities in relation to non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing Financial Statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- reviewing correspondence with HMRC and associated parties.

Whilst considering how our audit work addressed the detection of irregularities, we also consider the likelihood of detection based on our approach. Irregularities from fraud are inherently more difficult to detect than those arising from error.

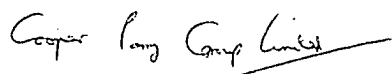
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FULCRUM INFRASTRUCTURE SERVICES LIMITED (CONTINUED)

Because of the inherent limitations of an audit, there is a risk that we will not detect any irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the Financial Statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission, or misrepresentation. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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.

Use of our report

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.



Katharine Warrington (Senior Statutory Auditor)
for and on behalf of
Cooper Parry Group Limited

Chartered Accountants
Statutory Auditor

Sky View, Argosy Road
East Midlands Airport
Castle Donington
Derby
DE74 2SA
Date: 21 December 2022

Fulcrum Infrastructure Services Limited

Statement of comprehensive income

for the year ended 31 March 2022

	Notes	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Revenue	2	42,439	34,420
Cost of sales		(35,044)	(27,899)
Gross profit		7,395	6,521
Administrative expenses		(13,094)	(9,070)
Operating loss	3	(5,699)	(2,549)
Analysed as:			
Adjusted EBITDA		(5,194)	(1,849)
Exceptional items	4	(93)	(285)
Depreciation	8,9	(412)	(415)
Operating loss		(5,699)	(2,549)
Net finance expense		(35)	(52)
Loss before taxation		(5,734)	(2,601)
Taxation	7	48	486
Loss for the year and total comprehensive expense		(5,686)	(2,115)

All results relate to continuing operations of the Company.

The notes on pages 17 to 28 form part of these financial statements.

Fulcrum Infrastructure Services Limited

Statement of changes in equity

for the year ended 31 March 2022

	Share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2020	1,000	4,997	5,997
Loss for the year and total comprehensive expense	-	(2,115)	(2,115)
Balance at 31 March 2021	1,000	2,882	3,882
Loss for the year and total comprehensive expense	-	(5,686)	(5,686)
Balance at 31 March 2022	1,000	(2,804)	(1,804)

The notes on pages 17 to 28 form part of these financial statements.

Fulcrum Infrastructure Services Limited

Balance sheet

as at 31 March 2022

	Notes	31 March 2022 £'000	31 March 2021 £'000
Non-current assets			
Property, plant and equipment	8	18	42
Right of use asset	9	1,276	1,588
Deferred tax assets	7	209	520
		1,503	2,150
Current assets			
Contract assets	10	16,023	10,766
Inventories		293	256
Trade and other receivables	11	41,699	75,475
Cash and cash equivalents	12	1,073	848
		59,088	87,345
Total assets		60,591	89,495
Current liabilities			
Contract liabilities	14	(20,468)	(23,783)
Trade and other payables	13	(40,329)	(59,956)
Current lease liability	9	(448)	(408)
Provisions		-	(23)
		(61,245)	(84,170)
Non-current liabilities			
Non-current lease liability	9	(1,150)	(1,443)
		(1,150)	(1,443)
Total liabilities		(62,395)	(85,613)
Net (liabilities)/assets		(1,804)	3,882
Equity			
Share capital	15	1,000	1,000
Retained earnings		(2,804)	2,882
Total equity		(1,804)	3,882

The notes on pages 17 to 28 form part of these financial statements.

The financial statements were approved by the Board of Directors on 21 December 2022 and were signed on its behalf by:



J Jager
Director

Registered number: 06006363

Fulcrum Infrastructure Services Limited

Notes to the financial statements

1. Accounting policies

Fulcrum Infrastructure Services Limited (the "Company") is a company limited by shares, incorporated and domiciled in the UK.

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

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

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

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

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

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

- IFRS 2 Share Based Payments in respect of group settled share based payments
- Certain disclosures required by IFRS 15 Revenue from Contracts with Customers;
- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

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

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

Measurement convention

The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Fulcrum Infrastructure Services Limited

Notes to the financial statements (*continued*)

1. Accounting policies (*continued*)

Going concern

In assessing the basis of preparation of the accounts the directors have taken the following into account:

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

As at 31 March 2022 the Company had net current liabilities of £2,157k (2021: net current assets of £3,175k). In addition, the Company's ultimate parent undertaking, Fulcrum Utility Services Limited, has indicated its intention to continue to make available such funds and operational support as is needed by the Company for a period of at least 12 months from the date of approval of these financial statements.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements they have no reason to believe that it will not do so.

The Group's directors have prepared detailed cash flow forecasts for at least 12 months from the date of approval of these financial statements, which have indicated that there are material uncertainties related to the Group's ability to continue as a going concern; taking into account reasonably possible downsides, the Group's cash flow forecasts have indicated that the Group may not have adequate resources to meet its liabilities for at least 12 months from the date of approval of these financial statements.

