Company Registration No. 05090266 (England and Wales)

FUSION 21 LIMITED

COMPANY LIMITED BY GUARANTEE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

PAGES FOR FILING WITH REGISTRAR

FUSION 21 LIMITED
COMPANY LIMITED BY GUARANTEE
BALANCE SHEET

AS AT 31 MARCH 2019

	Notes	2019 £	2019 £	2018 as restated £	2018 as restated £
Fixed assets					
Intangible assets	4		52,177		36,667
Tangible assets	5		930,821		863,946
Investments	6		326,568		182,294
			1,309,566		1,082,907
Current assets					
Debtors	7	1,832,658		1,512,887	
Cash at bank and in hand		2,463,431		2,406,308	
		4,296,089		3,919,195	
Creditors: amounts falling due within one year	8	(881,298)		(971,349)	
Net current assets			3,414,791		2,947,846
Total assets less current liabilities			4,724,357		4,030,753
Creditors: amounts falling due after more than one year	9		(325,385)		(611,775)
Provisions for liabilities	11		(28,000)		(4,872)
Net assets excluding pension liability			4,370,972		3,414,106
Defined benefit pension liability	12		(520,000)		-
Net assets			3,850,972		3,414,106
Capital and reserves					
Profit and loss reserves			3,850,972		3,414,106

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS102 Section 1A small entities.

The financial statements were approved by the board of directors and authorised for issue on 12/12/2019 and are signed on its behalf by:

....
Mr D Neilson
Director

Company Registration No. 05090266

FUSION 21 LIMITED
COMPANY LIMITED BY GUARANTEE
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019

	Profit and loss reserves £
As restated for the period ended 31 March 2018:	
Balance at 1 April 2017	2,909,847
Year ended 31 March 2018:	
Profit and total comprehensive income for the year	841,259
Distributions to parent charity under gift aid	(337,000)
Balance at 31 March 2018	3,414,106
Year ended 31 March 2019:	
Profit for the year	1,982,286
Other comprehensive income:	
Actuarial gains on defined benefit plans	(82,000)
Initial recognition of the net defined benefit pension scheme liability	(177,000)
Tax relating to other comprehensive income	15,580
Total comprehensive income for the year	1,738,866
Distributions to parent charity under gift aid	(1,302,000)
Balance at 31 March 2019	3,850,972

1 Accounting policies

Company information

Fusion 21 Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit 2, Puma Court, Kings Business Park, Knowsley, Merseyside, L34 1PJ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated using contractors valuation certificates.

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	3 years on a straight line basis

1 Accounting policies **(continued)**

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	Not depreciated
Office improvements	3 years on a straight line basis
Fixtures and fittings	3 years on a straight line basis
Equipment	3 years on a straight line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.7 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

The company has issued loans with fixed or determinable payments that are not quoted in an active market. These loans are recorded at transaction price.

1.8 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.9 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

1 Accounting policies **(continued)**

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1 Accounting policies **(continued)**

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

1 Accounting policies **(continued)**

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.16 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 44 (2018 - 44).

3 Taxation

	2019	2018
	£	£
Current tax		
UK corporation tax on profits for the current period	134,723	100,030
Adjustments in respect of prior periods	-	235
Total current tax	134,723	100,265
Deferred tax		
Origination and reversal of timing differences	23,128	4,872
Total tax charge	157,851	105,137

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2019	2018
	£	£
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive income	(15,580)	-

4 Intangible fixed assets

	Software
	£
Cost	
At 1 April 2018	55,000
Additions	46,750
At 31 March 2019	101,750
Amortisation and impairment	
At 1 April 2018	18,333
Amortisation charged for the year	31,240
At 31 March 2019	49,573
Carrying amount	
At 31 March 2019	52,177
At 31 March 2018	36,667

5 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 April 2018	782,301	130,569	912,870
Additions	-	123,984	123,984
At 31 March 2019	782,301	254,553	1,036,854
Depreciation and impairment			
At 1 April 2018	-	48,924	48,924
Depreciation charged in the year	-	57,109	57,109
At 31 March 2019	-	106,033	106,033
Carrying amount			
At 31 March 2019	782,301	148,520	930,821
At 31 March 2018	782,301	81,645	863,946

