

Charity Registration No. 1164818

Company Registration No. 7998339 (England and Wales)

FUSION 21 FOUNDATION
COMPANY LIMITED BY GUARANTEE
CONSOLIDATED ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

**FUSION 21 FOUNDATION
COMPANY LIMITED BY GUARANTEE
LEGAL AND ADMINISTRATIVE INFORMATION**

Trustees	Ms A Astbury Mr T Cahill Mr E Livesey Mr C E C Murray Ms C Baxter Ms A Taylor
Secretary	Mr M Chadwick
Charity number	1164818
Company number	7998339
Registered office	Unit 2 Puma Court Kings Business Park Knowsley Merseyside L34 1PJ
Auditor	BWM Suite 5.1 12 Tithebarn Street Liverpool L2 2DT
Bankers	Barclays Bank PLC Lord Street Liverpool L2 1TD

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**FUSION 21 FOUNDATION
COMPANY LIMITED BY GUARANTEE**
Chair and Chief Executive Report
FOR THE YEAR ENDED 31 MARCH 2021

An integral part of the Fusion21 story, the Fusion21 Foundation embodies the social change we all want to see, championing positive health and wellbeing, financial inclusion, housing, and employability for all.

The Foundation funds projects and organisations to build brighter futures for local communities. Every community has its challenges: the Foundation works on their behalf to find practical solutions that make incredible differences in people's lives. We invest in innovative projects that result in life-changing outcomes for the people around you. We work with like-minded organisations to support activities such as research, policy development, and test and learn approaches.

Like all organisations across the world, the year was shaped by the Covid-19 pandemic and the significant impact to society as we know it. We are proud of the way our people responded to the challenge to ensure that we continued to provide valued support to our members during a time of crisis. We were able to respond quickly by working with organisations such as the National Emergencies Trust and the Charitable Aid Foundation to ensure funds were channelled directly into the communities that needed them.

As the Pandemic took hold, our priorities evolved from taking immediate action to support the early crisis management phase to focusing on the longer term recovery. Our aim has been to support transformative thinking, as part of a "new normal", by funding research and pilot projects. By adopting a partnership approach we were able to act quickly.

Even under these challenging circumstances, the work of the Foundation has had a direct impact on people's lives. From our initial response to the pandemic, to supporting organisations to adapt to a Covid-19 environment, funding research and policy advocacy and by supporting capacity building we have worked hard to support Member needs and evolving priorities. The fact that we can celebrate the success of these initiatives in this report gives us great encouragement.

Our commercial arm, Fusion21 Ltd, experienced similar challenges and disruptions caused by the pandemic. Notwithstanding this, our procurement and social value services continued to provide valued support to our members throughout the year. We also saw an increase in our membership to over 700 members across the UK. Our procurement service continues to provide a compliant procurement route to market enabling members to achieve value for money and social value goals. We continue to work with a range of organisations providing social value services that enhance their procurement and planning activities, working to maximise social impact in these areas.

What brings the Fusion21 Group together is our belief in Procurement with Purpose, our continued commitment to supporting organisations to achieve social objectives through procurement.

The role of procurement is becoming increasingly more strategic and is under increasingly significant challenges. Fusion21's procurement and social value services combine to provide an effective procurement solution that delivers meaningful social value. Through the Foundation, we can maximise the social impact for our members by targeting support and funding that enhances the value our members receive from us.

This puts us in a unique position to be able to influence and support our members through a variety of ways.



chris murray (Dec 23, 2021 13:24 GMT)



D Neilson (Dec 23, 2021 10:25 GMT)

Chris Murray and Dave Neilson

Group Chair and Group Chief Executive

Dated: Dec 23, 2021

**FUSION 21 FOUNDATION
COMPANY LIMITED BY GUARANTEE
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)
FOR THE YEAR ENDED 31 MARCH 2021**

The trustees present their report and financial statements for the year ended 31 March 2021.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016)

Objectives and activities

The charity's objects are the advancement of citizenship and community development for the benefit of the public by the promotion of urban and rural regeneration in areas of social and economic deprivation by all or any of the following means

- (a) the relief of financial hardship,
- (b) the relief of unemployment,
- (c) the advancement of education, training or retraining, particularly among unemployed people and offenders, and providing unemployed people and offenders with experience,
- (d) the provision of financial assistance, technical assistance or business advice or consultancy in order to provide training and employment opportunities for unemployed people in cases of financial or other charitable need through help (i) in setting up their own business, or (ii) to existing businesses,
- (e) the creation of training and employment opportunities by the provision of workspace, buildings, and/or land for use on favourable terms,
- (f) the improvement of housing in the public sector or in charitable ownership provided that such power shall not extend to relieving any local authorities or other bodies of a statutory duty to provide or improve housing,
- (g) the protection or conservation of the environment,
- (h) the advancement of education in the use of information technology by the provision of facilities and resources in particular for those who by virtue of their age or social or economic circumstances would not have otherwise have access to information technology,
- (i) the promotion of social inclusion by preventing people from becoming socially excluded, relieving the needs of those people who are socially excluded and assisting them to integrate into society (socially excluded means being excluded from society, or parts of society, as a result of one or more of the following factors: unemployment; financial hardship; youth or old age; ill health (physical or mental); substance abuse or dependency including alcohol and drugs; discrimination on the grounds of sex, race, disability, ethnic origin, religion, belief, creed, sexual orientation or gender re-assignment; poor educational or skills attainment; relationship and family breakdown; poor housing (that is housing that does not meet basic habitable standards; crime (either as a victim of crime or as an offender rehabilitating into society)),
- (j) such other means as may from time to time be determined subject to the prior written consent of the Charity Commissioners for England and Wales.

**FUSION 21 FOUNDATION
COMPANY LIMITED BY GUARANTEE
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

History, Purpose & Vision

Fusion21 Foundation was created by its commercial social enterprise subsidiary Fusion21 Ltd. The aim of this unusual approach, of subsidiary creating a parent, was to handover the control and governance of Fusion21 Ltd, from its seven Founding Housing Association Members, to an independent board of Directors. More importantly it was to create a structure that placed limits on changes to Fusion21 Ltd, that could impact negatively on its social values and characteristics. This has been achieved by handing over 'control' of Fusion21 Ltd to a newly created charity parent; whose responsibilities are to:-

- secure and uphold the social purpose of the Fusion21 brand
- reinforce the status of Fusion21 as a true social enterprise
- position Fusion21 at the heart of the "social value" agenda
- eliminate the risk of conversion of Fusion21 Ltd assets, for personal gain, by future leaders
- position Fusion21 Ltd as the only fully independent and true social business operating in the procurement consortia sector

The purpose of Fusion21 Foundation is to deliver 'added social value' programmes and investments, in accordance with its charitable objects and on behalf of the Fusion21 group. The Foundation is currently funded by its commercial subsidiary, Fusion21 Ltd; through donation of a significant proportion of its profits. These funds are used to deliver social value programmes and investments for the charitable benefit of members, residents and communities of Fusion21; across all geographical areas.

The purpose of Fusion21 Ltd is 'delivering efficiencies; creating social value', for our members, and this guides everything we do. Our mission is to be the leading social enterprise providing leading procurement and regeneration services to our members: public sector organisations.

Fusion21 Foundation is the parent company and charitable organisation. The Foundation focuses on being a social investor; supporting our members through a range of social investments, grants and social networks to tackle challenges relating to employment and skills, health and wellbeing and deprivation.

Fusion21 Ltd is the commercial subsidiary and social enterprise that supports our members by promoting public sector procurement as a means to save money and create social outcomes. Since 2002 we have gained national recognition for our collaborative approach; delivering £226m savings through the procurement system, creating over 7,500 jobs and generating over £105m in social impact. Our values motivate us to be enterprising, aspiring and customer focused.

