

FUSION ASSETS LIMITED
(A company limited by guarantee)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

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FUSION ASSETS LIMITED
(A company limited by guarantee)

COMPANY INFORMATION

Directors	Elaine Kemp (appointed 31 March 2016) Allan Graham (appointed 8 March 2016) Thomas Lunny (appointed 8 March 2016) Michael Coyle Scott Duguid Walter Dunlop Des Murray (appointed 27 June 2016)
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	Airdrie Savings Bank 56 Stirling Street ML6 0AW Bank of Scotland 300 Lawnmarket Edinburgh EH1 2PH Clydesdale Bank 43 Hamilton Road Motherwell ML1 3DD
Solicitors	Burness Paull LLP 120 Bothwell Street Glasgow G2 7JL

FUSION ASSETS LIMITED
(A company limited by guarantee)

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FUSION ASSETS LIMITED
(A company limited by guarantee)

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2016

The directors present their report and the financial statements for the year ended 31 March 2016.

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:

Elaine Kemp (appointed 31 March 2016)
Kenneth Wilson (appointed 1 October 2015 & resigned 3 December 2015)
Iain Carmichael (resigned 27 June 2016)
Graham Mackay (appointed 3 December 2015 & resigned 16 March 2016)
Allan Graham (appointed 8 March 2016)
Thomas Lunny (appointed 8 March 2016)
Michael Coyle
Alistair Crichton (resigned 31 March 2016)
Scott Duguid
Walter Dunlop
David Fagan (resigned 17 December 2016)
Paul Jukes (resigned 1 September 2015)
Frank McNally (resigned 8 March 2016)

Provision of information to auditor

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

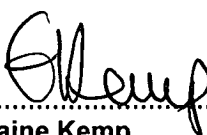
- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing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

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

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.

This report was approved by the board on 3 October 2016 and signed on its behalf.


.....
Elaine Kemp
Director

FUSION ASSETS LIMITED
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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 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 judgments 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, to 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.

FUSION ASSETS LIMITED
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FUSION ASSETS LIMITED

We have audited the financial statements of Fusion Assets Limited for the year ended 31 March 2016 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (Effective January 2015) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

FUSION ASSETS LIMITED
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FUSION ASSETS LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 and the directors' report in accordance with the small companies regime and to the exemption from the requirement to prepare a strategic report.

BDO LLP

Mark McCluskey (Senior statutory auditor)
for and on behalf of BDO LLP, Statutory auditor
Glasgow
United Kingdom

12 October 2016

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

FUSION ASSETS LIMITED
(A company limited by guarantee)

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2016**

	Note	2016 £	2015 £
Grant Income	1,2	5,765,577	-
Administrative expenses		(126,078)	(144,852)
Impairment		(5,332,168)	-
Total administrative expenses		(5,458,246)	(144,852)
Other operating income	3	-	30,000
OPERATING PROFIT/(LOSS)	4	307,331	(114,852)
Interest receivable and similar income		8,948	20,229
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		316,279	(94,623)
Tax on profit/(loss) on ordinary activities	6	7,757	18,925
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	14	324,036	(75,698)

The notes on pages 8 to 14 form part of these financial statements.

FUSION ASSETS LIMITED
(A company limited by guarantee)
REGISTERED NUMBER: SC299690

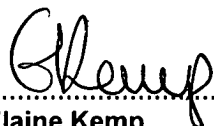
BALANCE SHEET
AS AT 31 MARCH 2016

	Note	£	2016 £	2015 (as restated) £
FIXED ASSETS				
Investments	7		1,128,749	512,749
CURRENT ASSETS				
Stocks	8	3,212,473		7,789,220
Debtors	9	871,964		2,028,890
Cash at bank		1,792,884		1,810,596
		<u>5,877,321</u>		<u>11,628,706</u>
CREDITORS: amounts falling due within one year	10	<u>(2,666,403)</u>		<u>(7,756,620)</u>
NET CURRENT ASSETS			<u>3,210,918</u>	<u>3,872,086</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>4,339,667</u>	<u>4,384,835</u>
CREDITORS: amounts falling due after more than one year	11		<u>(2,318,511)</u>	<u>(2,687,715)</u>
NET ASSETS			<u><u>2,021,156</u></u>	<u><u>1,697,120</u></u>
CAPITAL AND RESERVES				
Other reserves	14		1,095,409	1,212,000
Profit and loss account	14		925,747	485,120
	16		<u><u>2,021,156</u></u>	<u><u>1,697,120</u></u>

The financial statements have been prepared in accordance with the special provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

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

3 October 2016.



.....
Elaine Kemp
 Director

The notes on pages 8 to 14 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 2016

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

1.2 Turnover

Turnover comprises grant income released to the profit and loss account in the period in respect of the ongoing development projects.

1.3 Investments

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

1.4 Stocks and work in progress

Stocks and work in progress 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.