6 Fixed asset investments

	2019	2018
	£	£
Investments	200,051	51
Loans	126,517	182,243
	326,568	182,294

Movements in fixed asset investments

	Shares in group undertakings and participating interests	Other investments other than loans	Other investments	Total
	£	£	£	£
Cost or valuation				
At 1 April 2018	51	-	182,243	182,294
Additions	-	200,000	-	200,000
Repayments	-	-	(55,726)	(55,726)
At 31 March 2019	51	200,000	126,517	326,568
Carrying amount				
At 31 March 2019	51	200,000	126,517	326,568
At 31 March 2018	51	-	182,243	182,294

The other investment addition of £200,000 relates to an investment made in a special purpose vehicle created to deliver the Corehaus Chiltern project. This investment is held on behalf Fusion 21 Limited by Capital Growth Ventures Nominees Limited and is managed by Growth Capital Ventures Limited.

The other investment totalling £126,517 as at 31 March 2019 represents the loan balances due from Big Issue Corporate Venturing Limited, a corporate social venturing programme.

7 Debtors

	2019	2018
Amounts falling due within one year:	**£**	**£**
Trade debtors	474,586	472,046
Amounts owed by group undertakings and undertakings in which the company has a participating interest	2,554	53,858
Other debtors	1,339,938	986,983
	1,817,078	1,512,887
Amounts falling due after more than one year:		
Deferred tax asset	15,580	-
Total debtors	1,832,658	1,512,887

8 Creditors: amounts falling due within one year

	Notes	2019 £	2018 £
Bank loan (secured)		40,183	38,458
Trade creditors		219,191	66,401
Corporation tax		134,723	100,030
Other taxation and social security		257,009	113,779
Other creditors		13,151	84,187
Accruals and deferred income		217,041	568,494
		881,298	971,349

9 Creditors: amounts falling due after more than one year

	2019 £	2018 £
Bank loan (secured)	325,385	362,775
Other creditors	-	249,000
	325,385	611,775

The loan is secured by way of a fixed charge over the premises at Unit 2, Kings Business Park, Kings Drive, Prescot dated 7 July 2017 and a debenture comprising a further fixed and floating charge over all assets of the company dated 8 June 2017.

10 Provisions for liabilities

		2019	2018
		£	£
Deferred tax liabilities	11	28,000	4,872

11 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

Balances:	Liabilities 2019 £	Liabilities 2018 £	Assets 2019 £	Assets 2018 £
Accelerated capital allowances	28,000	4,872	-	-
Retirement benefit obligations	-	-	15,580	-
	28,000	4,872	15,580	-

Movements in the year:	2019 £
Liability at 1 April 2018	4,872
Charge to profit or loss	23,128
Credit to other comprehensive income	(15,580)
Liability at 31 March 2019	12,420

The deferred tax asset set out above relates to actuarial differences arising on the defined benefit pension scheme.

The deferred tax liability set out above is expected to reverse within 36 months and relates to accelerated capital allowances that are expected to mature within the same period.

12 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

12 Retirement benefit schemes (continued)

Defined benefit schemes

The company contributes to the Social Housing Pension Scheme (SHPS) which is a multiemployer defined benefit pension scheme with approximately 150 sponsoring employers. The scheme is administered by TPT Retirement Solutions (formerly The Pensions Trust(('TPT'). Under the scheme the employees are entitled to retirement benefits based on a percentage of their final salary on attainment of a retirement age . No other post retirement benefits are provided.

Historically, TPT has not been able to provide sufficient information for each social landlord's share of SHPS in order for each employer's share of the scheme assets and liabilities to be recognised on the balance sheet. As such the scheme had previously been accounted for as a defined contribution scheme with the balance sheet including a provision for the company's deficit contributions only.

Sufficient information about the multi-employer defined benefit plan has now been made available and for the year ended 31 March 2019 defined benefit accounting has been applied for the first time. No comparative information has been included in the accounts in relation to the transition made from defined contribution accounting to defined benefit accounting, in accordance with as FRED 71, which the directors have opted to early adopt.

