

Mustard Seed Property Limited

**Annual Report and Unaudited Financial Statements
Year Ended 30 September 2022**

Income **Registration number: IP30293R**

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Mustard Seed Property Limited

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Mustard Seed Property Limited

Mustard Seed Property Limited

Company Information

Directors D J Brewer

E James

S Clague

S Ackford

A Langer

C Lewis

S Maxey

R May

Company secretary N Smith

Registered office c/o Resonance Limited
The Great Barn
Scarne Court
Launceston
Cornwall
PL15 9LR

Accountants Francis Clark LLP
Lowin House
Tregolls Road
Truro
Cornwall
TR1 2NA

Mustard Seed Property Limited

Directors' Report for the Year Ended 30 September 2022

The directors present their report and the financial statements for the year ended 30 September 2022. The society is registered under the Co-operative and Community Benefit Societies Act 2014.

Directors of the company

The directors who held office during the year were as follows:

- M Lowe (ceased 21 February 2022)
- D J Brewer
- E James
- S Clague
- S Ackford
- A Langer
- C Lewis (appointed 13 April 2022)
- S Maxey (appointed 21 February 2022)
- R May (appointed 20 July 2022)

Mustard Seed Property Limited

Directors' Report for the Year Ended 30 September 2022

Business Review

After many years of owning and operating a single property in Helston, last year saw our second property become operational and our third continuing to navigate towards contract commissioning.

Our Helston property performs well, with our partner St Petrocs providing support to a number of individuals facing a housing crisis. The house is rarely below 100% occupancy and the new bathrooms and ventilation system have improved the quality of the accommodation meaningfully. As energy prices have gone through the roof, we are thrilled that St Petrocs continues to benefit from the free electricity from our solar panels. We had thought we had completed our full refurbishment but the weather extremes this year exposed some new weakness in part of the building which is now being rectified. This is also giving us an opportunity to further increase the thermal performance of the building.

St Petrocs continues to be a valuable partner and we regularly explore opportunities for expansion with them. The need for accommodation in Cornwall has never been more acute.

Our newest partner, Newquay Lighthouse Project, (which provides a home for people in recovery from drug and alcohol addiction) saw its first tenants move in to our second property within days of practical completion. All reports are that this is an excellent home for them. There are some snagging issues we are working through and we were disappointed not to be able to install solar PV and batteries at the last minute due to cost overruns, but we have made sure all the enabling works are ready for this to happen in the future.

As our financial year ended, the UK financial markets were in turmoil. Thankfully the situation has stabilised but as we all know the country is facing massive inflation and an uncertain future. As well as the additional demand and extra cost to our operational partners, MSP's own borrowing rates are affected. We currently have only a very small exposure to base rates but we are having to consider our future ability to borrow very carefully. The Board is keen not to see the financial return to our community shareholders eroded simply because the bank base rates are going up. We are therefore expecting to raise further community share capital in the coming year so new and existing shareholders benefit rather than our lenders.

MSP is in good health and our ambition is undiminished - we are seeing opportunity and need right across the county. We and our partners remain hugely grateful to the 250 investors in Mustard Seed Property who ensure that some of the most vulnerable in Cornwall can look forward to having a home.

Mustard Seed Property Limited

Directors' Report for the Year Ended 30 September 2022

There are still some moving parts, but the most significant uncertainties are now behind us, and as a board, we are feeling confident about the future. We have properties purchased and firm fixed priced refurbishment contracts that we are clear we can afford. Latest estimates are now that our Newquay property will be generating over £3,000 of monthly income for MSP by April 2022 and our Redruth property will add over £4,000 on top of this by the start of the new financial year in October 2022.

We have enough capital (with sufficient contingency and reserves) to complete these projects but until they are complete, we are aware that raising new funds will be challenging. The board are therefore suspending all shareholder withdrawals for 1 year. This has been a difficult decision since we value the liquidity we offer our investors and recognise the reality that personal situations change from time to time. Historically we have been able to honour every shareholder withdrawal within the six month notice period and we are proud of our track record on this. However, running out of money at this stage would put everyone's investment avoidably at risk.