FUSION 21 FOUNDATION COMPANY LIMITED BY GUARANTEE TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

Public Benefit

The Trustees have referred to guidance published by the Charity Commission's general guidance on public benefit when reviewing the charity's objectives and activities, and in planning its future activities. Particular attention has been paid as to how the planned activities will contribute to the objectives and activities that have been set. The Trustees have undertaken a review of The Foundation's public benefit, with the independent advice and guidance from Anthony Collins solicitors, to satisfy themselves that the Foundation's activities meet with Charities Commission requirements on 'public benefit'

The Foundation's public benefit principally derives from the social investment and support provided to the residents and communities of its 700+ public sector members. The Foundation is fully funded by Fusion21 Ltd and projects are often co-funded by Fusion21 Members. The Foundation does not engage in fund raising etc activities with it's sole source of revenue currently being Fusion21 Ltd.

Internal governance has been a key objective for the organisation as we seek to ensure the right arrangements are in place across the organisation. Working closely with our legal advisors, Anthony Collins, we have also reviewed our governance arrangements and put measures in place to agree an Intra Group Agreement between the Foundation and Ltd companies to support and reinforce the existing relationships and constitutional arrangements.

One Fusion21

As a membership organisation, Fusion21's primary objective is to support our membership to achieve their goals and objectives. We believe firmly in a One Fusion21 approach; whereby everything we do is to benefit our public sector members. Our governance model supports our dual charitable and commercial priorities in support of this, and our culture embodies the principles of a single organisation working towards a common purpose.

All parts of Fusion21 share a vision *to be an organisation for positive change* - by helping members to buy smarter, championing social value and sustainability.

Achievements and performance

Our impact

This year, the Foundation - along with many other funders - had to adapt to the challenges created by the pandemic, making proactive investments to address immediate need and providing support and a flexible approach to our existing grantees.

We spent **over half a million** pounds supporting projects across the country over our three priority themes: employment and skills, health and wellbeing, and deprivation.

Our headline achievements included:

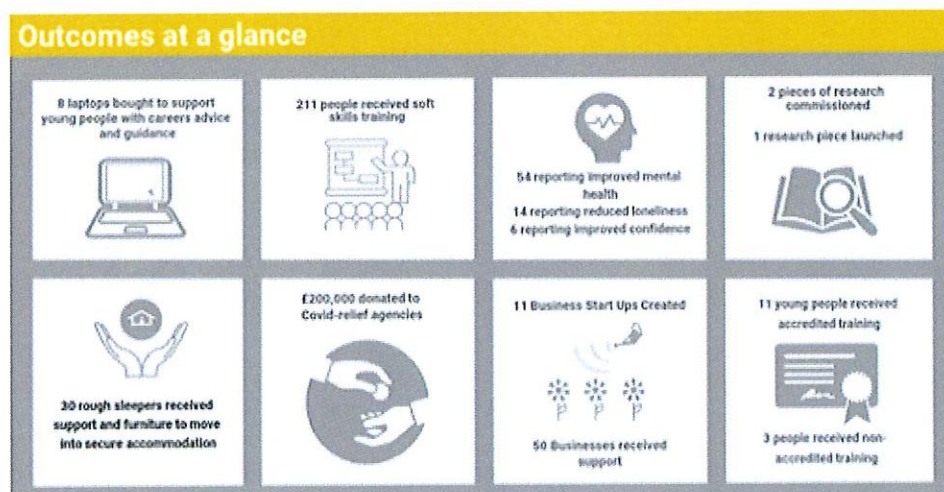
- 94% of spend was attributed to projects that were commissioned this year.
- We developed new relationships and commenced several multi-year projects this year,



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These projects generated a range of outcomes across the priority themes - and the multi-year grant agreements established this year will continue to generate further outcomes across future years, including:

- 11 young people receiving accredited training
- 11 (social) business start ups and 50 (social) businesses receiving support
- 20 rough sleepers supported with furniture packages
- 2 pieces of research in child poverty and social investment
- 1 research project's findings into youth homelessness launched
- £200,000 donated to Covid-19 relief agencies at the start of the pandemic
- 54 people reporting improved mental health
- 14 people reduced loneliness and 6 increased confidence as a result of projects we funded
- 211 people received soft skills training
- 8 new laptops procured for a youth based advice and support cafe



Our response to the pandemic

At the start of the pandemic, we reacted quickly and effectively, supporting the immediate crisis while making sense of the 'new world' and its challenges.

We targeted two key national organisations - **Communities Aid Foundation** and the **National Emergencies Trust** – both of which had the infrastructure in place to co-ordinate and mobilise donations to support communities across the country. We **donated £100,000** to each of their appeals.



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Profile: Thrive Careers



In addition, we supported a local organisation – **Thrive Careers Hub** in Liverpool – to purchase eight laptops to enable them to continue to support young people with careers advice and work experience during lockdown and the tiered restrictions.

<https://www.youtube.com/watch?v=7OOZqxHAe8Q&t=139s>

Profile: Home for Good



Liverpool City Council adopted a comprehensive and radical approach to the provision of supported move-on accommodation for those in Covid-19 emergency provision and for people experiencing a crisis which made them homeless or threatened with homelessness during the lockdown period.

The city's approach was based on a strong partnership working between the Council, **the major housing associations, and voluntary sector accommodation & support providers.**

We invested **£50,000** in this 'Home for Good' project to enable 30 of the previously homeless people to receive furniture packages as part of their tenancy. Alongside receiving support, this enabled them to sustain their tenancy.

<https://www.youtube.com/watch?v=DVR7juC3zCk&t=3s>

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Projects adapting to a Covid-19 environment

Our priority was to act as a responsible funder in these unprecedented times which meant we worked with our existing projects to provide assistance and to adapt our monitoring requirements accordingly.

Three of these projects explain the impact this on them below:

Profile: the Tunza Centre



The **Tunza project** pivoted its sensory room provision during lockdown to provide loaned equipment for families in need at home. As restrictions started to lift, they adapted their outdoor space to attract families back to the centre – especially those who were becoming increasingly isolated at home but also fearful of using indoor public spaces.

Dream High



Dream High continued its support of small businesses by providing its networking events, panel meetings and 121 support via Zoom. The start of the pandemic created an increase in demand from existing businesses who needed support to pivot their business models. The second 'wave' of pandemic saw more people exploring entrepreneurial ventures following redundancy which required specific business start-up advice.

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Profile: Manchester Youth Zone

Manchester Youth Zone used the closure of their centre at the start of the pandemic as an opportunity to complete the construction of their learning kitchen, co-funded by us and **Guinness Housing Partnership**. Although the original outcomes for the project were based on developing employment skills, it was initially utilised to create hundreds of food parcels for the community instead, as well as providing cooking lessons over Zoom. As restrictions eased and the centre reopened, the kitchen was used as a great way to reconnect with young people, building their confidence and social skills, while gaining cooking skills and advice around healthy eating.

"Me and Hugo (brother aged 9) learned to make fajitas in the kitchen – we can't wait to teach our Dad how to make them from scratch, it's his favourite with lots of cheese and no burnt chicken."

Tomasz, aged 12



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Research and policy advocacy

A key emerging priority was to explore innovative ways to create and support impact across communities. One of the ways we do this is through commissioning research and, crucially, using findings from that research to contribute to policy advocacy and systemic change.



We've commissioned a piece of research by the **Child Poverty Action Group**: *'Improving the experiences of people experiencing mental ill-health using the social security system'*. A series of recommendations for improving support provided by work coaches will be developed and CPAG will advocate for these recommendations, together with partner organisations and the wider sector, to policy and decision makers, and others, so that people experiencing mental ill-health get the personalised support they need through the social security system.



As a social enterprise ourselves, we appreciate the important role social enterprises and social investment plays in the economy and wider community. As such we sponsored **SEUK's** work for the Adebowale Commissions' inquiry into the state of social investment.



