

Fusion Assets Limited

Directors' Report and Financial Statements

Year Ended

31 March 2021

Company Number SC299690

Fusion Assets Limited
(A company limited by guarantee)

Company Information

Directors	E E Kemp A G Graham M J Coyle S M Duguid W J Dunlop R S Smith P Humphries A B Y Watson
Company secretary	Burness Paull LLP
Registered number	SC299690
Registered office	Civic Centre Windmillhill Street Motherwell North Lanarkshire ML1 1AB
Independent auditor	BDO LLP 4 Atlantic Quay 70 York Street Glasgow G2 8JX
Bankers	Bank of Scotland 300 Lawnmarket Edinburgh EH1 2PH Royal Bank of Scotland 10 Gordon Street Glasgow G1 3PL
Solicitors	Burness Paull LLP 120 Bothwell Street Glasgow G2 7JL

Fusion Assets Limited
(A company limited by guarantee)

Contents

	Page
Directors' Report	1
Directors' Responsibilities Statement	3
Independent Auditor's Report	4 - 7
Statement of Comprehensive Income	8
Balance Sheet	9
Statement of Changes in Equity	10
Notes to the Financial Statements	11 - 24

Fusion Assets Limited

(A company limited by guarantee)

Directors' Report **For the Year Ended 31 March 2021**

The directors present their report together with the audited financial statements for the year ended 31 March 2021.

Principal activity

The principal activity of the company is to capitalise upon urban regeneration and economic development opportunities within North Lanarkshire. In particular, the company undertakes commercial development projects and land reclamation initiatives that tackle areas of market failure, working in partnership with the private sector through joint ventures. The current focus of activity is on industrial development but the company operates across all sectors including office, residential, retail and mixed use development.

Directors

The directors who served during the year were:

E E Kemp
A G Graham
M J Coyle
S M Duguid
W J Dunlop
R S Smith
P Humphries
A B Y Watson (appointed 13 August 2020)
C D R Currie (resigned 13 August 2020)

Limited by guarantee

The company does not have share capital and is limited by guarantee. The liability of the members in the event of winding up is limited to £1 each.

Principal risks and uncertainties

The company has considered the implications of COVID-19 and the impact on operational capability, market demand and structural finance.

To date, the company has remained operational. The company has one employee who has been able to continue working under Government health and safety guidance. The directors are monitoring the operational situation regularly and are adopting a prudent approach.

The company has traded well, despite the global uncertainties caused by COVID-19, delivering a strong performance in the financial year. One tenant was lost, however the company has remained profitable in the financial year. The company's investment property has been revalued, showing a £200,000 increase in valuation despite the impact of the pandemic.

The company has completed a detailed forecast and a stress test to assess the impact of COVID-19 on the company's liquidity and ability to continue as a going concern. A reverse stress test is not considered appropriate as the company's activities and demand is holding up.

Based on the above, the directors are confident that the actions and strategies in place result in the company being able to mitigate business threats as they arise. The directors consider that unknowns with regards COVID-19 do not at present represent material uncertainty to the company's ability to continue as a going concern.

Fusion Assets Limited

(A company limited by guarantee)

Directors' Report (continued)
For the Year Ended 31 March 2021

Going concern

These financial statements have been prepared on a going concern basis. It is the directors' view that the company will be able to continue as a going concern for at least a period of 12 months from the date that these financial statements are approved.

As detailed in the above, the directors have also completed relevant forecasts and a thorough assessment of the impact of COVID-19 on the company. The directors have assessed that the impact demonstrates that the company can continue to operate. Therefore, as there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, the directors have concluded this does not represent a material uncertainty with regards to going concern.

Accordingly, the directors believe that it is appropriate for the financial statements to be prepared on a going concern basis.

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Post balance sheet events

On 27 September 2021 the board approved the sale of a plot for consideration of £1,054,500. The carrying value of the plot at the balance sheet date was £902,180.

These are considered to be non-adjusting post balance sheet events and no adjustments have been made to the financial statements.

Auditor

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

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 8th November 2021 and signed on its behalf.



E E Kemp
Director

Fusion Assets Limited

(A company limited by guarantee)

Directors' Responsibilities Statement For the Year Ended 31 March 2021

The directors are responsible for preparing 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 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 accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in directors' reports may differ from legislation in other jurisdictions.

Fusion Assets Limited

(A company limited by guarantee)

Independent Auditor's Report to the Members of Fusion Assets Limited

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2021 and of its profit 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.

