

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

2. ACCOUNTING POLICIES - continued

OTHER JUDGEMENTS AND ESTIMATES - continued

b) Climate Change (judgement and estimate)

In preparing the financial statements management has considered the impact of climate change. Potential impacts of climate change, which include increased intensity and frequency of weather events and stricter environmental legislation, have been considered by management, together with the Group's stated target of becoming operational net zero by 2030 and developing plans to achieve net zero scope 3 emissions by 2050 to the extent these can be forecast at present. These considerations did not have a material impact on the financial reporting judgements and estimates and climate change is not expected to have a significant impact on the Group's going concern assessment to March 2023.

Specific areas considered by management included:

- Long-term contract accounting assumptions, such as the forecast costs of a project, the estimated costs to complete;
- The appropriateness of the estimated useful economic lives of the Company's property, plant and equipment where no significant changes are currently needed (note 8); and
- The recoverability of deferred tax assets recognised in respect of carried forward losses in relation to the UK operations (note 13).

The Group continues to invest in new technologies and product development including a project to decarbonise manufactured concrete components used in construction. The costs of these projects are currently being expensed as incurred.

3. REVENUE

All revenue is generated from the United Kingdom by the provision of mechanical, electrical, manufacturing and communications solutions.

Assets and liabilities relating to contracts with customers

Contract assets are made up of a portfolio of contracts and represent unbilled amounts and include amounts arising from changes to scope of works that have been recognised as revenue but not yet billed. Contract liabilities result when cumulative cash received exceeds cumulative revenue on any particular contract.

	£'000
Contract assets	
At 1 April 2019	26,199
Transfers from contract assets recognised at the beginning of the year to receivables	(26,199)
Performance obligations satisfied in the current year yet to be transferred to receivables	5,999
At 31 March 2020	<u>5,999</u>
Transfers from contract assets recognised at the beginning of the year to receivables	(5,337)
Performance obligations satisfied in the current year yet to be transferred to receivables	5,293
At 31 March 2021	<u>5,955</u>
Contract liabilities	
At 1 April 2019	(5,539)
Revenue recognised against contract liabilities at the beginning of the year	5,539
Increase due to cash received	(2,898)
At 31 March 2020	<u>(2,898)</u>
Revenue recognised against contract liabilities at the beginning of the year	2,898
Increase due to cash received	(10,595)
At 31 March 2021	<u>(10,595)</u>