We co-funded a report into youth homelessness in London, alongside the Berkeley Foundation. The research findings were launched in November 2020 and resulted in three recommendations which are being reviewed by the **Together Alliance**. Working groups have been established to address the report's findings and we continue to be in conversation with them to support the delivery of outcomes arising from their work.

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Capacity building

As a funder seeking transformative change, we also embraced opportunities for collaboration around wider strategic goals. This included working with industry leading organisations to address key challenges and opportunities for our members. Examples include our work with the TAROE Trust and HACT.

Profile: TAROE Trust

In July, news broke that the trustees of tenant charity, **TAROE Trust**, had taken the decision to close the charity. We recognised that the Trust has a valuable role to play within the housing sector and so took the decision to support them over a three-year period to deliver on their new business plan and update its commitments as set out in the charity's *Manifesto for Change*.

"We are really thankful for the generosity of Fusion21 and their recognition of the value we bring in raising the interests of tenants in national level housing debates...this funding means that we should now be able to properly invest in creating a platform where tenants can highlight their experiences so that this can shape our priorities for change..."
TAROE Trust Chair, Michael Gelling OBE

Profile: HACT

In January 2020, **HACT** and **Simetrica-Jacobs** convened the UK Social Value in Housing Taskforce, including Fusion21, social housing organisations, national membership bodies, developers and contractors, and the Regulator of Social Housing.

The Taskforce agreed that the sector needed to work collaboratively to standardise our approaches so that social value information is better understood and respected, is available to measure performance, and can be used to support and enhance our regulatory returns.

Fusion21 and a range of partners co-funded a new roadmap, developed by HACT, that included an expanded UK Social Value Bank, along with resources and tools that could be used by any project in any social housing organisation looking to improve, demonstrate and maximise its social, economic, and environmental outcomes.

Work started on the project in November and will continue into 2022.



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Partnerships

Integral to the Foundation's ambition is to establish partnerships that extend beyond a grant making relationship - creating meaningful engagement and facilitating connections alongside the provision of funds.

In March 2021 we launched our 3-year partnership with **The Prince's Trust** as part of their national youth employment programme - supporting young people into careers in the health and social care sector across England.

As part of our partnership, Fusion21 employees will be getting involved in volunteering opportunities such as CV workshops and mentoring. We will also facilitate connections between public sector organisations we work with through Fusion21's procurement services (our 'members') and the Prince's Trust. Not only will members benefit from being able to refer young people onto courses, but the Prince's Trust can support sectors such as housing and local government with recruitment challenges in their social care provision.



Procurement

This year we continued to support our members with their built environment procurement needs. We managed over **£259m** of contract spend throughout the year, delivered over **£35m** in efficiency savings and generated a social impact ranging from job and apprenticeship creation to work experience, careers advice, volunteering days and training opportunities.

We launched new frameworks with a combined spend of **£2.2bn** including new procurement solutions for Workplace and Facilities and Building Safety. Our heating and decarbonisation solutions helped to save over **£1.8m** in fuel bill costs and over a carbon reduction of **6,497,970kgCO₂**.



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Social Value

Through our procurement work 217 jobs were created and 864 sustained, with 43 apprentice opportunities generated. Over 650 people benefitted from training and 60 people from careers advice or work experience. Over 170 days of volunteering time were committed and up to £40k of time, equipment and money donated.

Through our work in the planning system we supported over 100 people into work, 200 young people took part in careers advice presentations and workshops, with 20 local subcontractors employed on sites and over £3,000 donated to local communities. We also supported 32 inmates to start a course in prison, with 24 completing within the year. As part of the training programme, 27 practical projects were undertaken within prison to provide valuable work experience.

Covid-19

By agreement of the Trustees, the Foundation has responded to the Covid-19 pandemic by aligning its strategic objectives for 2021-22 to support for the pandemic response by member communities.

The Foundation remains a going concern and Covid-19 has not affected its results for the financial year. The Foundation continues to ensure that its reserves are used to support the Fusion21 membership and their communities during the pandemic as part of its Covid-19 strategy.

There is currently no deficit position within the Foundation. Measures are in place to review Foundation finances at quarterly Trustee board meetings with day to day spend being managed via designated funds.

There has been no material impact on free reserves in the Foundation. The Foundation continues to adapt to the ongoing Covid-19 situation by aligning its immediate priorities to support the crisis, all of which have been budgeted from existing designated funds.

There are no major uncertainties arising over the Foundation's financial resilience because of Covid-19. The Foundation has a robust financial position and is actively managing the reserve position to ensure effective support can be provided during the pandemic using existing funds only. The Trustees are mindful that future donations could be impacted by the pandemic and are actively modelling future financial projections to ensure the financial position remains strong.

Future plans

Notwithstanding the impact of Covid-19, Fusion21 has continued to provide support to our members with our procurement, social value and Foundation work. Like most organisations, we had to adjust our planning in response to the pandemic, but we remain confident in our long term plans.

Our Foundation continues to develop at pace, and we will introduce new social investment opportunities supporting Covid-19 recovery to our members in the coming year. Many of the projects funded this year will start to make a real impact with the research projects beginning to share their findings. We'll continue to fund transformative thinking and will look to build on the partnerships and collaborations we have already made. Our procurement and social value services will continue to support our members as we focus on the climate crisis, with our next generation decarbonisation framework due to be launched.

The board already agreed in December 2020 to work towards a model of 2/3 of available reserves to be committed to social investment activities and 1/3 for grant making. Provision has already been made for a social investment of up to £2m in 2021-22, with additional investments of similar size scheduled to follow thereafter.

Work will also start on our new long term plan ready for April 2022.

Building on our success

Next year will see us build on the successful engagement we have enjoyed with our members to support their priorities. We will increase the number of projects we co-fund with our members across the country, particularly with reference to mental health, loneliness, and isolation for both the younger and older populations.

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The Prince's Trust launch in March this year was an important one for us and we will embed the partnership next year – encouraging and supporting our staff to volunteer as well as facilitating discussions and connections between the Prince's Trust programmes and our members across the country.

Moving towards sustainable solutions

This year, we have reacted promptly to emergency needs exacerbated by the pandemic through our collaboration with CAF and NET. This has included funding towards food banks. In 2021-22, we want to develop more sustainable solutions to food insecurity and will commission research and projects to develop our thinking in that area.

Through commissioning a range of pilot projects across all our priorities, we will be able to 'test and learn' from different approaches and share the learning across geographies and sectors to advance understanding and best practice, as well as increase our profile as a funder of transformative change. The findings from the research pieces commissioned in 2020-21 will be launched in 21-22 and we will share the knowledge from those findings with members and partners to develop practice and inform future investments. We will continue to look for opportunities to fund research based on our priority objectives as a fundamental part of our strategy.

As champions of social change, we will develop and launch our first social investment product in 2021-22, to support charities and social enterprises across the country who have been hardest hit by Covid-19. We know our members' communities benefit from the vital work of VCSE organisations. By being part of supporting the sustainability of the sector, our investment will enable organisations working locally to continue to deliver great work, building brighter futures for communities, while achieving sustainable, positive, and life-changing outcomes.

Our funding strategy will continue to evolve based on our members' changing priorities and relevant policy drivers. We will grow and develop our approach based on the emerging issues of the 'post-pandemic' landscape. As a funder we want to play our part to mitigate the impact that Covid-19 has had on individuals and communities. In order to do this, and to achieve our ambition to create social impact at scale; we will seek out like-minded funders for collaboration as well as identifying strategic networks that will inform and shape our priorities and investment decisions for the future. We have already identified several potential partners and will progress our conversations with them in 2021-22.

Building safety and decarbonisation

Through our commercial work, we will continue to support the building safety agenda by providing a high quality procurement service to our members. Next year will see our focus on decarbonisation pick up pace with the renewal of our frameworks a key component of our decarbonisation offer. We'll also be enhancing our consultancy and professional services offer, with the renewal of our Consultancy framework.

