

FUSION ASSETS LIMITED

FINANCIAL STATEMENTS

31 MARCH 2023

(A Company Limited by Guarantee)

ArmstrongWatson[®]
Accountants, Business & Financial Advisers

FUSION ASSETS LIMITED
(A Company Limited by Guarantee)

COMPANY INFORMATION

Directors

E E Kemp
S M Duguid
W J Dunlop
P Humphries
B McCulloch (appointed 15 December 2022)
F A McKay (appointed 9 June 2022)
R S Smith
R A Sullivan (appointed 9 June 2022)
A G Graham (resigned 9 June 2022)
A B Y Watson (resigned 9 June 2022)
D T Chrichton (appointed 9 June 2022, resigned 15 December 2022)
M J Coyle (resigned 9 June 2022)

Company secretary

Burness Paull LLP

Registered number

SC299690

Registered office

Civic Centre
Windmillhill Street
Motherwell
North Lanarkshire
ML1 1AB

Independent auditors

Armstrong Watson Audit Limited
Chartered Accountants
1st Floor 24 Blythswood Square
Glasgow
G2 4BG

Bankers

Bank of Scotland
300 Lawnmarket
Edinburgh
EH1 2PH

Royal Bank of Scotland
10 Gordon Street
Glasgow
G1 3PL

Solicitors

Burness Paull LLP
2 Atlantic Square
Glasgow
G2 8AS

FUSION ASSETS LIMITED
(A Company Limited by Guarantee)

CONTENTS

	Page
Directors' Report	1 - 2
Independent Auditors' Report	3 - 6
Statement of Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9 - 10
Notes to the Financial Statements	11 - 23

FUSION ASSETS LIMITED
(A Company Limited by Guarantee)

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2023

The directors present their report and the financial statements for the year ended 31 March 2023.

Directors' responsibilities statement

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to 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.

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
S M Duguid
W J Dunlop
P Humphries
B McCulloch (appointed 15 December 2022)
F A McKay (appointed 9 June 2022)
R S Smith
R A Sullivan (appointed 9 June 2022)
A G Graham (resigned 9 June 2022)
A B Y Watson (resigned 9 June 2022)
D T Chrichton (appointed 9 June 2022, resigned 15 December 2022)
M J Coyle (resigned 9 June 2022)

FUSION ASSETS LIMITED
(A Company Limited by Guarantee)

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

Auditors

The auditors, Armstrong Watson Audit Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

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 and signed on its behalf.

E E Kemp
Director

Date: 4 October 2023

FUSION ASSETS LIMITED
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FUSION ASSETS LIMITED

Opinion

We have audited the financial statements of Fusion Assets Limited (the 'company') for the year ended 31 March 2023, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity 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 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (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 2023 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.

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 Auditors' 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.

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 AUDITORS' REPORT TO THE MEMBERS OF FUSION ASSETS LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' 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 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.

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 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 set out on page 1, 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 AUDITORS' REPORT TO THE MEMBERS OF FUSION ASSETS 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 Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and knowledge of the Company to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management and review of appropriate industry knowledge. Key laws and regulations we identified during the audit were the UK Companies Act 2006 and tax legislation, UK employment legislation and UK health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above by making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures as a risk assessment tool to identify any unusual or unexpected relationships;
- tested journal entries recorded on the Company's finance system to identify unusual transactions that may indicate override of controls;
- reviewed key judgements and estimates for any evidence of management bias; and
- reviewed the application of accounting policies with focus on those with heightened estimation uncertainty.

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

- agreeing financial statement disclosures to underlying supporting documentation; and
- enquiring of management to identify actual and potential litigation and claims.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remains a higher risk of non-

FUSION ASSETS LIMITED
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FUSION ASSETS LIMITED (CONTINUED)

detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with 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 Auditors' 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 Auditors' 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.