MSP is in good health and our ambition is undiminished - we are seeing opportunity and need right across the county. For now, we need to act carefully as we navigate the final stages of getting our two new properties operational.


Small Companies Provision Statement

This report has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Approved and authorised by the Board on 22/02/2023 and signed on its behalf by:


Director
D Brewer


DIRECTOR
C LEWIS


COMPANY SECRETARY
N SMITH

Mustard Seed Property Limited

Profit and Loss Account

Year Ended 30 September 2022

	2022 £	2021 £
Turnover	41,659	29,156
Cost of sales	<u>(1,984)</u>	<u>(1,306)</u>
Gross profit	39,675	27,850
Administrative expenses	(29,057)	(29,297)
Gain on revaluation of investment properties	<u>12,275</u>	<u>-</u>
Operating profit/(loss)	<u>22,893</u>	<u>(1,447)</u>
Other interest receivable and similar income	412	317
Interest payable and similar expenses	<u>(49,863)</u>	<u>(2,714)</u>
	<u>(49,451)</u>	<u>(2,397)</u>
Loss before tax	<u>(26,558)</u>	<u>(3,844)</u>
Loss for the financial year	<u><u>(26,558)</u></u>	<u><u>(3,844)</u></u>

The notes on pages 10 to 15 form an integral part of these financial statements.

Mustard Seed Property Limited

Statement of Comprehensive Income

Year Ended 30 September 2022

	2022 £	2021 £
Loss for the year	<u>(26,558)</u>	<u>(3,844)</u>
Total comprehensive income for the year	<u><u>(26,558)</u></u>	<u><u>(3,844)</u></u>

The notes on pages 10 to 15 form an integral part of these financial statements.

Mustard Seed Property Limited

Balance Sheet

30 September 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	2	1,302,455	645,756
Current assets			
Debtors	3	8,610	8,235
Cash at bank and in hand		302,780	624,355
		311,390	632,590
Creditors: Amounts falling due within one year	4	<u>(382,071)</u>	<u>(18,163)</u>
Net current (liabilities)/assets		<u>(70,681)</u>	<u>614,427</u>
Total assets less current liabilities		1,231,774	1,260,183
Creditors: Amounts falling due after more than one year	4	<u>(84,920)</u>	<u>(91,421)</u>
Net assets		<u>1,146,854</u>	<u>1,168,762</u>
Capital and reserves			
Called up share capital		1,202,761	1,198,111
Profit and loss account		<u>(55,907)</u>	<u>(29,349)</u>
Shareholders' funds		<u>1,146,854</u>	<u>1,168,762</u>

The notes on pages 10 to 15 form an integral part of these financial statements.

Mustard Seed Property Limited

Balance Sheet

30 September 2022

For the financial year ending 30 September 2022 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements have been prepared and delivered in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Approved and authorised by the Board on 22/02/2023 and signed on its behalf by:

Director
D Brewer



Mustard Seed Property Limited

Statement of Changes in Equity

Year Ended 30 September 2022

	Share capital £	Profit and loss account £	Total £
At 1 October 2021	1,198,111	(29,349)	1,168,762
Loss for the year	-	(26,558)	(26,558)
New share capital subscribed	5,100	-	5,100
Purchase of own share capital	(450)	-	(450)
At 30 September 2022	<u>1,202,761</u>	<u>(55,907)</u>	<u>1,146,854</u>
	Share capital £	Profit and loss account £	Total £
At 1 October 2020	587,975	(25,505)	562,470
Loss for the year	-	(3,844)	(3,844)
New share capital subscribed	610,136	-	610,136
At 30 September 2021	<u>1,198,111</u>	<u>(29,349)</u>	<u>1,168,762</u>

The notes on pages 10 to 15 form an integral part of these financial statements.

Mustard Seed Property Limited

Notes to the Unaudited Financial Statements

Year Ended 30 September 2022

1 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for rent and insurance costs in the ordinary course of the company's activities. Turnover is shown net of value added tax, returns, rebates and discounts and after eliminating sales within the company.

The company recognises revenue when:

- * the amount of revenue can be reliably measured;
- * it is probable that future economic benefits will flow to the entity;
- * and specific criteria have been met for each of the company's activities.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Plant and machinery	10% on cost

Investment property

Investment properties are carried at fair value, with revaluation gains and losses being processed through the profit and loss account. No depreciation is provided on investment properties.