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Financial review

Review of the financial position

The consolidated Statement of Financial Position shows total group income for the year was £6,142,853. (2020: £6,573,086). This income was generated solely by the trading subsidiary, Fusion21 Ltd, through its procurement support work.

The charitable activities of the foundation are funded solely from donations received from the trading subsidiary and in the year to 31 March 2021 a donation was paid to the foundation of £1,243,000 (2020: £1,243,000). Further donations were made in respect of the year ended 31 March 2021 totalling £1,995,948 with the amounts being paid since the year end date.

After taking in account the total expenses of £4,797,245 (2020 - £3,519,631) the group recorded a net surplus for the year of £2,122,586 (2020 - £3,053,455) and had total carried forward funds of £10,945,423 (2020 - £8,822,847).

Of the total group funds carried forward £6,872,751 (2020 - £5,843,398) relate to reserves held within the trading subsidiary Fusion 21 Limited. The Trustees have chosen to retain such funds within Fusion21 Ltd to reflect the fact that a significant proportion of the group's financial liabilities are held within the company. Such reserves are therefore considered necessary to enable the subsidiary to meet its debt obligations and to protect it against any potential future claim made against it. Funds have also been retained within the subsidiary to support the company's growth and secure a source of considerable future funding through further annual donations.

The Foundation has also designated funds totalling £3,026,859 which includes: £370,000 in respect of asset acquisition, namely 2 properties in Cathedral Close, Chilton. £2,592,329 to fund projects and social investments in employment and skills, health and wellbeing, and deprivation and £64,500 for social investment manager.

Policy for holding reserves

Fusion21 Foundation endeavour to maintain free reserves in each financial year to meet any reasonably foreseeable contingency. The free reserves are defined as funds that are available for use at the discretion of the Trustees. This excludes funds retained in the trading subsidiary and any amounts designated for other specific purposes.

A core part of the strategy of the Foundation is to play an active role in within the social investment community. As such, the Trustees agreed in December 2020 to work towards a model of 2/3 of available reserves to be committed to social investment activities and 1/3 for grant making. Provision has already been made for a social investment of up to £2m in 2021-22, with additional investments of similar size scheduled to follow thereafter.

The surplus recorded for the year ended 31 March 2021 saw total group funds increase to £10,945,433 (2020 - £8,822,847). The current year donation from the trading subsidiary, Fusion 21 Ltd, of £1,243,000 will look to be expended on charitable activities in 2021/22 and beyond in line with the foundations future plans and strategy. The trustees are also considering the investment of any surplus reserves with the aim to generate future incomes to fund further charitable activities.

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Structure, governance and management

Fusion21 Foundation;

A Company Limited by Guarantee (without share capital)
A registered charity
The parent company of Fusion21 Ltd
The sole Member of Fusion21 Ltd

Fusion21 Ltd:

A Company Limited by Guarantee (without share capital)
The "trading subsidiary" of Fusion21 Foundation
A social enterprise undertaking a range of business activities for the purpose of profit and social benefit
The Managing Agent for the Fusion21 Members Consortium
Donates profit to the Foundation to allow it to meet its charitable objects

Fusion21 Members Consortium:

A membership organisation and procurement consortium; which is open to all public bodies/contracting authorities
Governed by its Membership
A 'Contracting Authority' for the purposes of Public Procurement Regulations
Holds 'compliant' framework agreements that Members can access to deliver cost efficiencies

Fusion21 Foundation (company number 07998339 , charity number 1164818) is the parent company and Fusion21 Ltd (company number 05090266) is a social enterprise subsidiary. The Foundation Trustees are responsible for the charity and can exercise control over Fusion21 Ltd, although it is governed and managed by an independent board of non-executive directors. In order to foster cohesion across the group there are two common directors (one common chair and one common director) with both boards having an independent majority.

The Foundation has made a commitment to adopting the Good Governance Code and has been working with Anthony Collins Solicitors on this objective to comply with the recommendation and guidance outlined in the "Decoding the Charity Governance Code" report published by RSM Accountants. To ensure consistency Fusion21 Ltd has also committed to adopting the 7 principles of The Good Governance Code along with an additional theme that will report annually on company viability.

An Inter Group Agreement has also been drafted which will be adopted by the Foundation and Ltd. These matters represent significant commitments to establishing long term good practice and will help to demonstrate how the Ltd board has ceded overall group control to the Foundation.

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Fusion21's executive (the Leadership Team) is responsible for the day to day management of both organisations. Considering the charity is the newest addition to the Fusion21 group, management services are provided by Ltd either by gift aid or at actual cost. The executive comprises the Chief Executive, Director of Operations, Director of Business Services. This team is employed and remunerated by Fusion21 Ltd, from trading revenue, ensuring that no executive costs are attributed to the charity.

The only employee management costs incurred by the charity relate to one individual who is directly involved in managing the day to day activities of the Foundation. Fusion21 Ltd has a remuneration policy, managed by a Remuneration Panel of Non-Executive Directors, that determines executive pay. The Remuneration Panel commissions independent advice on executive pay and ensures that the policy is based on the commercial environment that Fusion21 Ltd operates within. This Panel also sets Recruitment, Retention and Succession Policy to attract and retain the appropriate knowledge, skills and experiences required by Fusion21 Ltd. The only other costs the Foundation incur are professional fees directly related to Foundation business.

Trustees are appointed in line with the group 'Recruitment, Retention & Succession' and 'Equality & Diversity' group policies which apply to all staff, Directors and Trustees. The articles of association also defines Trustee recruitment and appointment arrangements; and minimum and maximum Trustee numbers. Vacancies are actively recruited in the public domain using the services of professional recruitment agencies. Trustees are appointed on agreed 'Terms of Office' policy which provides for a three year term with options to extend to 2 further 3 year terms. A Board appraisal process is in place will be undertaken when the current trustees reach one year's service and annually thereafter.

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

Ms A Astbury
Mr T Cahill
Mr E Livesey
Mr C E C Murray
Ms C Baxter
Ms A Taylor

None of the trustees has any beneficial interest in the company. All of the trustees are members of the company and guarantee to contribute £1 in the event of a winding up.


Disclosure of information to auditor

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The trustees' report was approved by the Board of Trustees.


.....

Mr E Livesey
Trustee
Dated: Dec 23, 2021
Dated:


[chris murray \(Dec 23, 2021 13:24 GMT\)](#)
.....
Mr C E C Murray
Trustee
Dated: Dec 23, 2021
Dated:

**FUSION 21 FOUNDATION
COMPANY LIMITED BY GUARANTEE
STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2021**

The trustees, who are also the directors of Fusion 21 Foundation for the purpose of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**FUSION 21 FOUNDATION
COMPANY LIMITED BY GUARANTEE
INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEES OF FUSION 21 FOUNDATION**

Opinion

We have audited the financial statements of Fusion 21 Foundation (the 'charity') and its subsidiary (the "Group") for the year ended 31 March 2021 which comprise the Consolidated Statement of Financial Activities, the Consolidated and parent charitable company Balance Sheets, the Consolidated Statement of Cash Flows and the notes to the accounts, 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 group and charitable company's affairs as at 31 March 2021 and of its incoming resources and application of resources, 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 trustees' 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 charity'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 trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees 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.

**FUSION 21 FOUNDATION
COMPANY LIMITED BY GUARANTEE
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE TRUSTEES OF FUSION 21 FOUNDATION**

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' 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 group, the charity, the subsidiaries and their environment obtained in the course of the audit, we have not identified material misstatements in the directors' Report included within the Trustees' 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees 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 trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose of company law, 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 trustees 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 trustees are responsible for assessing the group's and charity'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 trustees either intend to liquidate the group or the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

**FUSION 21 FOUNDATION
COMPANY LIMITED BY GUARANTEE
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE TRUSTEES OF FUSION 21 FOUNDATION**

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 skills 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
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence
- 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 to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions; and
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.