Martin Johnston (Senior Statutory Auditor)

for and on behalf of

Armstrong Watson Audit Limited

Chartered Accountants and Statutory Auditors

Glasgow

5 October 2023

FUSION ASSETS LIMITED
(A Company Limited by Guarantee)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £	2022 £
Turnover		1,638,735	873,049
Gross profit		<u>1,638,735</u>	<u>873,049</u>
Administrative expenses		(281,664)	(282,740)
Impairment of land under construction		(1,638,735)	(251,185)
Other operating income	5	117,985	341,475
Revaluation of investment property		193,175	(5,905)
Operating profit		<u>29,496</u>	<u>674,694</u>
Interest receivable and similar income		7,807	1,537
Profit before tax		<u>37,303</u>	<u>676,231</u>
Tax on profit		(49,575)	(165,945)
(Loss)/profit for the financial year		<u><u>(12,272)</u></u>	<u><u>510,286</u></u>

There was no other comprehensive income for 2023 (2022:£NIL).

The notes on pages 11 to 23 form part of these financial statements.

FUSION ASSETS LIMITED
(A Company Limited by Guarantee)
REGISTERED NUMBER: SC299690

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Note	2023 £	2022 £
Fixed assets			
Investments	11	1,039,984	989,984
Investment property	12	2,195,000	1,995,000
		3,234,984	2,984,984
Current assets			
Stocks		3,191,480	2,884,087
Debtors: amounts falling due within one year	14	1,170,024	1,351,082
Cash at bank and in hand	15	2,715,664	2,562,722
		7,077,168	6,797,891
Creditors: amounts falling due within one year	16	(3,825,398)	(3,333,424)
		3,251,770	3,464,467
Net current assets			
		6,486,754	6,449,451
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	17	(2,314,336)	(2,314,336)
Provisions for liabilities			
Deferred tax	18	(152,305)	(102,730)
		(152,305)	(102,730)
Net assets			
		4,020,113	4,032,385
Capital and reserves			
Revaluation reserve	19	593,544	400,369
Other reserves	19	1,094,091	1,094,091
Profit and loss account	19	2,332,478	2,537,925
		4,020,113	4,032,385

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 by:

E E Kemp
Director

Date: 4 October 2023

The notes on pages 11 to 23 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 2023

	Revaluation reserve £	Other reserves £	Profit and loss account £	Total equity £
At 1 April 2022	400,369	1,094,091	2,537,925	4,032,385
Comprehensive income for the year				
Loss for the year	-	-	(12,272)	(12,272)
Transfer to/from profit and loss account	193,175	-	(193,175)	-
At 31 March 2023	593,544	1,094,091	2,332,478	4,020,113

The notes on pages 11 to 23 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 2022

	Revaluation reserve £	Other reserves £	Profit and loss account £	Total equity £
At 1 April 2021	400,369	1,094,091	2,027,639	3,522,099
Comprehensive income for the year				
Profit for the year	-	-	510,286	510,286
At 31 March 2022	<u>400,369</u>	<u>1,094,091</u>	<u>2,537,925</u>	<u>4,032,385</u>

The notes on pages 11 to 23 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 2023

1. General information

Fusion Assets Limited is a private company, limited by guarantee, registered in Scotland. The company's registration number is SC299690 and the registered address is Civic Centre, Windmillhill Street, Motherwell, North Lanarkshire, ML1 1AB. The nature of the company's operations and its principal activities are set out in the directors' report.

These financial statements have been presented in pounds sterling, rounded to the nearest pound, as this is the currency of the primary economic environment in which the entity operates.

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 FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

In preparing these financial statements, the directors of the company have given careful consideration to current and anticipated future solvency requirements of the company and its ability to continue as a going concern for the foreseeable future.

The Directors have prepared cash flow forecasts for a period beyond 12 months from the date of approval of these financial statements which indicate that the company will have sufficient funds, through its operating cash flows and cash reserves to meet its liabilities as they fall due for that period.

Based on the above, the directors believe it remains appropriate to prepare the financial statements on a going concern.

2.3 Revenue

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

2.4 Rents receivable

Rents receivable from operating leases are credited to the statement of comprehensive income on a straight line basis over the term of the lease.

FUSION ASSETS LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.5 Operating leases: the company as lessor

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

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.