In response to this, in December 2022, the Group entered into an arrangement with Bayford & Co Ltd and funds managed by the Harwood Capital Management Limited Group in respect of the provision of funding of up to £6m by way of a convertible loan. This facility is expected to support the Group to initiate a review of the various options available to it to ensure the Group continues to have adequate working capital.

The Group's directors have concluded that these mitigating actions mean that despite the material uncertainties, the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements.

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

Accounting estimates and judgements

The preparation of financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following areas:

- Note 2: Revenue recognition on contracts – The stage of completion of the works is assessed when considering recognition of revenue. Use of the percentage completion method requires the Company to estimate the costs incurred for work performed to date as a proportion of total contract costs. See revenue recognition policy for further details.
- Note 7: Deferred tax – The Company recognises a deferred tax asset for tax losses carried forward which requires an estimation of the forecast profitability of the relevant entities.
- Note 9: Leases – Management exercises judgement in determining whether a contract meets the definition of a lease, as well as considering the likelihood of certain options being taken up such as break clauses. Judgement is also required in the calculation of the Company's incremental borrowing rate.

Fulcrum Infrastructure Services Limited

Notes to the financial statements (*continued*)

1. Accounting policies (*continued*)

Property, plant and equipment

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

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

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

Inventories

Work in progress is valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less applicable costs to complete and variable selling expenses.

Revenue

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

Contract costs

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

Exceptional items

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

Taxation

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

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

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

Non-derivative financial instruments

Non-derivative financial instruments comprise, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Fulcrum Infrastructure Services Limited

Notes to the financial statements (*continued*)

1. Accounting policies (*continued*)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Trade and other receivables

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

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. Trade and other payables are presented as current liabilities unless payment is not due within twelve months after the reporting period. Due to their short-term nature, carrying value is considered to approximate fair value.

Impairment

Financial assets

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

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

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

Lease Accounting (company as lessee)

At inception of a contract the Company assesses whether the contract is or contains a lease. A lease is present where the contract conveys, over a period of time, the right to control the use of an identified asset in exchange for consideration.

Where a lease is identified the Company recognises a right-of-use asset and a corresponding lease liability, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. The Company has taken the practical expedient allowed under IFRS 16 that permits a lessee not to separate non-lease components, and instead accounts for any lease and associated non-lease components as a single arrangement.

Fulcrum Infrastructure Services Limited

Notes to the financial statements (*continued*)

1. Accounting policies (*continued*)

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date.

The lease payments are discounted using the interest rate implicit in the lease if that rate is readily available or if not, at the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments such as those that depend on an index or rate (such as RPI), initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options where the Company is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the balance sheet, split between current and non-current liabilities.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The lease liability is remeasured where:

- there is a change in the assessment of the exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate; or
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments' change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- the lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

When the lease liability is remeasured, an equivalent adjustment is made to the right-of-use asset unless its carrying amount is reduced to zero, in which case any remaining amount is recognised in profit or loss.

Right-of-use asset

The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, any initial direct costs and an estimate of any costs to dismantle and remove the asset at the end of the lease. They are subsequently measured at cost less accumulated depreciation and impairment losses. The right-of-use asset is presented as a separate line in the balance sheet.

Right-of-use assets are depreciated over the shorter of the lease term and useful life of the underlying asset.

Impairment

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as an expense immediately.

Fulcrum Infrastructure Services Limited

Notes to the financial statements (*continued*)

1. Accounting policies (*continued*)

Short-term leases and low value assets

The Company recognises lease payments on short-term leases (those with a lease term of 12 months or less) and low value assets as an operating expense on a straight-line basis over the term of the lease, unless another systematic basis is available that is more representative of the time pattern in which economic benefits are consumed.

The Company as lessor

The Company has not entered into any lease agreements where the Company acts as a lessor.

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

The Company has applied the following standards and amendments for the first time for the annual reporting period commencing 1 April 2021:

- Amendments to IAS 1 Presentation of Financial Statements;
- Amendments to IFRS 3 Business Combinations;
- Amendments to IFRS Practice Statement 2 Making Materiality Judgements;
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors; and
- Amendments to IAS 12 Income Taxes.

Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements. Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2022 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

2. Revenue

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

3. Operating loss

Included in the operating loss are the following charges:

	Year ended 31 March 2022	Year ended 31 March 2021
	£'000	£'000
Depreciation of property, plant and equipment: owned	24	49
Depreciation of right-of-use asset	388	366
Fulcrum Group Holdings services recharge	5,726	5,695
<i>Amounts receivable by the auditors and their associates in respect of:</i>		
Auditor's remuneration:	99	109

The audit fee is met by another Group company and has been recharged to the Company in the year.