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;
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**FUSION 21 FOUNDATION
COMPANY LIMITED BY GUARANTEE
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE TRUSTEES OF FUSION 21 FOUNDATION**

Use of our report

This report is made solely to the charitable 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 charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Peter Taaffe FCA CTA DChA (Senior Statutory Auditor)
for and on behalf of BWM**

23/12/2021
.....

**Chartered Accountants
Statutory Auditor**

Suite 5.1
12 Tithebarn Street
Liverpool
L2 2DT

**FUSION 21 FOUNDATION
COMPANY LIMITED BY GUARANTEE
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING THE CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	Unrestricted funds 2021 £	Unrestricted funds 2020 £
<u>Income and endowments from:</u>			
Other trading activities	3	6,119,697	6,539,989
Investments	4	7,579	12,270
Other income	5	15,577	20,827
Total income		6,142,853	6,573,086
<u>Expenditure on:</u>			
Raising funds	6	3,896,093	3,359,489
Charitable activities	7	573,981	180,939
Other	13	327,171	(20,797)
Total expenditure		4,797,245	3,519,631
Net incoming resources		1,345,608	3,053,455
Other recognised gains and losses			
Other gains or losses	14	776,978	-
Net movement in funds		2,122,586	3,053,455
Fund balances at 1 April 2020		8,822,847	5,769,392
Fund balances at 31 March 2021		10,945,433	8,822,847
Net movement in funds for the financial year is attributable to:			
- Parent charity		1,930,718	3,053,455
- Non controlling interest		191,868	-
		2,122,586	3,053,455

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

The movement in funds detailed above complies with the requirement for a statement of changes in equity under FRS102.

**FUSION 21 FOUNDATION
COMPANY LIMITED BY GUARANTEE
BALANCE SHEET**

AS AT 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Goodwill	15	592,970		-	
Other intangible assets	15	214,764		47,417	
Total intangible assets		807,734		47,417	
Tangible assets	16	975,339		962,910	
Investments	17	437,207		644,896	
		2,220,280		1,655,223	
Current assets					
Stocks	19	734,153		-	
Debtors	21	2,478,493		2,882,710	
Cash at bank and in hand		7,468,284		5,797,932	
		10,680,930		8,680,642	
Creditors: amounts falling due within one year	22	(1,101,239)		(882,878)	
Net current assets		9,579,691		7,797,764	
Total assets less current liabilities		11,799,971		9,452,987	
Creditors: amounts falling due after more than one year	23	(296,143)		(287,773)	
Provisions for liabilities	note 26 & 27	(558,395)		(342,367)	
Net assets		10,945,433		8,822,847	
Income funds					
<u>Unrestricted funds</u>					
Designated funds	28	3,026,859		782,207	
General unrestricted funds		7,751,685		8,040,640	
Funds attributable to parent charity		10,778,544		8,822,847	
Non controlling interest		166,889		-	
		10,945,433		8,822,847	

Dec 23, 2021

The financial statements were approved by the Trustees on


.....

Mr E Livesey
Trustee

Company Registration No. 7998339


.....
Mr C E C Murray
Trustee

**FUSION 21 FOUNDATION
COMPANY LIMITED BY GUARANTEE
CHARITY BALANCE SHEET**

AS AT 31 MARCH 2021

	Notes	2021		2020	
		£	£	£	£
Fixed assets					
Investments	17		371,916		371,916
Current assets					
Debtors	21	311		2,857	
Cash at bank and in hand		3,295,483		2,609,544	
		<u>3,295,794</u>		<u>2,612,401</u>	
Creditors: amounts falling due within one year	22	(6,106)		(7,310)	
Net current assets			3,289,688		2,605,091
Total assets less current liabilities			<u>3,661,604</u>		<u>2,977,007</u>
Income funds					
<u>Unrestricted funds</u>					
Designated funds	28	3,026,859		782,207	
General unrestricted funds		634,745		2,194,800	
		<u>3,661,604</u>		<u>2,977,007</u>	
			<u>3,661,604</u>		<u>2,977,007</u>

Dec 23, 2021

The financial statements were approved by the Trustees on



Mr E Livesey
Trustee



chris murray (Dec 23, 2021 13:24 GMT)

Mr C E C Murray
Trustee

Company Registration No. 7998339

**FUSION 21 FOUNDATION
COMPANY LIMITED BY GUARANTEE
STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	33	2,092,402		2,114,951	
Interest paid		(9,603)		(15,289)	
Income taxes paid		(120,351)		(134,460)	
		<u>1,962,448</u>		<u>1,965,202</u>	
Investing activities					
Purchase of intangible assets		(194,347)		(30,580)	
Purchase of tangible fixed assets		(121,337)		(131,366)	
Purchase of investments		-		(371,916)	
Purchase of other investments		-		(1,654)	
Amounts received from fixed assets investments		7,639		-	
Investment income received		7,579		12,270	
		<u>(300,466)</u>		<u>(523,246)</u>	
Financing activities					
Repayment of bank loans		8,370		(37,612)	
		<u>8,370</u>		<u>(37,612)</u>	
Net cash generated from/(used in) financing activities					
		8,370		(37,612)	
Net increase in cash and cash equivalents					
		<u>1,670,352</u>		<u>1,404,344</u>	
Cash and cash equivalents at beginning of year		5,797,932		4,393,588	
Cash and cash equivalents at end of year		<u><u>7,468,284</u></u>		<u><u>5,797,932</u></u>	

**FUSION 21 FOUNDATION
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

1 Accounting policies

Charity information

Fusion 21 Foundation is a private company limited by guarantee incorporated in England and Wales. The registered office for the charity and its subsidiaries is Unit 2, Puma Court, Kings Business Park, Knowsley, Merseyside, L34 1PJ.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. 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 trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

1.4 Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

In respect of long term contracts and contracts for ongoing services, income represents the value of work done in that year, including estimates of amounts not invoiced. Income in respect of long term contracts and contracts for ongoing services is recognised by reference to the stage of completion.

Grants receivable are credited to the Statement of Financial Activities in the year in which they are received.

**FUSION 21 FOUNDATION
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(continued)

1.5 Expenditure

Expenditure is included within the Statement of Financial Activities on an accruals basis and is recognised when there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably.

Expenditure is categorised under the following headings:

- Costs of raising funds including management fees
- Expenditure in charitable activities including cost of providing financial support to those in need.
- Other expenditure represents these items not falling into the categories above.

Grants payable to third parties are within the charities charitable objectives. Where unconditional grants are offered, they are accrued as soon as the recipient is notified of the grant, as this gives rise to a reasonable expectation that the recipient will receive the grants. Where grants are conditional relating to performance then the grant is only accrued when any unfulfilled conditions are outside of the control of the charity.

Membership and charitable activity costs include expenditure which is directly attributable to specific activities and has been included within these cost categories. Certain other costs which are attributable to more than one activity are apportioned across cost categories on the basis of an estimate of the proportion of time spent by staff on those activities.

Governance costs are costs incurred in connection with the strategic management of the charity and in compliance with constitutional and statutory requirements.

Irrecoverable VAT is charged as an expense against the activity for which the expenditure arose.

1.6 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.

1.7 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill shall be considered to have a finite useful life, and shall be amortised on a systematic basis over its life.

Goodwill is being amortised over 10 years

1.8 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.

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 straight line
Development costs	5 years straight line

**FUSION 21 FOUNDATION
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

1 Accounting policies **(continued)**

1.9 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 property	Not depreciated
Leasehold improvements	3 years straight line
Office improvements	3 years straight line
Fixtures and fittings	3 years straight line
Equipment	3 years straight line

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 recognised in net income/(expenditure) for the year.

1.10 Fixed asset investments

In the parent company financial statements 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 or .

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.