We have audited the financial statements of Fusion Assets Limited ("the Company") for the year ended 31 March 2021 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, 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 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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

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

Fusion Assets Limited

(A company limited by guarantee)

Independent Auditor's Report to the Members of Fusion Assets Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' report 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. 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.

Other Companies Act 2006 reporting

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

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

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 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; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, 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.

Fusion Assets Limited

(A company limited by guarantee)

Independent Auditor's Report to the Members of Fusion Assets Limited (continued)

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.

Extent to which the audit was capable of detecting irregularities, including fraud

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:

- performing analytical review procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud. Areas of identified risk were then tested substantively;
- assessing the design and implementation of the control environment to identify areas of material weakness to focus on the design of our audit testing;
- assessing whether the accounting policies, treatments and presentation adopted in the financial statements are in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice) and whether there are instances of potential bias in areas with significant degrees of judgement such as revenue recognition, investment property valuation and work in progress valuation. This includes corroborating management's assumptions on the valuation of investment property and work in progress;
- identifying whether there are instances of potential bias in areas with significant degrees of judgement and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;
- addressing the risk of fraud through management override of controls by testing the appropriateness of a sample of journal entries and other adjustments; assessing whether the judgements made in accounting estimates are indicative of a potential bias; and evaluating the business rationale of significant transactions that are unusual or outside the normal course of business;
- vouching balances and reconciling items in key control account reconciliations to supporting documentation as at 31 March 2021; and
- carrying out detailed testing, on a sample basis, of transactions and balances agreeing to appropriate documentary evidence to verify the completeness, existence and accuracy of the reported financial statements.

Fusion Assets Limited

(A company limited by guarantee)

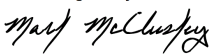
Independent Auditor's Report to the Members of Fusion Assets Limited (continued)

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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.

DocuSigned by:

C17EC688DFBB4C8...

Mark McCluskey (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Glasgow
United Kingdom
12 November 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Fusion Assets Limited
(A company limited by guarantee)

Statement of Comprehensive Income
For the Year Ended 31 March 2021

	Note	2021 £	2020 £
Grant income	4	699,643	537,600
Administrative expenses		(176,046)	(131,633)
Impairment of land under construction		(446,102)	(537,600)
Unrealised (loss)/gain on revaluation of investment property	13	195,225	(19,569)
Other operating income	5	104,835	668,374
Operating profit	6	377,555	517,172
Interest receivable and similar income		923	12,608
Profit before tax		378,478	529,780
Tax on profit	10	(77,885)	(127,052)
Profit and total comprehensive income for the financial year		300,593	402,728

There was no other comprehensive income for 2021 (2020 - £Nil).

The notes on pages 11 to 24 form part of these financial statements.

Fusion Assets Limited
(A company limited by guarantee)
Registered number: SC299690

Balance Sheet
As at 31 March 2021

	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible assets	11		749		1,499
Investments	12		989,984		857,399
Investment property	13		1,995,000		1,795,000
			<u>2,985,733</u>		<u>2,653,898</u>
Current assets					
Stocks	14	3,204,380		2,899,900	
Debtors: amounts falling due within one year	15	628,254		519,755	
Cash at bank and in hand	16	2,490,850		2,763,117	
		<u>6,323,484</u>		<u>6,182,772</u>	
Creditors: amounts falling due within one year	17	<u>(3,391,047)</u>		<u>(3,150,760)</u>	
Net current assets			<u>2,932,437</u>		<u>3,032,012</u>
Total assets less current liabilities			<u>5,918,170</u>		<u>5,685,910</u>
Creditors: amounts falling due after more than one year	18		(2,314,336)		(2,314,336)
Provisions for liabilities					
Deferred tax	19		(81,735)		(150,068)
Net assets			<u>3,522,099</u>		<u>3,221,506</u>
Capital and reserves					
Revaluation reserve	20		406,274		211,049
Other reserves	20		1,094,091		1,094,091
Profit and loss account	20		2,021,734		1,916,366
Total equity			<u>3,522,099</u>		<u>3,221,506</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

8th November 2021



E E Kemp
Director

The notes on pages 11 to 24 form part of these financial statements.