Mustard Seed Property Limited

Notes to the Unaudited Financial Statements

Year Ended 30 September 2022

Financial instruments

Classification

The company holds the following financial instruments:

- Short term trade and other debtors and creditors;
- Bank loans; and
- Cash and bank balances.

All financial instruments are classified as basic.

Recognition and measurement

The company has chosen to apply the recognition and measurement principles in FRS102.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument and derecognised when in the case of assets, the contractual rights to cash flows from the assets expire or substantially all the risks and rewards of ownership are transferred to another party, or in the case of liabilities, when the company's obligations are discharged, expire or are cancelled.

Except for bank loans, such instruments are initially measured at transaction price, including transaction costs, and are subsequently carried at the undiscounted amount of the cash or other consideration expected to be paid or received, after taking account of impairment adjustments.

Bank loans are initially measured at transaction price, including transaction costs, and are subsequently carried at amortised cost using the effective interest method.

	At 30 September 2021	At 30 September 2022
Trade debtors	2,010	2,010
Prepayments	608	4,384
Other debtors	381	3,003
Total	3,000	9,397
Trade creditors	2,010	2,010
Other creditors	608	608
Total	2,618	2,618

Mustard Seed Property Limited

Notes to the Unaudited Financial Statements

Year Ended 30 September 2022

2 Tangible assets

	Investment properties £	Other property, plant and equipment £	Total £
Cost or valuation			
At 1 October 2021	644,758	7,963	652,721
Revaluations	12,275	-	12,275
Additions	645,786	-	645,786
Disposals	(565)	-	(565)
At 30 September 2022	<u>1,302,254</u>	<u>7,963</u>	<u>1,310,217</u>
Depreciation			
At 1 October 2021	-	6,966	6,966
Charge for the year	-	796	796
At 30 September 2022	<u>-</u>	<u>7,762</u>	<u>7,762</u>
Carrying amount			
At 30 September 2022	<u>1,302,254</u>	<u>201</u>	<u>1,302,455</u>
At 30 September 2021	<u>644,758</u>	<u>998</u>	<u>645,756</u>

In the Directors' opinion the current market value of the investment property was assessed at £1,302,254 (2021: £644,758), taking into account tenancies and property maintenance / improvements.

3 Debtors

	2022 £	2021 £
Current		
Trade debtors	2,992	3,603
Prepayments	5,010	4,281
Other debtors	608	351
	<u>8,610</u>	<u>8,235</u>

Mustard Seed Property Limited

Notes to the Unaudited Financial Statements

Year Ended 30 September 2022

4 Creditors

Creditors: amounts falling due within one year

	Note	2022 £	2021 £
Due within one year			
Loans and borrowings	5	336,663	7,297
Trade creditors		2,201	2,362
Accruals and deferred income		43,207	8,504
		<u>382,071</u>	<u>18,163</u>

Creditors: amounts falling due after more than one year

	Note	2022 £	2021 £
Due after one year			
Loans and borrowings	5	<u>84,920</u>	<u>91,421</u>
Due after more than five years			
After more than five years by instalments		<u>53,860</u>	<u>59,457</u>

5 Loans and borrowings

	2022 £	2021 £
Loans and borrowings due after one year		
Bank borrowings	<u>84,920</u>	<u>91,421</u>
Current loans and borrowings		
Bank borrowings	6,663	7,297
Other borrowings	<u>330,000</u>	-
	<u>336,663</u>	<u>7,297</u>

Bank borrowings

A charge has been placed over the property at 19 Godolphin Road, Helston, Cornwall.

Mustard Seed Property Limited

Notes to the Unaudited Financial Statements

Year Ended 30 September 2022

Other borrowings

A charge has been placed over the property Avondale at 28 St George's Road, Newquay, Cornwall.

6 Related party transactions

Summary of transactions with other related parties

The board has accrued £41,982 in shareholder interest for the year ended 30 September 2022.

E James

(Director)

Through her shareholding E James was entitled to receive interest of £236 (2021: £nil). At the balance sheet date the amount due to E James was £236 (2021: £nil).