1.11 Impairment of fixed assets

At each reporting end date, the group 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).

1.12 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Items held for distribution at no or nominal consideration are measured the lower of replacement cost and cost.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.13 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

**FUSION 21 FOUNDATION
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

1 Accounting policies

(continued)

1.14 Financial instruments

The charity 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 charity's balance sheet when the charity 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 and bank loans 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 operations 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.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

**FUSION 21 FOUNDATION
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

1 Accounting policies **(continued)**

1.15 Taxation

The charity benefits from various exemptions from taxation afforded by tax legislation and is not liable to corporation tax on income or gains falling within those exemptions.

The tax expense represents the sum of the tax currently payable and deferred tax in respect of the subsidiary company.

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.

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.

1.16 Employee benefits

The costs of any short-term employee benefits are recognised as a liability and an expense.

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 charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.17 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 incurred.

**FUSION 21 FOUNDATION
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

1 Accounting policies (continued)

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 income/(expenditure) for the year.

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 recognised gains and losses in the period in which they occur and are not reclassified to income/(expenditure) 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.

1.18 Leases

Rentals payable under operating leases, including any lease incentives received, are charged as an expense on a straight line basis over the term of the relevant lease.

1.19 Consolidation

The group financial statements consolidate the results of Fusion21 Foundation (the charity) and its subsidiaries, Fusion 21 Limited, Fusion 21 Asset Management Limited and Corehaus Ltd. The results of the charity's subsidiaries have been incorporated on a line by line basis.

No separate SOFA or income and expenditure accounts has been presented for the charity alone as permitted by the SORP.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Other trading activities

	Unrestricted funds	Unrestricted funds
	2021	2020
	£	£
Professional service and training contracts	6,119,697	6,539,989

**FUSION 21 FOUNDATION
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

4 Investments

	Unrestricted funds	Unrestricted funds
	2021	2020
	£	£
Interest receivable	7,579	12,270
	<u>7,579</u>	<u>12,270</u>

5 Other income

	Unrestricted funds	Unrestricted funds
	2021	2020
	£	£
Other income	15,577	2,250
Share of profit from a joint venture	-	18,577
	<u>15,577</u>	<u>20,827</u>

FUSION 21 FOUNDATION
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

6 Raising funds

	Unrestricted funds	Unrestricted funds
	2021	2020
	£	£
<u>Fundraising and publicity</u>		
Advertising	-	8,690
<u>Trading costs</u>		
Other trading activities	1,249,822	1,152,437
Staff costs	2,480,699	2,063,746
Depreciation and amortisation	165,572	134,616
Trading costs	3,896,093	3,350,799
	<u>3,896,093</u>	<u>3,359,489</u>

7 Charitable activities

	Unrestricted funds	Unrestricted funds
	2021	2020
	£	£
Staff costs	36,798	53,131
Letting costs	1,403	2,281
	<u>38,201</u>	<u>55,412</u>
Grant funding of activities (see note 8)	518,240	99,127
Share of support costs (see note 9)	682	1,859
Share of governance costs (see note 9)	16,858	24,541
	<u>573,981</u>	<u>180,939</u>

**FUSION 21 FOUNDATION
 COMPANY LIMITED BY GUARANTEE
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 MARCH 2021**

8 Grants payable

	Unrestricted funds 2021 £	Unrestricted funds 2020 £
Grants to institutions:		
Grow Speke	-	10,207
Real Change Wigan & Leigh	-	10,000
Tunza Pride	6,240	17,170
Manchester Youth Zone	-	24,000
New Horizon Youth Zone	8,000	8,000
Groundwoks Cheshire	-	1,000
Dream High	11,250	8,750
One Ark	-	20,000
CAF	100,000	-
NET	100,000	-
Taroo Trust	90,000	-
Social Enterprise Coalition	20,000	-
Homes4Good	50,000	-
Thriving Spaces	8,000	-
HACT	30,000	-
Dream Donation	3,750	-
CPAG	21,000	-
The Princes Trust	50,000	-
Business in the Community	20,000	-
	<u>518,240</u>	<u>99,127</u>

-

**FUSION 21 FOUNDATION
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

9 Support costs

	Support costs	Governance costs	2021	Support costs	Governance costs	2020
	£	£	£	£	£	£
Office costs	35	-	35	77	-	77
Travel and subsistence	-	-	-	1,631	-	1,631
Computer & software costs	625	-	625	151	-	151
Miscellaneous	14	-	14	-	-	-
Postage	8	-	8	-	-	-
Audit fee of the parent charity	-	2,880	2,880	-	1,960	1,960
Accountancy	-	2,520	2,520	-	780	780
Legal and professional	-	11,458	11,458	-	21,801	21,801
	<u>682</u>	<u>16,858</u>	<u>17,540</u>	<u>1,859</u>	<u>24,541</u>	<u>26,400</u>
Analysed between Charitable activities	<u>682</u>	<u>16,858</u>	<u>17,540</u>	<u>1,859</u>	<u>24,541</u>	<u>26,400</u>

10 Auditor's remuneration

The analysis of auditor's remuneration is as follows:

Fees payable to the charity's auditor:	2021	2020
	£	£
Audit of the charity's annual accounts	2,880	1,800
Other services to the group - the audit of the subsidiaries	<u>8,750</u>	<u>7,000</u>
Total audit fees	<u>11,630</u>	<u>8,800</u>
Non-audit services All other non-audit services	<u>5,900</u>	<u>5,760</u>

11 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year (2020 - no remuneration paid to trustees).

**FUSION 21 FOUNDATION
 COMPANY LIMITED BY GUARANTEE
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 MARCH 2021**

12 Employees

Number of employees

The average monthly number of employees during the year was:

	2021	2020
	Number	Number
Client facing	22	18
Management	6	4
Administration and support	25	20
	<u>53</u>	<u>42</u>

Employment costs

	2021	2020
	£	£
Wages and salaries	2,159,817	1,792,708
Social security costs	240,841	222,084
Other pension costs	116,839	102,085
	<u>2,517,497</u>	<u>2,116,877</u>

The number of employees whose annual remuneration was £60,000 or more were:

	2021	2020
	Number	Number
£60,000 - £70,000	5	1
£70,001 - £80,000	1	4
£80,001 - £90,000	2	2
£90,001 - £100,000	-	1
£100,001 - £110,000	1	1
£110,001 - £120,000	1	1
£140,001 - £150,000	1	-
£150,001 - £160,000	-	1
	<u>11</u>	<u>11</u>

**FUSION 21 FOUNDATION
COMPANY LIMITED BY GUARANTEE**
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

13 Other

	Unrestricted funds	Unrestricted funds
	2021	2020
Share of loss from joint venture	-	13,168
Taxation	(99,829)	183,035
Actuarial (gain) / loss on defined benefit pension scheme	427,000	(394,000)
Initial recognition of defined benefit scheme liability	-	177,000
	<u>327,171</u>	<u>(20,797)</u>

14 Other gains or losses

The other gains and losses shown on the Statement of Financial Activity, totalling £776,978 relate to the goodwill and non controlling interest movements recognised on consolidation. This is in relation to the acquisition of a controlling stake in CoreHaus Ltd during the year by Fusion 21 Ltd.

15 Intangible fixed assets

	Goodwill	Software	Development costs	Total
	£	Group £	£	£
Cost				
At 1 April 2020	-	132,330	-	132,330
Additions - separately acquired	-	7,225	187,122	194,347
Additions - business combinations	622,633	-	-	622,633
Disposals	-	(55,000)	-	(55,000)
At 31 March 2021	<u>622,633</u>	<u>84,555</u>	<u>187,122</u>	<u>894,310</u>
Amortisation and impairment				
At 1 April 2020	-	84,913	-	84,913
Amortisation charged for the year	29,663	27,000	-	56,663
Disposals	-	(55,000)	-	(55,000)
At 31 March 2021	<u>29,663</u>	<u>56,913</u>	<u>-</u>	<u>86,576</u>
Carrying amount				
At 31 March 2021	<u>592,970</u>	<u>27,642</u>	<u>187,122</u>	<u>807,734</u>
At 31 March 2020	<u>-</u>	<u>47,417</u>	<u>-</u>	<u>47,417</u>

The above goodwill relates to the acquisition of a controlling interest in Corehaus Ltd by Fusion 21 Limited during the year. The goodwill arises in the group accounts on consolidation and is the difference between the consideration paid to purchase the shares less Fusion 21 Ltd's share of the fair value of the net assets acquired.