2.6 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.7 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 Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

2.8 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 reporting 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 reporting 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 reporting date.

FUSION ASSETS LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.9 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

2.10 Tangible fixed assets

Tangible fixed assets under the cost model 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.

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.

2.11 Investment property

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

2.12 Valuation of investments

Investments held as fixed assets are measured at cost less accumulated impairment.

2.13 Associates and joint ventures

Associates and Joint Ventures are held at cost less impairment.

2.14 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 the statement of comprehensive income.

2.15 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.

FUSION ASSETS LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.16 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.

2.17 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.

2.18 Grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the statement of comprehensive income 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.

2.19 Operating leases: the company as lessor

Rental income from operating leases is credited to the statement of comprehensive income on a straight line basis over the lease term.

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.

2.20 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.21 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 ordinary shares.

FUSION ASSETS LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.21 Financial instruments (continued)

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 reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position 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.

2.22 Deferred income

Deferred income also consists of amounts contributed to the company to fund specific development projects, to be recognised in the statement of comprehensive income 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 2023

3. Judgments 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 10*)

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 12*)

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.

- Investment property, stock and investment valuation

The investment property is stated at fair value, as accounted for by the directors. The valuation is on the basis of Market Value ("MV"), which is defined in the RICS Valuation Standards. The investment property is revalued at each year end at MV by the directors or surveyor with the surplus being taken to the statement of comprehensive income. Management also use valuations of investments and stock to calculate any impairment or provisioning required.

4. Turnover

The total turnover of the company for the year arises from the release of deferred income against operating costs in the period.

	2023	2022
	£	£
Grant income	1,638,735	873,049
	1,638,735	873,049
	1,638,735	873,049

All turnover arose within the United Kingdom.

FUSION ASSETS LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

5. Other operating income

	2023 £	2022 £
Net rents receivable	116,420	134,275
Sundry income	1,565	-
Profit on disposal of tangible assets	-	207,200
	<u>117,985</u>	<u>341,475</u>

6. Operating (loss)/profit

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

	2023 £	2022 £
Depreciation	-	749
Fees payable to the company's auditor in respect of the audit of the company's financial statements	16,500	8,000
Fees payable to the company's auditor for the provision of non-audit services	3,300	1,000
Defined contribution pension cost	35,483	33,200
Provision for impairment of land under development	<u>1,638,735</u>	<u>279,204</u>

7. Employees

Payroll services are provided by the parent entity North Lanarkshire Council. Employee costs are recharged to the company by North Lanarkshire Council.

	2023 £	2022 £
Wages and salaries including directors' emoluments	144,175	133,588
Social security costs	15,898	13,952
Cost of defined contribution scheme	35,483	33,200
	<u>195,556</u>	<u>180,740</u>

Staff costs include recharged costs of one seconded employee from North Lanarkshire Council.

The average monthly number of employees, including directors, during the year was 9 (2022 - 9).

FUSION ASSETS LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

8. Directors' remuneration

	2023	2022
	£	£
Directors' emoluments	15,000	15,000
	15,000	15,000
	15,000	15,000

9. Interest receivable

	2023	2022
	£	£
Other interest receivable	7,807	1,537
	7,807	1,537
	7,807	1,537

10. Tangible fixed assets

	Security equipment
	£
Cost or valuation	
At 1 April 2022	3,749
	3,749
At 31 March 2023	3,749
	3,749
Depreciation	
At 1 April 2022	3,749
	3,749
At 31 March 2023	3,749
	3,749
Net book value	
At 31 March 2023	-
	-
At 31 March 2022	-
	-

FUSION ASSETS LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

11. Fixed asset investments

	Investment in joint ventures
	£
Cost or valuation	
At 1 April 2022	989,984
Additions	50,000
	1,039,984
At 31 March 2023	1,039,984

During the year, the company invested a further £50,000 (2022:Nil) of equity in Gartcosh Estates LLP.