Shared services costs are allocated and recharged to each subsidiary owned by Fulcrum Utility Services Limited on the basis of the costs incurred by Fulcrum Group Holdings Limited. These costs include legal and professional fees, insurance, and other executive costs. These costs are then allocated across the subsidiaries based on an appropriate basis.

Fulcrum Infrastructure Services Limited

Notes to the financial statements (continued)

4. Exceptionals

	Year ended 31 March 2022	Year ended 31 March 2021
	£'000	£'000
Restructuring costs	90	139
One-off legal and advisor costs	3	146
	93	285

5. Staff numbers and costs

Employees have employment contracts with the Company's fellow group undertaking, Fulcrum Group Holdings Limited. Where employees work on activities wholly attributed to the Company's activities these staff costs are charged directly to the Company without a mark-up.

The amount charged to the Company in the financial year was £9,310k (2021: £9,579k) and the average monthly number of Fulcrum Group Holdings Limited employees attributed to the Company during the financial year was 223 (2021: 248).

6. Directors' emoluments

The directors of the Company were remunerated through Fulcrum Group Holdings Limited and their emoluments, for services to the Group as a whole, are disclosed as follows:

	Year ended 31 March 2022	Year ended 31 March 2021
	£'000	£'000
Emoluments	355	656
Compensation in respect of loss of office	216	179
Pension	17	29
Total	588	864

Included in the total emoluments above is the aggregate value of company contributions made to the pension scheme of 2 (2021: 3) directors in respect of directors' qualifying services. These costs are included in the shared services recharge.

Highest paid director:

	Year ended 31 March 2022	Year ended 31 March 2021
	£'000	£'000
Emoluments	206	327
Compensation in respect of loss of office	216	179
Contributions to a defined contribution pension scheme	10	18
	432	524

7. Taxation

	Year ended 31 March 2022	Year ended 31 March 2021
	£'000	£'000
Current tax	359	(5)
Deferred tax	(311)	491
Total tax credit	48	486

Fulcrum Infrastructure Services Limited

Notes to the financial statements (continued)

7. Taxation (continued)

On 3 March 2021, the Chancellor of the Exchequer announced that the corporation tax rate would increase to a maximum of 25% from 1 April 2023. This was substantively enacted on 24 May 2021. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised, based on tax law and the corporation tax rates that have been enacted, or substantively enacted, at the balance sheet date. As such, the deferred tax rate applicable at 31 March 2022 is 25% and deferred tax has been re-measured at this rate.

The Company has £0.7 million (31 March 2021: £2.6 million) of tax losses for which deferred tax assets of £0.2 million (31 March 2021: £0.5 million) have been recognised. The deferred tax asset is expected to be recovered over five years. The Company also has unrecognised tax losses of £0.4 million (31 March 2021: £nil) for which no deferred tax asset has been recognised as there is insufficient certainty over whether those losses will reverse.

<i>Reconciliation of effective tax rate</i>	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Loss before taxation	(5,734)	(2,601)
Tax charge using the UK corporation tax rate of 19% (2021: 19%)	1,089	494
Non-taxable items	(781)	(1)
Effect of change in rate of corporation tax	50	-
Adjustment to tax charge in respect of prior years' corporation tax	359	(6)
Adjustment to tax charge in respect of prior years' deferred tax	(494)	(1)
Release of previously recognised losses	(79)	-
Transfer pricing adjustments	(96)	-
Total tax credit	48	486

Movement in deferred tax assets

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
At the beginning of the year	520	29
Recognised in profit or loss		
Tax losses recognised in the year	218	494
Adjustment to tax charge in respect of prior years	(494)	-
Effect of change in rate of corporation tax	50	-
Release of previously recognised losses	(79)	-
Origination/reversal of other timing differences	(6)	(3)
At the end of the year	209	520

Fulcrum Infrastructure Services Limited

Notes to the financial statements (continued)

8. Property, plant and equipment

	Fixtures and fittings £'000
Cost	
At 1 April 2020	319
Additions	2
At 31 March 2021 and 31 March 2022	321
Accumulated depreciation	
At 1 April 2020	(230)
Depreciation charge for the year	(49)
At 31 March 2021	(279)
Depreciation charge for the year	(24)
At 31 March 2022	(303)
Net book value	
At 31 March 2022	18
At 31 March 2021	42
At 1 April 2020	91

9. Leases

The Company has leases for land and buildings as well as plant and machinery. Lease payments are generally fixed. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The use of extension and termination options within leases gives the Company flexibility and such options are exercised when they align with the Company's strategy and where economic benefits of exercising such options exceed the expected overall costs.