1.5 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse and are not discounted.

1.6 Grants

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 profit and loss account in the period to which they relate.

1.7 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

1.8 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 2016**

2. TURNOVER

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:

	2016 £	2015 £
Release of deferred grant income in respect of the Grovewood project transfer	848,552	-
Release of deferred income held greater than one year in respect of the Grovewood project transfer	369,204	-
Release of deferred grant income in respect of the provision for impairment over land under construction	4,547,821	-
Total	<u>5,765,577</u>	<u>-</u>

3. OTHER OPERATING INCOME

	2016 £	2015 £
Grants receivable	<u>-</u>	<u>30,000</u>

4. OPERATING PROFIT/(LOSS)

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

	2016 £	2015 £
Auditor's remuneration	4,615	5,500
Auditor's remuneration - non-audit	1,135	2,000
Pension costs	10,684	11,101
Impairment of land under construction on disposal - Grovewood	784,347	-
Provision for impairment of land under construction	<u>4,547,821</u>	<u>-</u>

5. DIRECTORS' REMUNERATION

	2016 £	2015 £
Aggregate remuneration	<u>15,041</u>	<u>15,000</u>

FUSION ASSETS LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

6. TAXATION

	2016 £	2015 £
Analysis of tax (credit)/charge in the year		
Current tax		
Adjustments in respect of prior periods	(121)	-
Deferred tax (see note 12)		
Origination and reversal of timing differences	(7,636)	(18,925)
Tax on profit/loss on ordinary activities	<u>(7,757)</u>	<u>(18,925)</u>

7. FIXED ASSET INVESTMENTS

	Investments in participating interests (restated) £
Cost	
At 1 April 2015 (as restated)	512,749
Additions	616,000
At 31 March 2016	<u>1,128,749</u>

Investments held at 31 March 2016 represent:

Name	% holding
Drumpellier Business Park LLP	50% voting rights
Dundyvan LLP	50% voting rights
Central Assets (Scotland) LLP	50% voting rights

The addition in the year is solely in respect of capital contributions made to Central Assets LLP of £616,000. Note this represented a contribution of capital to the newly established entity. No assets or liabilities were acquired over and above the value of the capital contribution.

See note 15 to the financial statements for the details of the prior year restatement.

8. STOCKS

	2016 £	2015 £
Work in progress	<u>3,212,473</u>	<u>7,789,220</u>

FUSION ASSETS LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

9. DEBTORS

	2016 £	2015 £
Amounts owed by related undertakings	397,727	1,307,501
Amounts owed by undertakings in which the company has a participating interest	425,350	285,350
Other debtors	-	394,788
Deferred tax asset (see note 12)	48,887	41,251
	<u>871,964</u>	<u>2,028,890</u>

**10. CREDITORS:
Amounts falling due within one year**

	2016 £	2015 (restated) £
Trade creditors	261,922	1,103,064
Other taxation and social security	7,142	-
Deferred income	2,390,207	6,597,684
Other creditors and accruals	7,132	55,872
	<u>2,666,403</u>	<u>7,756,620</u>

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

During the year £848,552 (2015 - £nil) of deferred VDLF grant income was released to the profit and loss account in respect of transfer of the Grovewood project to Central Assets (Scotland) LLP. In addition £4,547,821 (2015 - £nil) of deferred VDLF grant income was released in respect of provision for impairment for land under construction recorded in the year.

**11. CREDITORS:
Amounts falling due after more than one year**

	2016 £	2015 (restated) £
Deferred income	<u>2,318,511</u>	<u>2,687,715</u>

Deferred income consists of monies received from Boots plc. The deferred income will be released to the profit and loss account as relevant expenditure is incurred by the company.

During the year £369,204 (2015 - £nil) of deferred Boots grant income was released to the profit and loss account in respect of transfer of the Grovewood project to Central Assets (Scotland) LLP.

See note 15 to the financial statements for the details of the prior year restatement.

FUSION ASSETS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

12. DEFERRED TAX ASSET

	2016 £	2015 £
At the beginning of the year	41,251	22,326
Credited during the year	7,636	18,925
	<u>48,887</u>	<u>41,251</u>
At the end of the year	<u>48,887</u>	<u>41,251</u>

The deferred tax asset is made up as follows:

	2016 £	2015 £
Tax losses carried forward	<u>48,887</u>	<u>41,251</u>

13. COMPANY STATUS

The company is a private company limited by guarantee and consequently does not have share capital. Each member is liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation. At 31 March 2016 there was 1 member: North Lanarkshire Council.

14. RESERVES

	Other reserve (restated) £	Profit and loss account (restated) £
At 1 April 2015 (as restated)	1,212,000	485,120
Profit for the year	-	324,036
Transfer between other reserves and P/L account	-	116,591
Movement on other reserves	(116,591)	-
	<u>1,095,409</u>	<u>925,747</u>
At 31 March 2016	<u>1,095,409</u>	<u>925,747</u>

During the year a balance of £116,591 (2015 - £nil) was released from other reserves to the profit and loss account in respect of the transfer of the Grovewood project to Central Assets (Scotland) LLP, which was originally part funded out of the other reserves held in the balance sheet.