Joint ventures

The following were joint ventures of the company:

Name	Registered office	Principal activity	Holding
Drumpellier Business Park LLP	200 Glasgow Road, Stirling, FK7 8ES	Construction and rental of property	50 %
Gartcosh Estates LLP	28 Cramond Road South, Edinburgh, Midlothian, EH4 6AB	Construction and rental of property	50 %

12. Investment property

	Freehold investment property
	£
Valuation	
At 1 April 2022	1,995,000
Additions at cost	6,825
Surplus on revaluation	193,175
	2,195,000
At 31 March 2023	2,195,000

The company's investment property was valued on 31 March 2021 at fair value, determined by independent, professionally qualified valuer. The valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual.

The 2023 valuations were made by the directors, on an open market value for existing use basis. See note 3 for further details.

FUSION ASSETS LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

13. Stocks

	2023	2022
	£	£
Work in progress	3,191,480	2,884,087
	3,191,480	2,884,087
	3,191,480	2,884,087

14. Debtors

	2023	2022
	£	£
Amounts owed by controlling party	473,720	739,908
Amounts owed by joint ventures and associated undertakings	420,350	420,350
Other debtors	247,850	135,320
Prepayments and accrued income	28,104	55,504
	1,170,024	1,351,082
	1,170,024	1,351,082

15. Cash and cash equivalents

	2023	2022
	£	£
Cash at bank and in hand	2,715,664	2,562,722
	2,715,664	2,562,722
	2,715,664	2,562,722

FUSION ASSETS LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

16. Creditors: Amounts falling due within one year

	2023	2022
	£	£
Amounts owed to controlling party	48,318	47,593
Corporation tax	1,098	144,208
Other creditors	94,737	45,662
Accruals and deferred income	3,681,245	3,095,961
	3,825,398	3,333,424

Deferred income includes grant monies receivable from North Lanarkshire Council in respect of projects included in work in progress. The balance of deferred income at the balance sheet date was £3,198,119 (2022: £3,052,668).

There was £1,664,165 (2022: 820,880) of deferred VDLF grant income received during the financial year and additional grant funding of £120,000 (2022: Nil) received during the financial year from the Scottish Government. In addition, £1,640,103 (2022: £872,295) of deferred VDLF grant income was released in respect of provision for impairment of land under construction.

Tenant deposits of £45,622 (2022: £45,622) are held as security during the term of leases.

17. Creditors: Amounts falling due after more than one year

	2023	2022
	£	£
Deferred income	2,314,336	2,314,336
	2,314,336	2,314,336

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.

18. Deferred taxation

	2023
	£
At beginning of year	(102,730)
Charged to profit or loss	(49,575)
At end of year	(152,305)

FUSION ASSETS LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

18. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2023	2022
	£	£
Capital gains	(153,046)	(103,045)
Short-term timing differences	741	315
	<u>(152,305)</u>	<u>(102,730)</u>

19. Reserves

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 reserves 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.

20. 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 2023 there was one member: North Lanarkshire Council.

21. Contingent liabilities

The company has secured grant funding from North Lanarkshire Council amounting to £13,542,240 (2022: £11,878,078). There are no repayments 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 £9,464,699 (2022: £7,800,503). It is the directors' opinion that the likelihood of grant funding being repayable at the balance sheet date and up to the date of signing is remote.

FUSION ASSETS LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

22. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the fund and amounted to £35,483 (2022: £33,200). Contributions totalling £2,965 (2022: £1,263) were payable to the fund at the reporting date and are included in creditors.

23. Commitments receivable under operating leases

At 31 March 2023 the company had future minimum lease payments receivable under non-cancellable operating leases for each of the following periods:

	2023	2022
	£	£
Not later than 1 year	150,865	153,933
Later than 1 year and not later than 5 years	678,665	679,900
Later than 5 years	409,328	201,276
	<u>1,238,858</u>	<u>1,035,109</u>

24. 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 31 March 2023, a balance of £420,350 (2022: £420,350) was due from Drumpelier Business Park LLP, an entity in which Fusion Assets Limited is a member. During the year an amount of £NIL (2022: £NIL) was advanced to the LLP.

25. 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.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.