Fusion Assets Limited
(A company limited by guarantee)

Statement of Changes in Equity
For the Year Ended 31 March 2021

	Revaluation reserve £	Other reserves £	Profit and loss account £	Total equity £
At 1 April 2020	211,049	1,094,091	1,916,366	3,221,506
Comprehensive income for the year				
Profit for the year	-	-	300,593	300,593
Total comprehensive income for the year	-	-	300,593	300,593
Transfer to/(from) profit and loss account	195,225	-	(195,225)	-
Total transactions with owners	195,225	-	(195,225)	-
At 31 March 2021	406,274	1,094,091	2,021,734	3,522,099

Statement of Changes in Equity
For the Year Ended 31 March 2020

	Revaluation reserve £	Other reserves £	Profit and loss account £	Total equity £
At 1 April 2019	230,618	1,094,091	1,494,069	2,818,778
Comprehensive income for the year				
Profit for the year	-	-	402,728	402,728
Total comprehensive income for the year	-	-	402,728	402,728
Transfer to/from profit and loss account	(19,569)	-	19,569	-
Total transactions with owners	(19,569)	-	19,569	-
At 31 March 2020	211,049	1,094,091	1,916,366	3,221,506

The notes on pages 11 to 24 form part of these financial statements.

Fusion Assets Limited

(A company limited by guarantee)

Notes to the Financial Statements For the Year Ended 31 March 2021

1. General information

Fusion Assets Limited is a private company limited by guarantee and incorporated in Scotland. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are set out in the directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with Section 1A of FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest pound.

The following principal accounting policies have been applied:

2.2 Going concern

These financial statements have been prepared on a going concern basis. It is the directors' view that the company will be able to continue as a going concern for at least a period of 12 months from the date that these financial statements are approved.

As detailed in the Directors' Report, the directors have also completed relevant forecasts and a thorough assessment of the impact of COVID-19 on the company. The directors have assessed that the impact demonstrate that the company can continue to operate. Therefore, as there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, the directors have concluded this does not represent a material uncertainty with regards to going concern.

Accordingly, the directors believe that it is appropriate for the financial statements to be prepared on a going concern basis.

2.3 Turnover

Turnover comprises grant income released to the statement of comprehensive income in the period in respect of the ongoing development projects.

2.4 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Fusion Assets Limited

(A company limited by guarantee)

Notes to the Financial Statements For the Year Ended 31 March 2021

2. Accounting policies (continued)

2.4 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Security equipment	-	20%
--------------------	---	-----

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.5 Investment property

Investment property is carried at fair value determined annually by valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any differences in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the statement of comprehensive income.

2.6 Associates and joint ventures

Associates and joint ventures are held at cost less impairment.

2.7 Valuation of investments

Investments held as fixed assets are shown at cost less provision for impairment.

2.8 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Costs include all direct costs.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Fusion Assets Limited

(A company limited by guarantee)

Notes to the Financial Statements For the Year Ended 31 March 2021

2. Accounting policies (continued)

2.11 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.13 Grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the statement of comprehensive income in the same period as the related expenditure.

Grants awarded for specific development projects are credited to deferred income to be released to income when the specific development projects are sold or impaired. Other grants are credited to statement of comprehensive income in the period to which they relate.

2.14 Operating leases: the company as lessor

Rentals income from operating leases is credited to profit or loss on a straight line basis over the term of the relevant lease.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished.

Fusion Assets Limited

(A company limited by guarantee)

Notes to the Financial Statements For the Year Ended 31 March 2021

2. Accounting policies (continued)

2.15 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.17 Deferred income

Deferred income also consists of amounts contributed to the company to fund specific development projects, to be recognised in the income statement upon sale or impairment of the specific development projects.

Fusion Assets Limited

(A company limited by guarantee)

Notes to the Financial Statements For the Year Ended 31 March 2021

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

Determine whether leases entered into by the company either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Determine whether there are indicators of impairment of the company's fixed asset investments and stock. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Other key sources of estimation uncertainty:

Tangible fixed assets (see note 11)

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Investment property (see note 13)

Investment properties are professionally valued on a regular basis using a yield methodology. Management review and update the valuations between professional valuations. This uses market rental values capitalised at a market capitalisation rate but there is an inevitable degree of judgement involved in that each property is unique and value can only ultimately be reliably tested in the market itself.

4. Grant income

The total turnover of the company for the period arises from the release of deferred income against operating costs in the period. This relates wholly to activities undertaken in the United Kingdom.