**FUSION 21 FOUNDATION
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

15 Intangible fixed assets

(continued)

Charity

There are no intangible fixed assets held within the charity

**FUSION 21 FOUNDATION
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

16 Tangible fixed assets	Freehold land and buildings	Leasehold improvements	Plant & machinery	Fixtures and fittings	Equipment	Total
Group	£	£	£	£	£	£
Cost						
At 1 April 2020	782,301	-	-	194,391	181,566	1,158,258
Additions	-	41,697	11,367	15,463	52,810	121,337
Business combinations	25,000	-	-	-	-	25,000
Disposals	(25,000)	-	-	-	(37,469)	(62,469)
At 31 March 2021	782,301	41,697	11,367	209,854	196,907	1,242,126
Depreciation and impairment						
At 1 April 2020	-	-	-	124,204	71,144	195,348
Depreciation charged in the year	-	2,144	563	48,299	57,902	108,908
Eliminated in respect of disposals	-	-	-	-	(37,469)	(37,469)
At 31 March 2021	-	2,144	563	172,502	91,578	266,787
Carrying amount						
At 31 March 2021	782,301	39,553	10,804	37,352	105,329	975,339
At 31 March 2020	782,301	-	-	70,187	110,422	962,910

Charity

There are no tangible fixed assets held within the charity

**FUSION 21 FOUNDATION
COMPANY LIMITED BY GUARANTEE**
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

17 Fixed asset investments

Group	Shares in group undertakings and participating interest £	Other investments £	Total £
Cost or valuation			
At 1 April 2020	201,654	443,192	644,846
Repayments	-	(7,639)	(7,639)
Consolidation adjustments	(200,000)	-	(200,000)
	<u>1,654</u>	<u>435,553</u>	<u>437,207</u>
At 31 March 2021			
Carrying amount			
At 31 March 2021	<u>1,654</u>	<u>435,553</u>	<u>437,207</u>
At 31 March 2020	<u>201,654</u>	<u>443,192</u>	<u>644,846</u>
Charity			Total £
Cost or valuation			
At 1 April 2020 & 31 March 2021			371,916
Additions			-
Disposals			-
At 31 March 2021			<u>371,916</u>
Impairment			
At 1 April 2020 & 31 March 2021			-
Impairment losses			-
Disposals			-
At 31 March 2021			<u>-</u>
Carrying amount			
At 31 March 2021			<u>371,916</u>
At 31 March 2020			<u>371,916</u>

**FUSION 21 FOUNDATION
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

18 Subsidiaries (Charity)

Subsidiary undertakings

The charity is the sole member of the Fusion 21 Limited, a company limited by guarantee and incorporated in England & Wales, which provides support to public sector members and other training services

Fusion 21 Limited owns 100% of the share capital of Fusion 21 Trading Limited, a dormant company registered in England & Wales

Fusion 21 Limited acquired a controlling share in CoreHaus Limited during the year through the purchase of 60.8% of its ordinary share capital.

Fusion 21 Limited acquired the 100% of the ordinary share capital of Fusion 21 Asset Management Limited (formerly Homes By Carlotn (Chilton) Limited) during the year.

Loans

In the three years to 31 March 2017 Fusion 21 Limited invested a sum of £199,999 in Big Issue Invest Corporate Social Venturing Limited, a corporate social venturing programme. At 1 April 2020 amounts totalling £131,164 had been repaid.

**FUSION 21 FOUNDATION
 COMPANY LIMITED BY GUARANTEE
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 MARCH 2021**

18 Subsidiaries (Charity) (continued)

The results of the trading subsidiary, Fusion 21 Limited (company number 050902696) included within the Consolidated Statement of Financial Activities are as follows:

	£
Turnover	6,119,696
Cost of sales	(2,095)
	<hr/>
Gross Surplus	6,117,601
Administration expenses	(3,454,991)
Other operating income	4,477
	<hr/>
Operating surplus	2,667,087
Interest receivable and similar income	7,578
Interest payable and similar expenses	(14,601)
	<hr/>
Surplus before taxation	2,660,064
Taxation	(127,341)
	<hr/>
Surplus for the financial year	2,532,723
Other comprehensive income	
Actuarial losses on defined benefit pension schemes	(427,000)
Initial recognition of defined benefit pension scheme liability	-
Tax relating to other comprehensive income	166,630
	<hr/>
Total Comprehensive Income for the year	<u>2,272,353</u>
Reserves represented by:	
Fixed assets	2,343,283
Current Assets	6,241,299
Creditors due within 1 year	(907,293)
Creditors due after more than one year	(246,143)
Provisions for liabilities	(23,795)
Defined benefit pension liability	(534,600)
	<hr/>
	<u>6,872,751</u>

19 Stocks (Group)

	2021	2020
	£	£
Home plots	<u>734,153</u>	<u>-</u>

**FUSION 21 FOUNDATION
COMPANY LIMITED BY GUARANTEE**
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

20	Financial instruments				
	Group		2021	2020	
			£	£	
	Carrying amount of financial assets				
	Debt instruments measured at amortised cost		8,388,555	7,345,375	
	Equity instruments measured at cost less impairment		373,570	573,570	
			<u> </u>	<u> </u>	
	Carrying amount of financial liabilities				
	Measured at amortised cost		896,186	653,844	
			<u> </u>	<u> </u>	
	Charity		2021	2020	
			£	£	
	Carrying amount of financial assets				
	Debt instruments measured at amortised cost		3,295,483	2,609,544	
			<u> </u>	<u> </u>	
	Carrying amount of financial liabilities				
	Measured at amortised cost		6,106	7,310	
			<u> </u>	<u> </u>	
21	Debtors	Group	Group	Charity	Charity
		2020	2019	2021	2020
		£	£	£	£
	Amounts falling due within one year:				
	Trade debtors	778,137	1,298,257	-	-
	Corporation tax recoverable	60,540	-	-	-
	Amounts owed by associate undertakings	-	177,910	-	-
	Other debtors	103,844	-	-	-
	Prepayments and accrued income	1,535,972	1,406,543	310	2,857
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
		2,478,493	2,882,710	310	2,857
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
22	Creditors: amounts falling due within one year	Group	Group	Charity	Charity
		2021	2020	2021	2020
		£	£	£	£
	Bank loans (secured) 24	40,183	40,183	-	-
	Corporation tax payable	137,683	120,351	-	-
	Other taxation and social security	362,890	396,456	-	-
	Deferred income	623	-	-	-
	Trade creditors	142,735	87,191	83	2,558
	Other creditors	25,644	-	-	-
	Accruals and deferred income	391,481	238,697	6,023	4,752
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
		1,101,239	882,878	6,106	7,310
		<u> </u>	<u> </u>	<u> </u>	<u> </u>

**FUSION 21 FOUNDATION
 COMPANY LIMITED BY GUARANTEE
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 MARCH 2021**

23 Creditors: amounts falling due after more than one year	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Bank loans (secured) 24	296,143	287,773	-	-
	<u>296,143</u>	<u>287,773</u>	<u>-</u>	<u>-</u>

24 Loans and overdrafts (Group)	2021 £	2020 £
Bank loans	336,326	327,956
Payable within one year	40,183	40,183
Payable after one year	296,143	287,773
	<u>336,326</u>	<u>327,956</u>
	<u>40,183</u>	<u>40,183</u>
	<u>296,143</u>	<u>287,773</u>

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.