See note 15 to the financial statements for the details of the prior year restatement.

FUSION ASSETS LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

15. PRIOR YEAR ADJUSTMENT

During the year the directors reviewed the accounting for deferred income and its release to the profit and loss account. In addition the treatment of the other reserve held was reviewed. The result of the review was that the value of the contribution to Dundyvan, being the cash spent on the project out of deferred income and the other reserve should be released. An amount of £389,688 was released from deferred income greater than one year and recorded as grant income for the year ended 31 March 2012. In addition an amount of £123,060 is required to be released from other reserve to the profit and loss account in the year ended 31 March 2012. The respective opening balances in subsequent years have been restated accordingly.

The prior year investment in participating interests balance (see note 7) was restated to account for capital contributions in Dundyvan LLP at a value of £512,748 and Drumpellier Business Park LLP at a value of £1 previously recognised as amounts owed by undertakings in which the company has a participating interest.

16. RECONCILIATION OF MOVEMENT IN MEMBERS' FUNDS

	2016 £	2015 £
Opening members' funds (as restated)	1,697,120	1,772,818
Profit/(loss) for the financial year	324,036	(75,698)
Closing members' funds	<u>2,021,156</u>	<u>1,697,120</u>

17. 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 £10,684 (2015 - £11,101). Contributions totalling £Nil were payable to the scheme at the balance sheet date.

FUSION ASSETS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

18. RELATED PARTY TRANSACTIONS

Due to the nature of the company's operations and the composition of the Board of Directors it is inevitable that transactions may take place with companies and organisations in which directors of Fusion Assets Limited have an interest. The related party transactions occurring in this period are:

North Lanarkshire Council, a member of the company, provided accounting and payroll services to the company. Accountancy services were provided at £6,000 plus VAT for the year to 31 March 2016 (2015 - £6,000). North Lanarkshire Council provided grant funding totalling £788,303 (2014 - £2,476,585) to the company. There was a balance of £397,727 (2015 - £1,307,501) owed to Fusion Assets Limited from North Lanarkshire Council at the year end relating to the grant funding net of the service fee amounts payable.

At the year end a balance of £315,350 (2015 - £285,350) was due from Drumpellier Business Park LLP, an entity in which Fusion Assets Limited is a member. During the year an amount of £30,000 (2015 - £Nil) was advanced to this LLP.

At the year end a balance of £110,000 (2015 - £nil) was due from Central Assets (Scotland) LLP, an entity in which Fusion Assets Limited is a member. During the year an asset of £110,000 upon the transfer of land to Central Assets (Scotland) LLP on which VAT was applicable and per agreement payable by Central Assets (Scotland) LLP.

19. CONTINGENT LIABILITIES

The company has secured grant funding from North Lanarkshire Council amounting to £7,385,987 (2015 - £6,597,684). There are no repayment terms in respect of this funding other than by default of the grant conditions. 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.

20. ULTIMATE PARENT UNDERTAKING AND 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.

FUSION ASSETS LIMITED
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**DETAILED TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2016**

	2016 £	2015 £
TURNOVER	5,765,577	-
Other operating income	-	30,000
	5,765,577	30,000
 LESS: OVERHEADS		
Administration expenses	(5,458,246)	(144,852)
	307,331	(114,852)
OPERATING PROFIT/(LOSS)		
Interest receivable	8,948	20,229
	316,279	(94,623)
PROFIT/(LOSS) FOR THE YEAR	316,279	(94,623)

FUSION ASSETS LIMITED
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**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2016**

	2016 £	2015 £
TURNOVER		
Other income	5,765,577	-

	2016 £	2015 £
OTHER OPERATING INCOME		
Grants receivable	-	30,000

	2016 £	2015 £
ADMINISTRATION EXPENSES		
Directors' salaries	15,041	15,000
Staff salaries	59,273	57,382
Staff national insurance	7,054	6,802
Staff pension costs - defined contribution schemes	10,684	11,101
Entertainment	126	-
Hotels, travel and subsistence	2,290	1,031
Computer costs	540	466
Marketing and promotion	6,428	31,179
Trade subscriptions	290	-
Legal and professional fees	10,254	8,251
Auditor's remuneration	4,615	5,500
Auditor's remuneration - non-audit	1,135	2,000
Bank charges	126	20
Sundry expenses	5	120
Subscriptions	813	-
Accountancy fees	7,404	6,000
Impairment of land under construction	5,332,168	-
	5,458,246	144,852

	2016 £	2015 £
INTEREST RECEIVABLE		
Bank interest receivable	8,948	20,229