Right-of-use assets	31 March 2022 £'000	31 March 2021 £'000
Land & buildings	954	1,097
Plant & machinery	322	491
	1,276	1,588

Depreciation on right-of-use assets	31 March 2022 £'000	31 March 2021 £'000
Land & buildings	188	193
Plant & machinery	200	173
	388	366

Additions to right-of-use assets	31 March 2022 £'000	31 March 2021 £'000
Land & buildings	45	115
Plant & machinery	31	-
	76	115

Fulcrum Infrastructure Services Limited

Notes to the financial statements (continued)

9. Leases (continued)

Maturity of lease liabilities	Land and buildings		Plant & machinery	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	£'000	£'000	£'000	£'000
Less than one year	257	233	191	175
Between one and five years	896	1,043	254	338
In more than five years	-	62	-	-
	1,153	1,338	445	513

Other impact on profit and loss	31 March 2022	31 March 2021
	£'000	£'000
Finance costs on leases	62	70

10. Contract assets

	31 March 2022	31 March 2021
	£'000	£'000
Work in progress	4,786	3,883
Contract receivables	11,237	6,883
Total	16,023	10,766

Work in progress balances reflect direct works costs including direct labour and other attributable variable costs relating to jobs classed as incomplete.

Contract receivables relate to revenue completed but not invoiced. As a result of the Company securing several of its largest ever contracts during the year ended 31 March 2022, contract receivables have increased by £4,354k to £11,237k at 31 March 2022 (2021: £6,883k).

There have been no impairments of contract assets in the year (2021: nil).

11. Trade and other receivables

	31 March 2022	31 March 2021
	£'000	£'000
Trade receivables	4,251	2,670
Amounts owed by Group undertakings	36,947	72,057
Other receivables	131	554
Tax receivable	359	158
Prepayments and accrued income	11	36
	41,699	75,475

All amounts due from Group undertakings are unsecured, have no fixed date of repayment, are repayable on demand and no interest is receivable. The balance is stated net of an impairment of £4,095k (31 March 2021: £nil), which has been recognised in Administrative expenses in the Statement of comprehensive income.

Trade receivables are non-interest bearing. The credit risk associated with this receivable is managed through the Company's standard credit processes. The directors consider that the carrying amount of trade receivables approximates to their fair value.

Fulcrum Infrastructure Services Limited

Notes to the financial statements (continued)

11. Trade and other receivables (continued)

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

	31 March 2022	31 March 2021
	£'000	£'000
At the beginning of the year	52	12
Movement in allowance for expected credit losses	327	40
At the end of the year	379	52

12. Cash and cash equivalents

	31 March 2022	31 March 2021
	£'000	£'000
Cash at bank and on hand	1,073	848

13. Trade and other payables

	31 March 2022	31 March 2021
	£'000	£'000
Trade payables	4,077	3,520
Amounts owing to Group undertakings	32,533	55,006
Accruals	297	474
Other payables	3,422	956
	40,329	59,956

All amounts payable to Group undertakings are unsecured, have no fixed date of repayment and are repayable on demand. No interest is borne thereon.

14. Contract liabilities

	31 March 2022	31 March 2021
	£'000	£'000
Contract liabilities	20,468	23,783

Of the £20,468k contract liabilities balance, £16,734k (2021: £17,946k) relates to deferred income, which represents contracted sales for which services to customers will be provided in future periods and is expected to unwind within a year. The remaining amount relates to accrued costs on contracted services.

15. Share capital

	31 March 2022	31 March 2021
	£'000	£'000
Allotted, issued and fully paid		
1,000,001 ordinary shares of £1 each (2021: 1,000,001 ordinary shares of £1)	1,000	1,000

Fulcrum Infrastructure Services Limited

Notes to the financial statements (*continued*)

16. Related parties

In the year, sales totalling £410,896 (2021: £23,790) were made by the Company to companies in which key management personnel held significant interests, of which £27,944 (2021: £nil) was still outstanding at the year end.

In the year, purchases totalling £756,624 (2021: £201,533) were made by the Company from companies in which key management personnel held significant interests, of which £nil (2021: £nil) was still outstanding at the year end. The purchases were for fuel cards used in the ordinary course of business.

17. Group contractual parties

The Company is part of the Fulcrum Utility Services Limited group. As such, the Company is named as a contractual party in certain of the group's contracts where other subsidiary companies are responsible for meeting the obligations of those contracts.

18. Immediate parent and ultimate parent undertaking and controlling party

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

The ultimate parent and controlling company is Fulcrum Utility Services Limited, a company registered in the Cayman Islands. The largest and smallest group of companies which include the Company, and for which consolidated financial statements were prepared, are headed by Fulcrum Utility Services Limited. The consolidated financial statements of Fulcrum Utility Services Limited are available on its website at <https://investors.fulcrum.co.uk>.