25 Provisions for liabilities (Group)	Notes	2021 £	2020 £
Deferred tax liabilities	26	23,795	75,367
Retirement benefit obligations	27	534,600	267,000
		<u>558,395</u>	<u>342,367</u>

**FUSION 21 FOUNDATION
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

26 Deferred taxation (Group)

Deferred tax assets and liabilities are offset where the charity has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Group	Liabilities 2021 £	Liabilities 2020 £
Balances:		
Accelerated capital allowances	23,795	34,137
Retirement benefit obligations	-	41,230
	<u>23,795</u>	<u>75,367</u>

Charity	Liabilities 2021 £	Liabilities 2020 £
Balances:		
Accelerated capital allowances	-	-
Retirement benefit obligations	-	-
	<u>-</u>	<u>-</u>

	Group 2021 £	Charity 2021 £
Movements in the year:		
Liability at 1 April 2020	75,367	-
Charge to other expenditure	(51,572)	-
	<u>23,795</u>	<u>-</u>

The prior year deferred tax liability set out above relates to actuarial differences arising on the defined benefit pension scheme. A deferred tax asset has been recognised for the current year in respect of the scheme and this has been offset against the net defined benefit pension scheme liability, as shown in note 27.

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.

27 Retirement benefit schemes (Group)

Defined contribution schemes

The charity's trading subsidiary, Fusion 21 Limited, operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund.

**FUSION 21 FOUNDATION
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31 MARCH 2021

27 Retirement benefit schemes (Group)

(continued)

Defined benefit schemes

The trading subsidiary 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 was applied for the first time.

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 2020. 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.

	2021
Key assumptions	%
Discount rate	2.22
Expected rate of salary increases	3.88
Inflation (RPI)	3.18
Inflation (CPI)	2.18
	<u> </u>
Mortality assumptions	2021
<i>The assumed life expectations on retirement at age 65 are:</i>	Years
Retiring today	
- Males	21.6
- Females	23.5
	<u> </u>
Retiring in 20 years	
- Males	22.9
- Females	25.1
	<u> </u>

**FUSION 21 FOUNDATION
 COMPANY LIMITED BY GUARANTEE
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 MARCH 2021**

27 Retirement benefit schemes (Group)	(continued)
	2021
	£
Amounts recognised in the profit and loss account:	
Net interest on net defined benefit liability	5,000
Other expenses	3,000
	<hr/>
Total costs/(income)	8,000
	<hr/> <hr/>
	2021
	£
Amounts taken to other comprehensive income:	
Actual return on scheme assets	(226,000)
Less: calculated interest element	33,000
	<hr/>
Return on scheme assets excluding interest income	(193,000)
Actuarial changes related to obligations	620,000
	<hr/>
Total costs/(income)	427,000
	<hr/> <hr/>
The amounts included in the balance sheet arising from the charity's obligations in respect of defined benefit plans are as follows:	
	2021
	£
Present value of defined benefit obligations	2,322,000
Fair value of plan assets	(1,662,000)
	<hr/>
Deficit in scheme	660,000
Deferred tax asset	(126,400)
	<hr/>
Total liability recognised	534,600
	<hr/> <hr/>
Movements in the present value of defined benefit obligations:	
	2021
	£
Liabilities at 1 April 2020	1,664,000
Benefits paid	(3,000)
Actuarial gains and losses	620,000
Interest cost	38,000
Other	3,000
	<hr/>
At 31 March 2021	2,322,000
	<hr/> <hr/>

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

**FUSION 21 FOUNDATION
 COMPANY LIMITED BY GUARANTEE
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 MARCH 2021**

27 Retirement benefit schemes (Group)

(continued)

Movements in the fair value of plan assets:

	2021
	£
Fair value of assets at 1 April 2020	1,397,000
Interest income	33,000
Return on plan assets (excluding amounts included in net interest)	193,000
Benefits paid	(3,000)
Contributions by the employer	42,000
	<u> </u>
At 31 March 2021	<u>1,662,000</u>

The fair value of plan assets at the reporting period end was as follows:

	2021
	£
Equity instruments	265,000
Debt instruments	205,000
Property	77,000
Liability driven investments	422,000
Absolute return	92,000
Alternative risk premia	63,000
Secured income	69,000
Other categories	469,000
	<u> </u>
	<u>1,662,000</u>

**FUSION 21 FOUNDATION
 COMPANY LIMITED BY GUARANTEE
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 MARCH 2021**

28 Designated funds (group)

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Movement in funds				
	Balance at 1 April 2019 £	Incoming resources £	Balance at 1 April 2020 £	Transfers £	Balance at 31 March 2021 £
Corehaus investment	347,707	-	347,707	22,293	370,000
Employment skills, health wellbeing & deprivation	370,000	-	370,000	2,222,359	2,592,359
Social investment manager	64,500	-	64,500	-	64,500
	<u>782,207</u>	<u>-</u>	<u>782,207</u>	<u>2,244,652</u>	<u>3,026,859</u>

Corehaus investment: The Fusion21 Foundation has designated the purchase of 2 housing units made with modern methods of construction. These units will use innovative building solutions to enhance the experience of the occupants and will be available at an affordable rent to support the housing crisis.

Employment skills, health wellbeing & deprivation: The programme will deliver benefits in all three themes and support the achievements of impacts. As part of the programme we will encourage our members to share their social value priorities and long term thinking with the Foundation in return for access to a grass roots grant to fund current projects. This will help to develop the Foundation's research and member engagement capabilities and improve the knowledge base around member requirements. Projects that receive funding will contribute to meeting the programme objectives and addressing the specific impacts listed against each theme.

Social investment manager: The social investment manager is responsible for discharging social value activity on behalf of the Fusion21 Foundation,.

29 Operating lease commitments

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

Group	2021	2020
	£	£
Within one year	<u>28,182</u>	<u>52,738</u>
Charity	2021	2020
	£	£
Within one year	<u>-</u>	<u>-</u>

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30 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2021 £	2020 £
Aggregate compensation	102,482	102,482

Transactions with related parties

The group has taken advantage of the disclosure exemptions to which it is entitled regarding transactions between parent and 100% owned subsidiary companies.

No guarantees have been given or received.

31 Members' liability

The company is limited by guarantee and has no share capital. Every member of the charity undertakes to contribute to the assets of the charity, in the event of it being wound up while he or she is a member or within one year of ceasing to be a member or within one year of ceasing to be a member for debts and liabilities of the charity contracted before he or she ceases to be a member, such amounts as may be required not exceeding £1.

32 Analysis of changes in net funds

	At 1 April 2020 £	Cash flows	At 31 March 2021 £
Cash at bank and in hand	5,797,932	1,670,352	7,468,284
Loans falling due within one year	(40,183)	-	(40,183)
Loans falling due after more than one year	(287,773)	(8,370)	(296,143)
	<u>5,469,976</u>	<u>1,661,982</u>	<u>7,131,958</u>

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33 Cash generated from operations	2021 £	2020 £
Surplus for the year	2,122,586	3,053,455
Adjustments for:		
Taxation charged	66,801	183,035
Investment income recognised in statement of financial activities	(7,579)	(12,270)
Interest payable	9,603	15,289
Share of profit on Joint Venture	-	(18,577)
Share of loss on Joint Venture	-	13,168
Amortisation and impairment of intangible assets	56,663	35,340
Depreciation and impairment of tangible fixed assets	108,909	94,011
Consolidation adjustments	286,754	-
Movements in working capital:		
(Increase) in stocks	(734,153)	-
Decrease/(increase) in debtors	404,217	(1,050,051)
Increase in creditors	200,406	7,184
Increase in provisions	(422,428)	(205,634)
Increase in deferred income	623	-
Cash generated from operations	2,092,402	2,114,951