The grant income recorded in the year is as follows:

	2021	2020
	£	£
Impairment over land held for development	699,643	537,600
	<u> </u>	<u> </u>

5. Other operating income

	2021	2020
	£	£
Rents receivable	94,835	102,049
Gain on sale of joint venture	10,000	566,325
	<u> </u>	<u> </u>

Fusion Assets Limited
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2021

6. Operating profit

The operating profit/(loss) is stated after charging/(crediting):

	2021	2020
	£	£
Depreciation of tangible fixed assets	750	750
Fees payable to the company's auditor for the audit of the company's annual financial statements	8,000	7,400
Fees payable to the company's auditor for the provision of non-audit services	1,000	985
Defined contribution pension cost	25,123	22,306
Provision for impairment of land under construction	701,012	537,600
Impairment write-back	(252,172)	-
	<u><u> </u></u>	<u><u> </u></u>

7. Employees

Payroll services are provided by the parent company North Lanarkshire Council, and employee costs are recharged to the company.

The average monthly number of employees, including directors, during the year was 1 (2019 - 1).

8. Directors' remuneration

	2021	2020
	£	£
Directors' emoluments	15,008	15,041
	<u><u> </u></u>	<u><u> </u></u>

9. Interest receivable

	2021	2020
	£	£
Other interest receivable	923	12,608
	<u><u> </u></u>	<u><u> </u></u>

Fusion Assets Limited
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2021

10. Taxation

	2021	2020
	£	£
Corporation tax		
Current tax on profit/(loss) for the year	144,893	-
Adjustments in respect of previous periods	1,325	16,100
Total current tax	146,218	16,100
Deferred tax		
Origination and reversal of timing differences	(100,264)	106,350
Adjustments in respect of prior periods	(6,069)	-
Timing differences	38,000	-
Effect of tax rate change on opening balance	-	4,602
Total deferred tax	(68,333)	110,952
Taxation on profit on ordinary activities	77,885	127,052

Factors that may affect future tax charges

Increases in the UK Corporation tax rate from 19% to 25% (19% effective from 1 April 2017, and 25% effective from 1 April 2023) have been substantively enacted. This will impact the company's future tax charge accordingly. The value of the deferred tax liability at the balance sheet date has been calculated using the applicable rate when the liability is expected to be realised.

Fusion Assets Limited
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2021

11. Tangible fixed assets

	Security equipment £
Cost or valuation	
At 1 April 2020	3,749
At 31 March 2021	<u>3,749</u>
Depreciation	
At 1 April 2020	2,250
Charge for the year	750
At 31 March 2021	<u>3,000</u>
Net book value	
At 31 March 2021	<u>749</u>
At 31 March 2020	<u>1,499</u>

Fusion Assets Limited
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2021

12. Fixed asset investments

	Investment in participating interests £
Cost or valuation	
At 1 April 2020	857,399
Additions	132,585
At 31 March 2021	989,984

During the year, the company invested a further £132,585 (2020 - £Nil) of equity in Gartcosh Estates LLP.

Joint ventures

The following were joint ventures of the company:

Name	Holding
Drumpellier Business Park LLP	50%
Dundyvan LLP	50%
Gartcosh Estates LLP	50%
Central Assets (Scotland) LLP	50%

The principal activity of each company noted above is the same, the construction of property and the rental of property.

Dundyvan LLP and Central Assets (Scotland) LLP are in the process of being wound down.

The registered office of Drumpellier Business Park LLP is 200 Glasgow Road, Stirling, FK7 8ES.

The registered office of Dundyvan LLP and Central Assets (Scotland) LLP is 119 Whitefield Road, Glasgow, G51 2SD.

The registered office of Gartcosh Estates LLP is 28 Cramond Road South, Edinburgh, Midlothian, EH4 6AB.

Fusion Assets Limited
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2021

13. Investment property

	Freehold investment property £
Valuation	
At 1 April 2020	1,795,000
Revaluation	200,000
	1,995,000
At 31 March 2021	1,995,000

The company's investment property was valued on 31 March 2019 at fair value, determined by an independent, professionally qualified valuer. The valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual.

The 2021 valuations were made by the directors, on an open market value for existing use basis. See note 3 for further details.

14. Stocks

	2021 £	2020 £
Work in progress	3,204,380	2,899,900

15. Debtors

	2021 £	2020 £
Amounts owed by group undertakings	132,024	13,246
Amounts owed by joint ventures and associated undertakings	420,350	420,350
VAT repayable	38,084	26,399
Other debtors	931	-
Prepayments	2,367	1,687
Accrued income	34,498	58,073
	628,254	519,755

Fusion Assets Limited
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2021

16. Cash and cash equivalents

	2021	2020
	£	£
Cash at bank and in hand	2,490,850	2,763,117
	<u>2,490,850</u>	<u>2,763,117</u>

17. Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	40,289	-
Amounts owed to related parties	33,981	-
Corporation tax	144,894	14,777
Accruals	21,363	68,500
Deferred income	3,104,858	3,010,479
Tenants deposits	45,662	57,004
	<u>3,391,047</u>	<u>3,150,760</u>

Deferred income includes grant monies receivable from North Lanarkshire Council in respect of projects included in work in progress.