M Lowe

(Director)

Through his shareholding M Lowe was entitled to receive interest of £187 (2021: £nil). At the balance sheet date the amount due to M Lowe was £187 (2021: £nil).

S Ackford

(Director)

S Ackford is a Trustee of Mumme-Ackford Charitable Trust. Through the shareholding Mumme-Ackford Charitable Trust was entitled to receive interest of £3,500. At the balance sheet date the amount due to Mumme-Ackford Charitable Trust was £3,500.

Resonance Limited

(D Brewer, director of Mustard Seed Property Limited is a director / shareholder of Resonance Limited)

Through the shareholding Resonance Limited was entitled to receive interest of £147 (2021: £nil). At the balance sheet date the amount due to Resonance Limited was £147 (2021: £nil).

Mustard Seed Property Limited

Notes to the Unaudited Financial Statements

Year Ended 30 September 2022

7 Share capital

Allotted, called up and fully paid shares

	2022		2021
	No.	£	No.
			£
Withdrawable interest bearing shares of £1 each	1,202,761	1,202,761	1,198,111
			1,198,111

New Shares allotted

During the year, 5,100 withdrawable interest bearing shares were allotted and 450 were withdrawn, resulting in the allotment of a net aggregate nominal value of £4,650 for an aggregate consideration of £4,650.

Mustard Seed Property Limited

Detailed Profit and Loss

Year Ended 30 September 2022

	2022 £	2021 £
Turnover		
Feed in tariff	885	812
Rent receivable	40,774	28,344
	<u>41,659</u>	<u>29,156</u>
Cost of sales		
Property management	(1,984)	(1,306)
Gross profit	39,675	27,850
Gross profit (%)	95.24%	95.52%
Administrative expenses		
Administrative expenses	(29,057)	(29,297)
Other operating income		
Other operating income	12,275	-
Operating profit/(loss)	<u>22,893</u>	<u>(1,447)</u>
Other interest receivable and similar income		
Interest income on bank deposits	412	317
Interest payable and similar charges		
Interest on bank overdrafts and borrowings	(7,881)	(3,589)
Shareholder interest	(41,982)	875
	<u>(49,863)</u>	<u>(2,714)</u>
Loss before tax	<u>(26,558)</u>	<u>(3,844)</u>

Mustard Seed Property Limited

Detailed Profit and Loss

Year Ended 30 September 2022

	2022	2021
	£	£
Administration costs		
Light, heat and power	1,652	1,067
Insurance	5,085	1,714
Repairs and maintenance	314	-
Trade subscriptions	200	100
Sundry expenses	760	151
Council Tax	3,985	3,357
Accountancy	1,948	1,910
Legal and professional	14,215	20,179
Bank charges	102	23
Depreciation of other property, plant and equipment	796	796
	<u>29,057</u>	<u>29,297</u>

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TR1 2NA

Date: 27 February 2023

Chartered Accountants' Report to the Board of Directors on the Preparation of the Unaudited Statutory Accounts of Mustard Seed Property Limited

Year Ended 30 September 2022

In order to assist you to fulfil your duties under the Co-operative and Community Benefit Societies Act 2014, we have prepared for your approval the accounts of Mustard Seed Property Limited for the year ended 30 September 2022 as set out on pages 5 to 15 from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/regulation>.

This report is made solely to the Board of Directors of Mustard Seed Property Limited, as a body, in accordance with the terms of our engagement letter. Our work has been undertaken solely to prepare for your approval the accounts of Mustard Seed Property Limited and state those matters that we have agreed to state to the Board of Directors of Mustard Seed Property Limited, as a body, in this report in accordance with ICAEW Technical Release 07/16 AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Mustard Seed Property Limited and its Board of Directors as a body for our work or for this report.

It is your duty to ensure that Mustard Seed Property Limited has kept adequate accounting records and to prepare statutory accounts that give a true and fair view of the assets, liabilities, financial position and loss of Mustard Seed Property Limited. You consider that Mustard Seed Property Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the accounts of Mustard Seed Property Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory accounts.

Francis Clark LLP

Francis Clark LLP
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TR1 2NA

Date: 27 February 2023