The prior year comparative information includes the present value of the deficit contributions which does not have comparable disclosures in the current period following the change to defined benefit accounting, being £68,000 in creditors due within one year and £249,000 due in more than one year.

The defined benefit liability for the prior year was calculated £494,000.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were provided by TPT Retirement Solutions for the period ended 31 March 2019. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

Key assumptions	**2019** **%**
Discount rate	2.40
Expected rate of salary increases	3.18
Inflation (RPI)	3.18
Inflation (CPI)	2.18

Mortality assumptions	**2019**
Assumed life expectations on retirement at age 65:	**Years**
Retiring today	
- Males	21.8
- Females	23.5
Retiring in 20 years	
- Males	23.2
- Females	24.7

12 Retirement benefit schemes **(continued)**

Amounts recognised in the profit and loss account	**2019** **£**
Net interest on net defined benefit liability	12,000
Other expenses	3,000
Total costs/(income)	15,000

Amounts taken to other comprehensive income	**2019** **£**
Actual return on scheme assets	(21,000)
Less: calculated interest element	33,000
Return on scheme assets excluding interest income	12,000
Actuarial changes related to obligations	70,000
Total costs/(income)	82,000

The amounts included in the balance sheet arising from the company's obligations in respect of defined benefit plans are as follows:

	2019 **£**
Present value of defined benefit obligations	1,854,000
Fair value of plan assets	(1,334,000)
Deficit in scheme	520,000

Movements in the present value of defined benefit obligations	**2019** **£**
Liabilities at 1 April 2018	1,739,000
Benefits paid	(3,000)
Actuarial gains and losses	70,000
Interest cost	45,000
Other expenses	3,000
At 31 March 2019	1,854,000

The defined benefit obligations arise from plans which are wholly or partly funded.

12 Retirement benefit schemes **(continued)**

Movements in the fair value of plan assets	**2019** **£**
Fair value of assets at 1 April 2018	1,245,000
Interest income	33,000
Return on plan assets (excluding amounts included in net interest)	(12,000)
Benefits paid	(3,000)
Contributions by the employer	71,000
At 31 March 2019	1,334,000

Fair value of plan assets at the reporting period end	**2019** **£**
Equity instruments	225,000
Debt instruments	150,000
Property	53,000
Liability driven investments	488,000
Absolute return	115,000
Alternative Risk Premia	77,000
Secured income	48,000
Other categories	178,000
	1,334,000

13 Audit report information

As the income statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Peter Taaffe FCA CTA DChA.
The auditor was BWM.

14 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2019	2018
	£	£
	80,415	42,202

15 Related party transactions

Transactions with related parties

During the year a gift aid distribution of £1,302,000 was paid to Fusion 21 Foundation (2018: £337,000), the parent charity of Fusion 21 Limited.

At the year end the company was owed £Nil by Fusion 21 Foundation (2018: £2,708).

At the year end the company was owed £2,554 by Corehaus Ltd, an associated undertaking (2018: £51,150).

During the year Fusion 21 Limited incurred legal and professional fees totalling £750 (2018: £nil) in relation to Arom Regeneration, a subsidiary of Fusion 21 Limited. At the year end the company was owed £nil by Atom Regeneration Ltd (2018: £nil).

16 Prior period adjustment

Reconciliation of changes in equity

	Notes	1 April 2017	31 March 2018
		£	£
Equity as previously reported		2,909,847	3,414,106
Adjustments to prior year			
Reversal of gift aid donation expense	1	-	337,000
Reclassification of gift aid distribution	1	-	(337,000)
Equity as adjusted		2,909,847	3,414,106

16 Prior period adjustment **(continued)**

Reconciliation of changes in profit for the previous financial period

	Notes	2018 £
Profit as previously reported		504,259
Adjustments to prior year		
Reversal of gift aid donation expense	1	337,000
Reclassification of gift aid distribution	1	-
Profit as adjusted		841,259

Notes to reconciliation

In accordance with further guidance provided by the FRC regarding gift aid donations from subsidiaries to parent charities, the previously expensed donation in the 2018 financial statements has been reclassified as a distribution to the parent charity.