In addition, £699,643 (2020 - £537,600) of deferred VDLF grant income was released in respect of: provision for impairment of land under construction, transfer of land under construction to investment properties and sale of land. There was £795,392 (2020 - £473,184) of deferred VDLF grant income received during the financial year.

Tenant deposits of £45,662 (2020 - £57,004) are held as security during term of lease(s).

18. Creditors: amounts falling due after more than one year

	2021	2020
	£	£
Deferred income	2,314,336	2,314,336
	<u>2,314,336</u>	<u>2,314,336</u>

Deferred income due after more than one year consists of monies received from Boots plc. The deferred income will be released to the statement of comprehensive income as relevant expenditure is incurred by the company.

Fusion Assets Limited
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2021

19. Deferred taxation

	2021 £
At beginning of year	150,068
Movement in the year	(68,333)
At end of year	81,735

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Fixed asset timing differences	(142)	(285)
Tax losses carried forward	-	244
Capital gains	(81,593)	(150,027)

20. Reserves

The company's capital and reserves are as follows:

Revaluation reserve

The aggregate surplus or deficit arising on revaluation is transferred to the revaluation reserve except where a deficit is deemed to represent a permanent diminution in value in which case it is charged to the statement of comprehensive income.

Other reserves

The other reserve balance represents the Scottish Enterprise contribution on incorporation of the company after any release of funds to the reserves account for those projects funded out of this contribution but transferred out of the company.

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of impairment and other adjustments.

21. Company status

The company is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation. At 31 March 2021 there was 1 member: North Lanarkshire Council.

Fusion Assets Limited

(A company limited by guarantee)

Notes to the Financial Statements For the Year Ended 31 March 2021

22. Contingent liabilities

The company has secured grant funding from North Lanarkshire Council amounting to £11,057,194 (2020 - £10,261,803). There are no repayment terms in respect of this funding other than by default of the grant conditions albeit awards included in the above figure will effectively drop off as developments are sold with the residual now being £8,504,973. It is the directors' opinion that the likelihood of grant funding being repayable at the balance sheet date and up to date of signing is remote.

23. Pension commitments

The company operates a defined contribution pension scheme, the assets of which are held separately from those of the company in independently administered funds.

The pension cost charge represents contributions payable by the company to the scheme during the period and amounted to £25,123 (2020 - £22,306). Contributions totalling £1,185 (2020 - £Nil) were payable to the scheme at the balance sheet date.

24. Commitments receivable under operating leases

At 31 March 2021 the company was due future minimum lease payments under non-cancellable operating leases as follows:

	2021 £	2020 £
Not later than 1 year	112,114	111,548
Later than 1 year and not later than 5 years	508,191	498,665
Later than 5 years	133,180	209,283
	<u>753,485</u>	<u>819,496</u>

25. Related party transactions

The company's ultimate parent and 100% controlling party is North Lanarkshire Council. The financial statements of Fusion Assets Limited form part of the consolidated accounts for North Lanarkshire Council and on this basis have taken advantage of the exemption under FRS 102, Section 33 'Related Party Transactions', in relation to transactions with its controlling entity.

At the year end a balance of £420,350 (2020 - £420,350) was due from Drumpellier Business Park LLP, an entity in which Fusion Assets Limited is a member. During the year an amount of £Nil (2020 - £5,000) was advanced to the LLP.

During the year Fusion received remittances of £10,000 (2020 - £1,190,000) as the Central Assets (Scotland) LLP was being wound up.

Fusion Assets Limited
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2021

26. Post balance sheet events

On 27 September 2021 the board approved the sale of a plot for consideration of £1,054,500. The carrying value of the plot at the balance sheet date was £902,180.

These are considered to be non-adjusting post balance sheet events and no adjustments have been made to the financial statements.

27. Controlling party

The parent undertaking of Fusion Assets Limited is North Lanarkshire Council, which is also the ultimate controlling party. The consolidated accounts are available to the public and may be obtained from its registered office.